深圳高速公路股份有限公司

SHENZHEN EXPRESSWAY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00548)

Preliminary Announcement of Results –
2013 Annual Report Summary

§1 Important Notice

1.1 2013 Annual Report Summary of Shenzhen Expressway Company Limited ("Company") is extracted from full Annual Report 2013 of the Company for the year ended 31 December 2013 ("Year", "Reporting Period" or "Period"). For detailed information, investor shall read the full annual report to be published on the website of The Shanghai Stock Exchange at http://www.sse.com.cn and The Stock Exchange of Hong Kong Limited ("HKEx") at http://www.hkex.com.hk.

All the information to accompany preliminary announcement of results for the financial year required under Appendix 16 to the Rules Governing the Listing of Securities on HKEx ("Listing Rules") was included in the 2013 Annual Report Summary published on the website of HKEx.

Unless otherwise stated, the amounts stated in this announcement are in RMB.

1.2 Basic Information of the Company

Abbreviation	Shenzhen Expressway	Shenzhen Expressway
Stock Code	600548	00548
Listing Exchanges	The Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Contacts and Details	Secretary of the Board	Securities Officer
Name	WU Qian	GONG Xin, XIAO Wei
Telephone	(86) 755-8285 3331	(86) 755-8285 3338
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E-mail	secretary@sz-expressway.com	

§2 Proposed Profit Distribution

The Board recommended the payment of a final dividend of RMB0.16 (tax included) per share in cash to all shareholders (2012: RMB0.13 per share), based on the total share capital of 2,180,770,326 as at the end of 2013 and totaling RMB348,923,252.16, for the year 2013. The aforesaid proposal shall be subject to approval by shareholders at the 2013 Annual General Meeting of the Company. The date of the annual general meeting, the record date for dividend payment, dividend payment procedures and payment date, and the book closure period for H Shares will be notified separately.

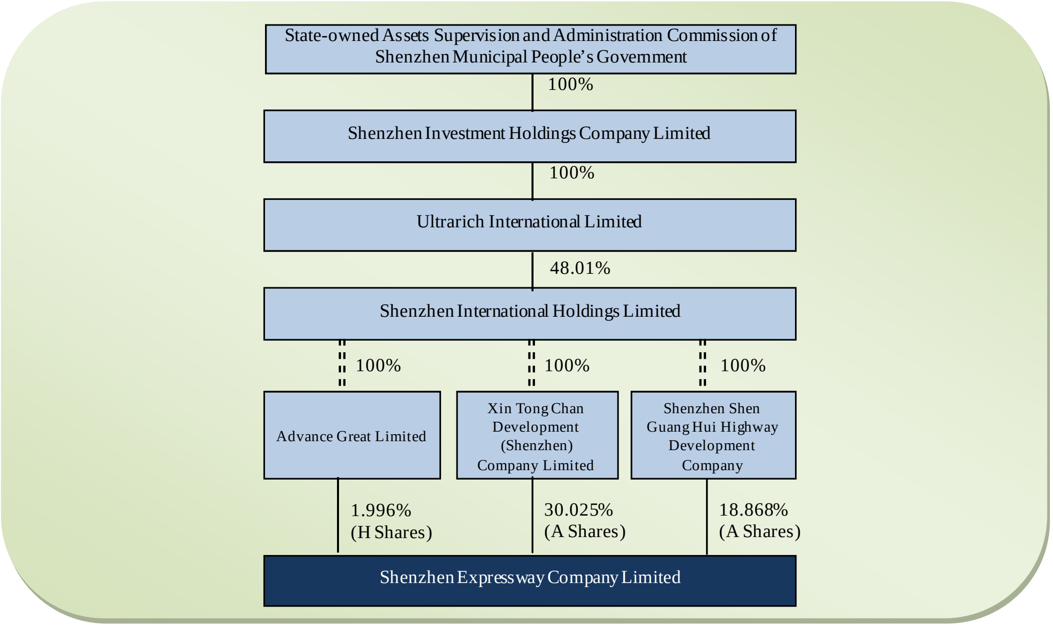
§3 Principal Financial Data and Change in the Shareholders

3.1 Principal Financial Data

Unit: RMB

Principal financial data	**As at 31 Dec 2013**	**As at 31 Dec 2012**	**Change as compared to the end of last year**	**As at 31 Dec 2011**
Total assets	**22,840,107,479.91**	24,209,125,042.19	-5.65%	24,608,792,701.94
Owners' equity attributable to owners of the Company	**9,974,420,429.05**	9,536,486,092.32	4.59%	9,204,417,052.53
Principal financial data	**2013**	**2012**	**Change as compared to last year**	**2011**
Net cash flows from operating activities	**1,761,224,786.28**	1,530,654,667.48	15.06%	1,508,130,603.41
Revenue	**3,279,281,057.26**	3,134,623,093.04	4.61%	2,951,619,056.98
Net profit attributable to owners of the Company	**719,691,617.00**	684,526,701.99	5.14%	875,146,104.56
Net profit attributable to owners of the Company - excluding non-recurring items	**828,414,277.54**	659,695,721.22	25.58%	847,416,427.67
Return on equity - weighted average (%)	**7.40%**	7.33%	Increase 0.07 pct.pt	9.84%
Earnings per share - basic (RMB/share)	**0.330**	0.314	5.14%	0.401
Earnings per share - diluted (RMB/share)	**0.330**	0.314	5.14%	0.401

3.2 The ownership and the relation of control between the Company and the de-facto controller



3.3 Information on the top ten shareholders

As at the end of the Reporting Period, based on the shareholders' registers provided by the share registrars and the transfer offices of the Company in the PRC and Hong Kong, the information of the total number of shareholders and the top ten shareholders of the Company were as follows:

Unit: share

Total number of shareholders as at the end of 2013	The Company had 31,519 shareholders in total, including 31,236 holders of domestic shares and 283 holders of H Shares.	**Total number of shareholders as at the end of the fifth trading day prior to the publication of this announcement**	The Company had 30,701 shareholders in total, including 30,420 holders of domestic shares and 281 holders of H Shares.

The top ten shareholders as at the end of 2013

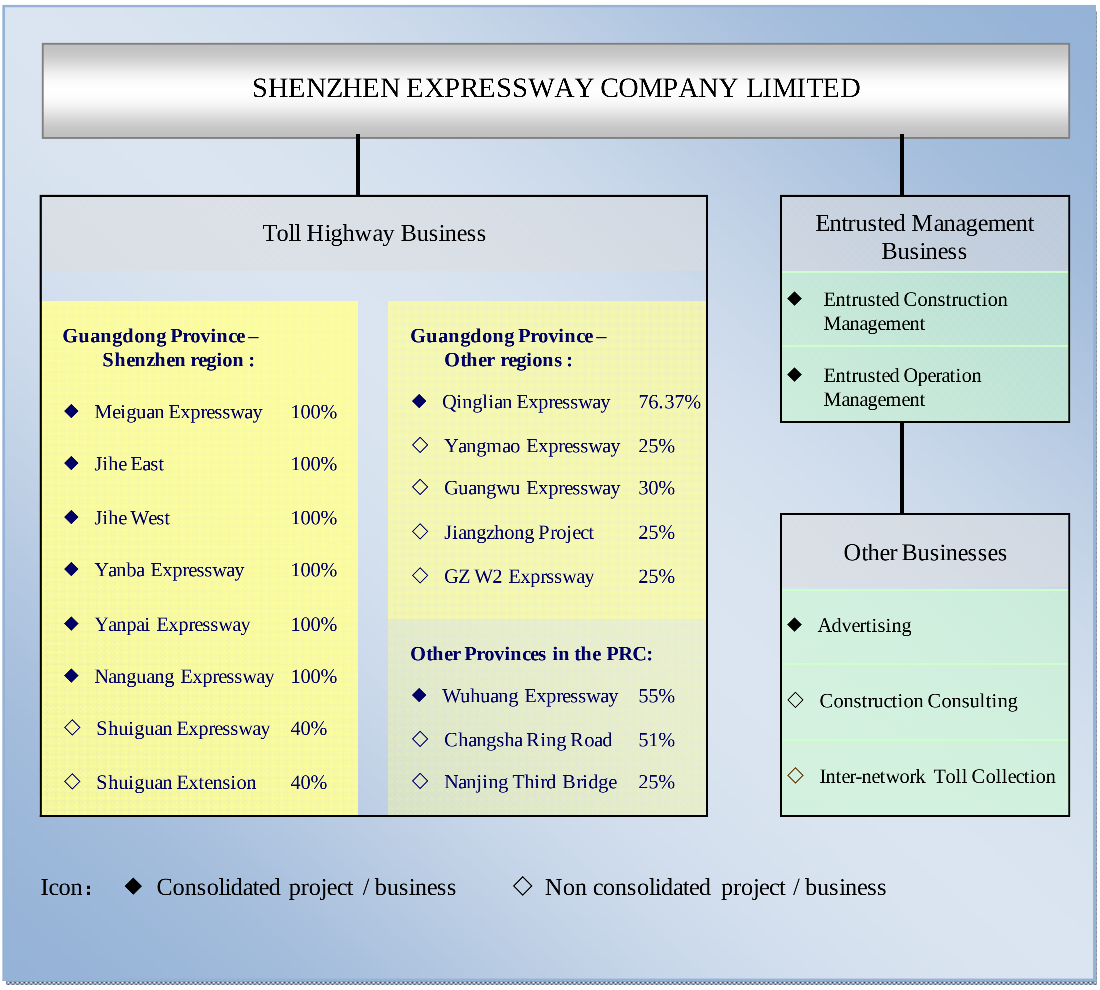
Name of shareholder	Nature of shareholders	Percentage	Number of shares held	Changes during the Reporting Period	Number of restricted circulating shares held	Number of shares pledged or frozen
HKSCC NOMINEES LIMITED (Note)	Overseas legal person	32.42%	706,949,098	-652,000	—	Unknown
Xin Tong Chan Development (Shenzhen) Company Limited	State-owned legal person	30.03%	654,780,000	—	—	None
Shenzhen Shen Guang Hui Highway Development Company	State-owned legal person	18.87%	411,459,887	—	—	None
China Merchants Hua Jian Highway Investment Co., Ltd	State-owned legal person	4.00%	87,211,323	—	—	None
Guangdong Roads and Bridges Construction Development Company Limited	State-owned legal person	2.84%	61,948,790	—	—	None
AU SIU KWOK	Overseas natural person	0.50%	11,000,000	—	—	Unknown
IP KOW	Overseas natural person	0.42%	9,100,000	—	—	Unknown
PICC – Dividend - Personal Insurance Dividend	Unknown	0.35%	7,682,917	+7,682,917	—	Unknown
WONG KIN PING + LI TAO	Overseas natural person	0.23%	5,000,000	—	—	Unknown
LI KIU	Overseas natural person	0.16%	3,550,000	+500,000	—	Unknown
Connected relationship or concerted action relationship among the abovementioned shareholders:	Xin Tong Chan Development (Shenzhen) Company Limited and Shenzhen Shen Guang Hui Highway Development Company are connected persons under the same control of Shenzhen International Holdings Limited. Save as the abovementioned relationship, there is no connected relationship among the other state-owned shareholders in the above table. In addition, the Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the above four state-owned shareholders and other abovementioned shareholders.					

Note: The H Shares held by HKSCC NOMINEES LIMITED were held on behalf of various clients.

§4 Report of the Directors

4.1 Business Review

The revenues and profits of the Company and its consolidated subsidiaries (collectively referred to as "Group") are mainly derived from toll highway operations and investments. As at the end of the Reporting Period, the Company operated and invested a total of 16 toll highway projects, and the mileage of the highways invested by the Company (on an equity basis) is approximately 427km. In addition, the Company provides outstanding construction management and highway operation management services for the government and other enterprises. Building on relevant management experience and resources and relying on the core business of toll highway, the Company has launched the businesses such as advertising, construction consulting, and inter-network toll collection. The principal business structure of the Company is set out as follows:



I. Toll Highway Business

In 2013, the traffic volume of road projects in which the Group operated and invested continued to grow. However, subject to the different impact of factors such as the development of macroeconomy and regional economies, policy on the industry, changes in road network, the performance of the projects' toll revenue varied. Basic operational statistics of each project during the Reporting Period are as follows:

	Average daily mixed traffic volume (number of vehicles in thousand)❶			**Average daily toll revenue (RMB'000)**		
Toll highway	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Guangdong Province - Shenzhen region:						
Meiguan Expressway	**130**	125	3.9%	**803**	876	-8.3%
Jihe East	**150**	128	16.7%	**1,329**	1,240	7.2%
Jihe West	**123**	107	15.7%	**1,048**	1,080	-2.9%
Yanba Expressway❷❸	**31**	29	9.4%	**444**	387	14.7%
Yanpai Expressway	**50**	41	21.0%	**541**	514	5.3%
Nanguang Expressway	**75**	59	27.8%	**787**	629	25.2%
Shuiguan Expressway	**155**	138	12.4%	**1,298**	1,205	7.7%
Shuiguan Extension	**39**	29	33.4%	**176**	155	13.2%
Guangdong Province - other regions:						
Qinglian Expressway❸	**28**	23	24.2%	**1,948**	1,461	33.4%
Yangmao Expressway❸	**31**	27	16.7%	**1,469**	1,326	10.8%
Guangwu Project❸	**27**	25	7.3%	**719**	681	5.5%
Jiangzhong Project	**89**	91	-2.3%	**924**	932	-0.8%
GZ W2 Expressway	**42**	35	21.2%	**825**	713	15.7%
Other Provinces:						
Wuhuang Expressway❸	**39**	40	-1.4%	**1,040**	1,170	-11.1%
Changsha Ring Road	**14**	13	6.1%	**144**	119	20.2%
Nanjing Third Bridge❸	**29**	25	17.8%	**1,169**	895	30.7%

Notes:

❶ Traffic volume which is toll free during holidays is not included in the figures of average daily mixed traffic volume.

❷ For the convenience of residents in Shenzhen to go to the eastern coast for leisure and vacation, the government has made collective payment to the Company for the vehicles travelling to and from Yantian and Dameisha ramp based on the agreed standards and methods since February 2007. During 2013 to 2017, toll fees paid by the government as agreed are RMB19 million annually, which will be included in the toll revenues of Yanba Expressway on a monthly basis. Arrangement after 2017 will be negotiated and confirmed by both parties before the expiry of the agreement.

❸ Projects for which toll-by-weight policy has been implemented.

Economic Environment —

In 2013, the GDP of the PRC recorded a YOY growth of 7.7% and with an annual YOY growth of 7.6% in total import and export. The domestic economy is generally stable. During the Reporting Period, the GDP of Guangdong Province increased by 8.5% compared to the same period in last year, being the first province in the nation that breaks through USD1 trillion in GDP. Driven by the active adjustments of industrial structure policy in recent years, Guangdong Province recorded a significant growth in consumption in 2013. The total retail sales of consumer goods for the year were RMB2.55 trillion with a YOY growth of 12.2%. In addition, domestic auto production and sales still maintained a good growth momentum, and car ownership in Shenzhen region was over 2.5 million as at the end of 2013. However, the paces of the growth of macro-economy, the total imports and exports and the port throughout showed a general trend of slowdown. [Source of data: Governmental statistics information website, the website of the customs] Under such macro environment, the natural growth of most of the toll highways of the Group maintained at a certain and relatively stable level.

Policy Environment —

During recent years, the external operating environment of the toll highway industry has undergone relatively substantial changes. The continual release of individual policies or administrative measures by the state and local governments has brought relatively substantial negative effects on the toll revenues of our projects.

In 2013, the negative impact for the Guangdong Province to implement Standardisation Scheme[1] and Toll Free Scheme on Holidays[2] nationwide still persists and spreads throughout the year. According to a rough calculation based on available data and historical data [Note], the implementation of the aforesaid policies resulted in the decrease of RMB385 million and RMB136 million respectively (2012: RMB193 million and RMB43 million) in toll revenue in the consolidated statements of the Group in 2013. In addition, the calculation [Note] for the effect of Green Passage Toll Free Policy[3] on the consolidated statements of the Group was approximately RMB75 million (2012: RMB62 million). However, the adjustment to toll fees or toll free measures can attract some traffic volume to drive through highways and it can gradually form a stable driving habit, and facilitate the growth of traffic volume over the whole road network.

Note: Simulation calculation for relevant impact was done by the Company based on the available data and historical data. With the limitation on the adjustment to the data statistical method and the differences of the operating environments in different years, the related estimation cannot be entirely accurate. Such data are for investors' reference only. Investors are advised to use such data in a prudent manner.

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[1] **Standardisation Scheme:** The toll fees of the expressways in the province, starting from 1 June 2012, had been standardised based on the unified toll rate, toll coefficient, calculating method for ramps and rounding principles, and subsequent adjustment was made for the increase of the toll fees as a result of the implementation of aforesaid scheme.

[2] **Toll Free Scheme on Holidays:** Subject to the approval of the State Council, since the second half of 2012, the toll fees of toll highways for passenger cars with seven seats or less were waived during the periods of four national holidays, i.e. Spring Festival, Tomb Sweeping Day, Labor Day and National Day, and their consecutive days off.

※ For details of the policies mentioned above, please refer to the announcements of the Company dated 31 May 2012 and 17 August 2012.

[3] **Green Passage Toll Free Policy:** Since December 2010, "Green Passage Toll Free Policy" must be implemented in all expressway projects in China to waive the toll fees for the vehicles used for legal transportation of fresh agricultural products.

According to the notice issued by the Guangdong Provincial Transportation Department, starting from 24:00 on 30 June 2013, Guangdong Province has cancelled toll collection of 31 road and bridge projects, including Qinglian Class 2 Road. Qinglian Class 2 Road was opened for operation in 1993. Due to its longer operation period and that its road surfaces were badly worn out as it took up most of the traffic flow during the period of reconstruction into an expressway for Qinglian Class 1 Highway, Guangdong Qinglian Highway Development Company Limited ("Qinglian Company") closed the road since late September 2010 in order to carry out the routine and necessary overhaul, during which toll collection has been suspended. Qinglian Company and its two shareholders were highly concerned about the cancellation of toll collection of Qinglian Class 2 Road, studied the related policies and requirements seriously, and coordinated with competent authorities of the government through various possible ways to finalise specific arrangements of the cancellation of toll collection. For the impact on the Group, please refer to 4.2 Financial Analysis below and notes 5(10) and 8(2) to the Financial Statements.

Operating Condition and Environment —

During the year, expansion works for North Section of Meiguan Expressway and the maintenance works of Jihe West were carried out. Those negatively affected the traffic conditions and operational performance of the projects and the connected roads. The expansion works for North Section of Meiguan Expressway have been completed in late 2013; Jihe West has principally carried out repair work against damage during the year, and formally carried out road surface maintenance works since December 2013. The project is expected to be completed in the first half of 2014.

The continuous improvement of road network and facilities can facilitate people's selections and demand to use highway transportation means, drive the increase of the overall traffic volume level among the road network. Meanwhile, it can also bring changes to the traffic volume distribution of the road network, resulting positive or negative impacts on the operational performance of the specific project. Furthermore, in view of the data of the Reporting Period, plans to divert or traffic organisation have been implemented among roads owing to urban traffic control or constructions, giving a stronger support to the operational performance of adjacent or parallel roads for a period.

- ***Guangdong Province - Shenzhen region***

  Since the second half of 2012, certain sections of Nanping (Phase II) has opened to traffic in succession, facilitating the growth of Nanguang Expressway's traffic volume. In late January 2013, Boshen Expressway (Boluo – Shenzhen, in Guangdong) was officially opened, bringing positive impacts on the operational performance of Yanpai Expressway while the revenue of Jihe East slightly decreased owing to the impact of its traffic diversion. Phase II of Qingping Expressway was officially opened in mid-September 2013, driving the traffic volume of Jihe East and Shuiguan Extension and creating a slight diversion over Meiguan Expressway.

- ***Guangdong Province - Other regions***

  At the end of 2012, a number of expressways commenced operation in Hunan Province, including Yonglan Expressway (Erguang Expressway Yongzhou to Lanshan section in Hunan) and Hengwu Expressway (Dual-line of G4 National Expressway Hengyang to Linwu section in Hunan). Improvement of connecting road networks brings Qinglian Expressway a new growth in traffic volume. In addition, the overhaul of Leiyi Section (Leiyang - Yizhang, in Hunan) of G4 National Expressway was conducted during the period from May to November 2013. During the period of overhaul, relevant traffic diversion measures had continuously driven rapid YOY growths in toll traffic volume and toll revenue of Qinglian Expressway. And the restricted access measure on some freight vehicles travelling through Guangzhou Ring Expressway taken since

January 2013 has brought positive effect on the overall operational performance of GZ W2 Expressway.

On the other hand, Guangzhu Western Expressway (Guangzhou - Zhuhai, in Guangdong) fully opened to traffic in January 2013 and brings slightly negative effects to Jiangzhong Project. The further improvement of road networks between Guangdong and Guangxi diverted certain traffic volume of Guangwu Project during the year. Additionally, the reconstruction and expansion works of Guangqing Expressway (Guangzhou - Qingyuan, in Guangdong) which connects the southern end of Qinglian Expressway are currently in progress, and the restricted access measure on heavy freight vehicles travelling through the expressway to a certain extent limited the growth of traffic volume of Qinglian Expressway.

- ***Other provinces:***

  Daguang Expressway Southern Hubei Section (Huangshi - Tongshan, in Hubei) which opened to traffic in May 2012, promoted an increase in revenue of Wuhuang Expressway. However, affected by the negative factors such as the commence of operation of Han'e Expressway (Wuhan - Ezhou, in Hubei) at the end of 2012, which basically runs parallel to Wuhuang Expressway, the full opening of Hurong National Expressway (Shanghai – Chengdu, Sichuan), as well as further implementation of traffic control measures in Wuhan area, both toll traffic volume and toll revenue of Wuhuang Expressway recorded a YOY decrease in 2013.

  The restricted access measure on some freight vehicles and long distance passenger vehicles travelling through Nanjing Yangtze River Second Bridge and relevant sections taken since the end of 2012 has changed the vehicle category of Nanjing Third Bridge and significantly brought positive effect on its operational performance.

Operating Measures —

In order to improve the operational performance of the projects, the Group has formulated and implemented proactive marketing campaigns in view of the advantages and features of various highway projects by carrying out an intensive study on the functional positioning and features of neighboring regions of the projects, and paying continuous attention to the changes and travelling direction of vehicles in neighboring road networks. During the year, the Group had carried out multi-aspect works on marketing and management of road networks with emphasis on Qinglian Expressway, Nanguang Expressway and Yanpai Expressway. Measures taken included carrying out special promotion on the advantage, function and features of the projects through cooperation with well-known media; designing route guidance to strengthen traffic flow and activate road networks; placing more emphasis on the promotion of effect resulted from the adjusted toll fees on travel cost so as to procure the freight vehicles to travel through highway; helping the public to get familiar with the travel resources and connecting road by ways such as formulating and distributing travel guidance to highlight the Qinglian Expressway and Yanba Expressway's function as tourist routes. These marketing campaign and management measures had achieved satisfactory results and facilitated the improvement of the operational performance of each highway.

In the year 2013, the Group had proactively implemented the provincial-wide inter-network toll collection for the expressways according to the unified arrangements in Guangdong province. Moreover, the Group continuously optimised the emergency toll collection management system with focus on peak-hour traffic divergence and emergency response, and maintained the level of standardisation of operational works to improve the traffic conditions and efficiency of the road network in order to provide drivers and passengers with faster and safer services so as to improve competitiveness and operational performance of the projects.

Upon completion of maintenance works for the road surface of Jihe East, the Group has carried out maintenance works for the road surface of Jihe West during the year. The Group also conducted the study and design for the preventive maintenance program of Yanba Expressway. Through the practice, inspection, conclusion and promotion, we keep improving and optimising the models for road maintenance and strive to achieve the objective of "maximising the maintenance benefits for the whole operation period" while ensuring the traffic quality and enhancing the traffic capacity.

Development of Business —

The Company has a pre-emptive right for the development of Outer Ring Expressway. As the project requires large scale of investment with high construction cost, the Company is focusing on improving its design and investment structure and undergoing discussion and negotiation for feasible investment, construction and management models with the government departments to achieve a balance between corporate and social benefits. During the Reporting Period, the Company will continue to push forward the preliminary research work of Outer Ring Expressway but the actual investment model and developing plans of which are still uncertain.

II. Entrusted Management and Other Businesses

Relying on the core business of toll highway and building on relevant management experience and resources, the Group has launched or engaged in related businesses such as entrusted management, advertising and construction consulting, and prudently tapping into new business areas as our meaningful attempts and auxiliary business in addition to our major business for further growth of the Group. In 2013, the entrusted management business of the Group realised the revenue of approximately RMB267 million and the advertising and other businesses realised the revenue of approximately RMB114 million, accounting for 8.1% and 3.5% of the Group's revenue respectively.

Entrusted Management Business —

The entrusted construction management business and the entrusted operation management business, also known as agent construction business and agent operation business, are the major businesses of the Group in addition to our toll highway business currently. Leveraging on our expertise and experience accumulated in relevant areas during these years, the Group has realised reasonable revenues and returns from the receipt of management fee and/or bonus according to the calculation method as agreed with the entrusting party through the provision of services relating to construction management and toll highway operation management. During the Reporting Period, the entrusted construction business and entrusted operation business of the Group mainly includes Coastal Project, Nanping (Phase II), Guilong Project and Longda Project etc.

- ***Entrusted construction business***

  During the Reporting Period, the construction of Coastal Project was smoothly carried out, and the delivery and inspection of its first phase was completed in the third quarter. Shenzhen Guangshen Coastal Expressway Investment Company Limited ("Coastal Company") is currently pushing forward the preliminary work of the Phase II of Coastal Project. As at the end of the Reporting Period, the tender of the exploration design and environment assessment has been completed, and the exploration design work has commenced.

  All investment of Section A of Nanping (Phase II) has been completed in July 2013, and the project is currently subject to the settlement and government audit work. Most of the construction works of Section B of Nanping (Phase II) are not ready to be commenced at the moment due to the adjustment in government's planning. Currently, the Company is coordinating with the entrusted party in respect of the overall construction arrangement of Section B. According to the stipulations in the contract, the above situation will not trigger any obligations of the Company under the agent construction contract.

With the experience of the entrusted construction business, the Group carried out Guilong Project through Guizhou Guishen Investment and Development Company Limited ("Guishen Company"), and participated in the regional road construction and development by "build-transfer" mode ("BT Mode") in Longli, Guizhou. During the Reporting Period, the entrusted construction work for Guilong Project proceeded steadily as scheduled. As at the end of the Reporting Period, nearly 80% progress of the construction in physical shape has been completed.

- ***Entrusted operation business***

In 2013, the Company continued to be entrusted to carry out the operation management of Longda Project under the model of equity management. During the year, each management task was smoothly carried out.

Coastal Expressway (Shenzhen Section) opened to traffic for trail operation in November 2013. Pursuant to the Entrusted Management Agreement entered into between the Company and Shenzhen Investment Holdings Company Limited in November 2009, the Company was entrusted to manage Coastal Company, including the management of Coastal Expressway (Shenzhen Section) during the construction period and operation period and among which, the specific arrangement in respect of the entrusted management of the operation period will be confirmed after further negotiation, and subject to the ultimate approval of Shenzhen Government. As at the date of this announcement, the details of the entrusted mode, the calculation and payment arrangement of management fee are still under negotiation, and are subject to the approval procedures handled by the parties to the entrustment as stipulated.

For details of the profits and incomes and expenses of various entrusted management businesses during the Reporting Period, please refer to 4.2 Financial Analysis below and notes 5(29)(b)(i), 7(5)(a)(ii) and 7(5)(c) to the Financial Statements.

Expansion of Entrusted Management Business —

Compared with the simple entrusted construction business, under the BT mode, the entrusted party is required to raise capital during the construction period. Therefore, the recovery of fund is the key part of management under this mode, and the method, period and safety of the recovery will directly affect the success and revenue of the project. During the year, Guishen Company has optimised the payment arrangement of Guilong Project through negotiation, further reducing the fund recovery risk of the project. Moreover, the Group, based on the features of the project and the actual circumstances of the Company, has adopted various effective measures through the platform of Shenzhen Expressway Investment Company Limited ("Investment Company") and Guishen Company to carry out an intensive study and discussion on such key issues as how to effectively reduce the risk of fund recovery and timely realise the return on investment, so as to carry out business expansion and practices and cautiously entered into the businesses related to the Company's core business capability while realising reasonable returns.

With the improvement of Guilong Road and the infrastructure in peripheral regions and the development of the whole Guilong Economic Zone, it is expected that the peripheral land of Guilong Project will have greater potential for appreciation. In order to effectively reduce the risk of fund recovery from Guilong Project and realise expected or even more incomes from the project, Guishen Company actively engaged in the land tenders within the development area of Guilong Project. Since 2012, Guishen Company has successfully won the bid for the land with an area of approximately 1,863 mu (approximately 1,240,000 square meters) with a total consideration of RMB652 million. Guishen Company has set up several wholly-owned subsidiaries to hold and manage the land use rights of the lands above. In July 2013, the Board of the Company approved Guishen Company and its subsidiaries to adopt a progressive development strategy to conduct further development of the land with an area of 300 mu (approximately 200,000 square meters) in the obtained lands on their own with the total expected investment up to RMB850 million. During the year, the preliminary works including planning and design in relation to the further development is in progress. The realisation of the market value of part of the land will allow the Group to realise the return on investment as soon as possible, and practically avoid the contract risk and market risk relating to the land. Meanwhile, it will also enhance the overall value of the peripheral land of Guilong Project and enrich our experience in project development and operation. On such basis, Guishen Company will realise the market value of the lands it holds through market transfer, cooperative development or self-development regarding the overall market conditions and development opportunities.

Other Businesses —

The Company is engaged in the businesses of billboard leasing, advertising agency, design production and related services alongside the toll highways and toll stations through its wholly-owned Shenzhen Expressway Advertising Company Limited ("Advertising Company"). Recently, Advertising Company has further expanded its business scale and scope by putting more efforts on acquisition of high-quality outdoor advertising resources. In April 2013, Advertising Company won the bid for four upright billboards in Shennan Avenue for a term of five years in the tender for the first batch of right to occupy the public areas for outdoor advertising in Shenzhen in 2013.

The Company holds 24% and 15% of interests in Shenzhen Expressway Engineering Consulting Company Limited ("Consulting Company") and Guangdong United Electronic Toll Collection Inc. ("Guangdong UETC") by way of equity participation. The principal businesses of Consulting Company include project management consultancy, survey, design, engineering supervision, construction costs consultancy, tendering agency and test and inspection, and that of Guangdong UETC include electronic clearing business of the toll highways in Guangdong Province, including investment, management and services of electronic toll and clearing systems, and the sale of related products.

During the year, each of the above business, in general, proceeded smoothly and met the Group's expectation. Limited by the scale, the contribution from these businesses currently accounts for a small proportion of the Group's revenues and earnings. For details of the other businesses of the Company during the Reporting Period, please refer to 4.2 Financial Analysis below and note 5(29)(b)(i) to the Financial Statements.

4.2 Financial Analysis

The Group recorded net profit attributable to owners of the Company ("Net Profit") of RMB719,692,000 (2012: RMB684,527,000) for 2013, representing a YOY increase of 5.14%. During the Reporting Period, the implementation of policies such as Standardisation Scheme, Toll Free Scheme on Holidays and cancellation of toll collection of Qinglian Class 2 Road caused material adverse effect on the Group's operating result. However, benefited from the combined effect of improved road network within the region, increased total traffic flow of the region and the implementation of corresponding measures by the Company to increase revenue and contain expenditures, overall toll revenue and profit derived from the toll highways operated and invested by the Group recorded a YOY increase. In addition, the profit from the entrusted construction management services, which was recognised by the Company based on the actual settlement of the work and the progress of completion, increased YOY. As a result, during the Reporting Period, the Group still recorded a small increase in Net Profit. Excluding the effect of loss from disposal of related assets of Qinglian Class 2 Road ("Loss from Disposal of Qinglian Class 2 Road Assets"), such Net Profit recorded a YOY increase of 25.32%. For details of the Loss from Disposal of Qinglian Class 2 Road Assets, please refer to point 6 of "Analysis of Operating Results" below.

I. Analysis of Operating Results

1. Revenue and Cost of Services

During the Reporting Period, the Group recorded revenue of RMB3,279,281,000 representing a YOY increase of 4.61%, of which toll revenue of RMB2,898,291,000, representing a YOY increase of 6.31%, was the main source of revenue of the Group. During the Reporting Period, the cost of services of the Group amounted to RMB1,526,197,000, which is substantially flat with that for previous year. A YOY change of entrusted management services revenue and cost for the Reporting Period was mainly attributable to the combined effect of change in settlement amount and gross margin of each project during the Reporting Period as well as the recognition of service revenue and cost related to the Guilong Project and Nanping (Phase II) in the current period. Figures of the revenue and the cost are set out as follows. A detailed analysis is set out in the section under "Profit before Interests, Tax and General and Administrative Expenses" below:

Revenue item	2013 (RMB'000)	Percentage of total	2012 (RMB'000)	Percentage of total	Change
Toll revenue	2,898,291	88.38%	2,726,353	86.98%	6.31%
Entrusted management services revenue	266,656	8.13%	294,486	9.39%	-9.45%
Other revenue (including advertising services revenue)	114,334	3.49%	113,784	3.63%	0.48%
Total revenue	**3,279,281**	**100.00%**	**3,134,623**	**100.00%**	**4.61%**

As a result of the business nature of the Group, except for revenue from toll highways, total revenue from the Group's top five customers amounted to RMB270,324,000, accounting for 8.24% of the total revenue of the Group. Details are set out in note 5(29) to the Financial Statements.

Cost of services item	2013 (RMB'000)	Percentage of total	2012 (RMB'000)	Percentage of total	Change
Cost of traffic services	1,409,347	92.34%	1,301,579	86.16%	8.28%
Cost of entrusted management services	53,061	3.48%	152,313	10.08%	-65.16%
Cost of other businesses	63,789	4.18%	56,840	3.76%	12.22%
Total cost of services	1,526,197	100.00%	1,510,732	100.00%	1.02%

The purchases from the Group's top five suppliers amounted to RMB162,667,000, accounting for 27.45% of the Group's total amount of purchases.

2. Profit before Interests, Tax and General and Administrative Expenses [Note]

During the Reporting Period, the Group's profit before interests, tax and general and administrative expenses amounted to RMB1,608,326,000 (2012: RMB1,661,212,000), representing a YOY decrease of 3.18% or a YOY increase of 11.34% after deduction of the Loss from Disposal of Qinglian Class 2 Road Assets. Profits contributed by principal business are as follows:

Profit before Interests, Tax and General and Management Expenses (Unit: RMB million)

Note: Profit before interests, tax and general and administrative expenses = total profit + general and administrative expenses + interest expense. This indicator helps the investors understand the Group's sources of profit from the economic activities of various business segments.

(1) Profit before interests, tax and general and administrative expenses from toll highways operated by the Group

◆ Profit

Profit before interests, tax and general and administrative expenses from toll highways operated by the Group for the Reporting Period amounted to RMB1,164,147,000 (2012: RMB1,345,923,000), representing a YOY decrease of 13.51% or a YOY increase of 4.42% after deduction of the Loss from Disposal of Qinglian Class 2 Road Assets. The YOY decrease in profit was mainly attributable to the profit growth of such highways as Qinglian Project, Nanguang Expressway, Yanba Expressway and Yanpai Expressway, which was offset by the combined effect of decreased gross margin of other highways in Shenzhen area caused by the implementation of Standardisation Scheme and Toll Free Scheme on Holidays and the effect of highway construction as well as other factors including diversion by road network and the clearance of toll revenue received during the same period of last year for Wuhuang Expressway. A detailed analysis on the profit is as follows:

Toll Highway	Toll revenue		Cost of traffic services		Gross margin of traffic services		Profit before interests, tax and general and administrative expenses	
	2013 (RMB'000)	Change	2013 (RMB'000)	Change	2013	Change (pct.pt)	2013 (RMB'000)	Change (RMB'000)
Meiguan Expressway	293,125	-8.53%	111,795	9.99%	61.86%	-6.42	174,580	-33,470
Jihe East	485,006	6.88%	252,625	11.97%	47.91%	-2.37	216,103	-3,481
Jihe West	382,605	-3.19%	89,847	-0.50%	76.52%	-0.63	280,841	-10,747
Yanba Expressway	162,038	14.29%	98,817	3.31%	39.02%	6.48	60,820	19,066
Yanpai Expressway	197,476	4.97%	85,140	4.98%	56.89%	0.00	106,364	2,556
Nanguang Expressway	287,325	24.86%	144,717	23.55%	49.63%	0.53	133,790	27,837
Qinglian Project ❶	710,963	32.35%	426,246	16.64%	40.05%	8.08	263,388	109,272
Wuhuang Expressway ❷	379,753	-17.39%	200,160	-10.91%	47.29%	-3.83	169,505	-51,565
Total	**2,898,291**	**6.31%**	**1,409,347**	**8.28%**	**51.37%**	**-0.89**	**1,405,391**	**59,468**

Notes:

❶ Profit before interests, tax and general and administrative expenses of Qinglian Project excluded the effect of the Loss from Disposal of Qinglian Class 2 Road Assets.

❷ The toll revenue of Wuhuang Expressway for 2012 included toll revenue of RMB32,532,000 from the clearance of overlapping mileages with E'dong Bridge from September 2010 to December 2012.

◆ Toll revenue

For the Reporting Period, the Group recorded toll revenue of RMB2,898,291,000 (2012: RMB2,726,353,000), representing a YOY increase of 6.31%. During the Reporting Period, the operational performances of toll highway projects of the Group were affected by the combination of such factors as changes of macro-economy, implementation of the policies such as Standardisation Scheme and Toll Free Scheme on Holidays as well as changes in the traffic distribution in the road network, of which the implementation of Standardisation Scheme and Toll Free Scheme on Holidays resulted in a decrease of approximately RMB385,000,000 and RMB136,000,000 in toll revenue of the Group for the Reporting Period respectively, representing a doubled YOY increase in affected amount. For detailed analysis on the operational performance of each project during the Reporting Period, please refer to the content of 4.1 Business Review above.

◆ Cost of traffic services

Cost of traffic services for the Group's toll highways recorded a YOY increase of 8.28% to RMB1,409,347,000 (2012: RMB1,301,579,000) for the Reporting Period. The increase was attributable to the corresponding increase in the cost of depreciation and amortisation of the toll highways as a result of the growth in traffic volume and the increase in the employee expenses as a result of the increased number of toll collection staff, the general increase in the payment standard of salaries and benefits and the increased base for payment of social security expenses. On the other hand, there was a YOY decrease in the maintenance expense of the Group's highways for the Reporting Period as the special maintenance expense for Qinglian Class 2 Road decreased YOY and the actual maintenance expense for Jihe East was lower than the budgeted amount.

An analysis on cost of traffic services is as follows:

Cost of traffic services item	2013 (RMB'000)	Percentage of total	2012 (RMB'000)	Percentage of total	Change
Employee expenses	208,615	14.80%	169,794	13.05%	22.86%
Road maintenance expenses	89,930	6.38%	141,878	10.90%	-36.61%
Depreciation and amortisation	920,410	65.31%	777,088	59.70%	18.44%
Other business costs	190,392	13.51%	212,819	16.35%	-10.54%
Total	**1,409,347**	**100.00%**	**1,301,579**	**100.00%**	**8.28%**

(2) The investment income from joint ventures and associates

The Group's investment income from joint ventures and associates for the Reporting Period amounted to RMB185,677,000 (2012: RMB129,100,000), representing a YOY increase of 43.82%. As affected by the combination of such factors as the regional economic development, the changes in the traffic distribution in the road network as well as the implementation of the policies such as Standardisation Scheme and Toll Free Scheme on Holidays, the toll revenues of most of joint ventures and associates recorded a YOY growth. The increase in gross margin of such highways as Yangmao Expressway, Nanjing Third Bridge and Changsha Ring Road as a result of the growth in traffic volume and the decrease in borrowing scale and financial costs of some companies also contributed to the more satisfactory YOY increase in investment income of the Group.

A detailed analysis on investment income from joint ventures and associates operating toll highways is as follows:

Toll highway	Toll revenue		Cost of services		Gross margin		Investment income of the Group [Note]	
	2013 (RMB'000)	Change	2013 (RMB'000)	Change	2013	Change (pct.pt)	2013 (RMB'000)	Change (RMB'000)
Joint ventures:								
Changsha Ring Road	52,396	19.86%	34,118	-7.33%	34.89%	19.11	13,046	10,102
Associates:								
Shuiguan Expressway	473,659	7.44%	164,888	6.30%	65.19%	0.37	61,633	3,875
Shuiguan Extension	64,258	12.93%	51,684	17.85%	19.57%	-3.36	-4,309	782
Yangmao Expressway	536,230	10.12%	190,872	-8.77%	64.40%	7.37	56,941	17,445
Guangwu Project	262,268	5.17%	108,985	4.88%	58.48%	0.11	20,850	130
Jiangzhong Project	337,415	-1.04%	234,388	0.84%	30.53%	-1.30	3,061	2,366
GZ W2 Expressway	301,044	15.30%	139,985	13.61%	53.52%	0.70	9,660	6,637
Nanjing Third Bridge	427,581	30.61%	161,191	17.74%	62.30%	4.12	21,111	15,027
Total							**181,993**	**56,364**

Note: Investment income of RMB3,684,000 (2012: RMB3,021,000) from Consulting Company and other investment income of RMB 450,000 for 2012 were not included in the figures of investment income of the Group for the Reporting Period. Details are set out in notes 5(6) and (33) to the Financial Statements.

(3) Profit before interests, tax and general and administrative expenses from other highway-related businesses

◆ Profit from entrusted construction management services

The Group recognised a profit of RMB184,319,000 from the entrusted construction management services for the entrusted construction projects of which the outcome can be estimated reliably, of which profit attributable to the Company amounted to RMB152,964,000. The profit was mainly attributable to the recognition of relevant incomes and costs of the entrusted construction management services based on the estimation of the government's audit results on related service and progress of the projects such as Nanping (Phase II), Coastal Project and Guilong Project. The analysis on the incomes and costs from the entrusted construction management services is as follows:

Entrusted construction management services item	Income		Cost		Profit attributable to the Company from the entrusted construction management services	
	2013 (RMB'000)	Change (RMB'000)	2013 (RMB'000)	Change (RMB'000)	2013 (RMB'000)	Change (RMB'000)
Nanping (Phase I)	555	-128,524	3,357	-58,426	-2,821	-65,767
Nanping (Phase II)	75,179	-9,181	13,658	-43,219	57,139	32,876
Coastal Project	46,821	10,960	18,709	-3,308	25,485	13,435
Guilong Project	123,123	113,587	14,409	5,210	73,161	73,161
Other project	2,978	-14,672	2,928	491	-	-14,387
Total	**248,656**	**-27,830**	**53,061**	**-99,252**	**152,964**	**39,318**

During the Reporting Period, profit from entrusted construction management services were mainly attributable to the initial recognition of relevant income and cost of Guilong Project based on the agreement and the progress of completion and further recognition and adjustment of relevant income and cost of Nanping (Phase II) based on the actual settlement for part of the contracted section. Details of the entrusted construction management services are set out in notes 5(29)(b)(i) and 7(5)(a)(ii) to the Financial Statements.

◆ Profit from entrusted operation management services

During the Reporting Period, pursuant to the terms of the agreement, the Company recognised revenue from entrusted operation management services for Longda Project of RMB18,000,000 and a relevant profit of RMB16,990,000 after deducting relevant tax. Details are set out in notes 5(29)(b)(i) and 7(5)(c) to the Financial Statements.

◆ Profit from advertising business

During the Reporting Period, the advertising business of the Group recorded a profit of RMB35,086,000 (2012: RMB33,209,000) with a YOY increase of 5.65%. It was mainly incurred by a YOY increase of 5.61% of revenue from advertising business for the Reporting Period and a YOY increase of 12.40% in cost of services including amortisation expenses for the use right of advertising spaces. Details are set out in note 5(29)(b) to the Financial Statements.

3. General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period amounted to RMB87,531,000 (2012: RMB79,969,000), representing a YOY increase of 9.46%. The increase was mainly attributable to the increased employee expenses due to personnel adjustment and general increase in the base for payment of social security expenses during the Reporting Period.

4. Financial Expenses

The Group's financial expenses for the Reporting Period amounted to RMB582,278,000 (2012: RMB622,418,000), representing a YOY decrease of 6.45%, or a YOY decrease of 5.15% after deducting provisions for maintenance/resurfacing obligations of highways, which was mainly attributable to the decrease in the Group's average borrowing scale during the Reporting Period. For details, please refer to point 1 of "Analysis of Financial Position" and point 3 of "Capital and Financing" below. A detailed analysis on financial expenses is as follows:

Financial expenses item	**2013 (RMB'000)**	**2012 (RMB'000)**	**Change**
Interest expenses	599,086	619,767	-3.34%
Less: Interest capitalised	16,968	9,330	81.87%
Interest income	24,975	34,557	-27.73%
Exchange gain/loss and others	(632)	(12,151)	-94.80%
Financial expenses excluding time value of provisions for maintenance/resurfacing	**557,775**	**588,031**	**-5.15%**
Add: Time value of provisions for maintenance/resurfacing	24,503	34,387	-28.74%
Financial expenses	**582,278**	**622,418**	**-6.45%**

5. Income Tax Expenses

During the Reporting Period, the Group's income tax expenses amounted to RMB163,411,000 (2012: RMB209,836,000), representing a YOY decrease of 22.12%. Such decrease was mainly attributable to the effect of the provision of deferred tax assets in respect of the Loss from Disposal of Qinglian Class 2 Road Assets during the Reporting Period. Details of the Group's applicable income tax rate and income tax expenses for current year are set out in note 3 and note 5(35) to the Financial Statements respectively.

6. Loss from Disposal of Qinglian Class 2 Road Assets

According to the requirements of the relevant documents issued by Guangdong Provincial Transportation Department, Qinglian Class 2 Road operated by Qinglian Company, a subsidiary of the company, ceased toll collection since 24:00 on 30 June 2013. The Group and Qinglian Company have been actively negotiating with relevant government authorities to protect its legal rights and discuss the potential compensation upon the cease of toll collection. Based on current stage of the negotiation, the Group decided to coordinate with government authorities in charge in transfer and takeover of assets, as such, the Group disposed the net book value of relevant assets of Qinglian Class 2 Road as at the end of 2013 pursuant to the requirements of CASBE. The relevant net assets and asset cleanup costs amounting to RMB241,245,000 were included in the non-operating expenses of the Group for 2013 as loss from disposal of assets, which resulted in a corresponding decrease amounting to RMB138,179,000 in the net profit of the Group for 2013. Any potential compensation that would be obtained from any government department or any maintenance obligation that would be assumed by the Group as required by any government department upon transfer of assets will be included in gain or loss for the relevant year if the amount of such compensation or obligation can be estimated reliably after further negotiation and finanlisation. The details are set out in notes 5(10) and 8(2) to the Financial Statements.

7. Amortisation Policies of Concession Intangible Assets and Differences under Different Amortisation Methods

The Group's concession intangible assets are amortised based on the units-of-usage method. The amortised amount is calculated, based on usage amount per unit, by the percentage of the actual traffic volume in the respective periods to the total projected traffic volume during the toll operating period. The Group conducts regular reviews on the projected traffic volumes and makes corresponding adjustments to ensure reliability and accuracy of the amortised amount. Details on this accounting policy and accounting estimates are set out in notes 2(17)(a), (29)(a) and (30) to the Financial Statements.

During the preliminary stages of toll highways' operation and before reaching their designed saturated traffic volumes, the amortised amount calculated by the units-of-usage method is lower than that calculated by the straight-line method. During the Reporting Period, the amortisation difference under the two methods of amortisation attributable to the Company based on its share of interests was RMB89 million, representing a YOY decrease, of which the amortisation difference of RMB92 million for the year was attributable to Qinglian Expressway which was still in the early stage of its operation. The adoption of different amortisation methods had no impact on the cash flow generated from various toll highway projects and thus had no impact on the valuation of various projects. Figures for reference calculated for various toll highways for the Reporting Period are as follows:

Toll highway	Amortised amount of operating rights (RMB million)			Amortisation difference attributable to the Company based on its share of interests (RMB million)	
	Units-of-usage method 2013	Units-of-usage method 2012	Straight-line method❶	2013	2012
Meiguan Expressway❷	59	51	42	17	13
Jihe East	201	165	155	46	10
Jihe West	47	42	28	19	14
Yanpai Expressway	49	44	47	2	-3
Yanba Expressway	55	46	69	-14	-23
Nanguang Expressway	70	47	100	-30	-53
Qinglian Expressway	246	177	367	-92	-145
Wuhuang Expressway	95	100	89	3	6
Changsha Ring Road	13	11	18	-3	-4
Shuiguan Expressway	77	71	110	-13	-16
Shuiguan Extension	30	24	24	2	-
Yangmao Expressway	74	91	90	-4	1
Guangwu Project	47	68	57	-3	3
Jiangzhong Project	117	120	136	-5	-4
GZ W2 Expressway	67	56	111	-11	-14
Nanjing Third Bridge	99	76	111	-3	-9
Total				**-89**	**-224**

Notes:

❶ Assuming the book values of the intangible assets are amortised evenly over the allowed operating periods granted by the concession grantors.

❷ As the expansion of Meiguan Expressway was completed on 30 November 2013, the amortised amount calculated by the straight-line method was re-calculated accordingly.

II. Analysis of Financial Position

1. Assets, Liabilities and Equity

The Group's financial position remains solid, and its assets mainly comprise concession intangible assets in high-grade toll highways and equity investments in the enterprises operating toll highways, which account for 84.22% of its total assets, and cash at bank and on hand and other assets accounts for 4.79% and 10.99% of its total assets respectively. As at 31 December 2013, the Group's total assets amounted to RMB22,840,107,000 (31 December 2012: RMB24,209,125,000), representing a YOY decrease of 5.65%. The decrease was mainly attributable to repayment of due liabilities, amortisation of concession intangible assets, disposal of relevant assets of Qinglian Class 2 Road and depreciation of fixed assets.

The analysis of the main items of assets and liabilities of the Group are as follows:

Items	As at 31 December 2013 (RMB'000)	Percentage of total assets	As at 31 December 2012 (RMB'000)	Percentage of total assets	Change
Cash at bank and on hand	1,094,797	4.79%	1,956,056	8.08%	-44.03%
Long-term equity investments	1,604,384	7.02%	1,653,743	6.83%	-2.98%
Intangible assets	17,756,263	77.74%	18,636,247	76.98%	-4.72%
Current portion of non-current liabilities	620,327	2.72%	2,538,991	10.49%	-75.57%
Long-term borrowings	5,257,014	23.02%	5,217,739	21.55%	0.75%
Bonds payable	3,088,802	13.52%	3,081,681	12.73%	0.23%

Reasons for the YOY change in the items of assets and liabilities during the Reporting Period over 30% are set out in the Supplementary Information 3 to the Financial Statements.

As at 31 December 2013, the Group's total equity amounted to RMB11,238,986,000 (31 December 2012: RMB10,872,916,000), representing an increase of 3.37% over the end of 2012. This was mainly attributable to the increase of net profit for the Reporting Period and the deduction of dividend distributed for 2012.

As at 31 December 2013, outstanding bonds payable and borrowings of the Group amounted to RMB 9,297,563,000 (31 December 2012: RMB10,563,618,000), representing a decrease of 11.99% over the end of 2012, of which Qinglian Project utilised the borrowings of RMB5.65 billion. The decrease was mainly attributable to the repayment of due bonds.

All major operations of the Group are located in China, and the majority of the Group's operating payments and capital expenditures are settled in RMB. As at the end of the Reporting Period, the Group had primarily RMB281,617,000 worth of foreign currency-denominated monetary liabilities in HK$, while RMB1,202,000 and RMB95,000 worth of foreign currency denominated monetary assets were in HK$ and other foreign currencies, respectively. Foreign currency-denominated items were net liabilities after netting off. The Company has arranged the financial instrument of "Non-Deliverable Gross Currency Swap" for a loan of HK$420 million with a maturity period of five years to lock up its risks in change of interest rate and exchange rate. As at the end of the Reporting Period, the outstanding principal of such loan was HK$336 million (equivalent to approximately RMB264 million). For details thereof, please refer to note 5(24) to the Financial Statements. The aforesaid derivative financial liabilities measured in fair value and the change in fair value during the Reporting Period are as follows:

Types of investment	Sources of funding	Contracting party	Amounts of the investment	Investment period	Product type	Expected gains	Gains and losses from investments (change in fair values during the Period) (RMB'000)	Whether involved in litigation
Derivative	Self-owned	Industrial and Commercial Bank of China (Asia) Limited	HK$420 million	2010.4-2014.9	Non-deliverable gross currency swap	N/A	8,605	No

2. Capital Structure and Debt Repayment Capability

The Company is always committed to maintaining a rational capital structure and enhancing its profitability, in order to maintain its good credit ratings and solid financial position. During the Reporting Period, owing to the increase in the Group's profit and the decrease in the size of aggregate borrowings subsequent to the repayment of due bonds, both the debt-to-asset ratio and the net borrowings-to-equity ratio of the Group decreased YOY as at the end of the Reporting Period, and the interest covered multiple and EBITDA interest multiple increased. Given the Group's stable and robust operating cash flows and its strong capability in financing and capital management, the Directors are of the view that the financial leverage ratios remained at safe levels as at the end of the Reporting Period.

	31 December 2013	**31 December 2012**
Debt-to-asset ratio (Total liabilities / Total assets)	50.79%	55.09%
Net borrowings-to-equity ratio ((Total borrowings – cash and cash equivalents) / Total equity)	73.03%	79.18%
	Jan-Dec 2013	**Jan-Dec 2012**
Interest covered multiple (Profit before tax + interest expenses / interest expenses)	2.44	2.42
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation / interest expenses)	3.98	3.66

3. Liquidity and Cash Management

	31 December 2013 (RMB million)	**31 December 2012 (RMB million)**	**Change (RMB million)**
Net current assets / (Net current liabilities)	3	(1,185)	+1,188
Cash and cash equivalents	1,090	1,954	-864
Banking facilities available	6,031	5,899	+132

During the Reporting Period, as a result of relatively large scale of total liabilities and great pressure from short-term repayment, the Group continued to improve its debt structure through related financing arrangements to reduce the pressure from current liabilities, strengthen the capital arrangement on subsidiaries and major projects, appropriately increase its cash on hand and maintain sufficient banking facilities so as to prevent the liquidity risk. During the Reporting Period, the Group repaid due medium-term notes and corporate bonds on time, the pressure from short-term repayment hence decreased significantly. As at the end of the Reporting Period, the Group's cash was deposited in commercial banks, with no deposit in non-bank institutions or any amounts applied to investment in securities or entrusted management.

4. Contingencies

Details on the Group's contingencies during the Reporting Period are set out in note 8 to the Financial Statements.

III. Capital and Financing

1. Capital Expenditure

During the Reporting Period, the Group's capital expenditures mainly comprised the remaining construction investments and settlements of projects such as the reconstruction into an expressway for Qinglian Class 1 Highway and Nanguang Expressway, and the reconstruction and expansion for Meiguan Expressway, totaling approximately RMB644 million. The investments in major projects are as follows:

Project name	Project amount (RMB million)	Project progress	Amount invested during the Period (RMB'000)	Accumulated amount actually invested (RMB'000)	Gains from the project
Nanguang Expressway	3,145	99%[Note]	28,035	3,053,920	For details of the operational performance of related projects during the Reporting Period, please refer to "Analysis of Operating Results" above.
Qinglian Project	6,131	100%	241,450	5,943,262	
Reconstruction and expansion for Meiguan Expressway	708	100%	246,292	545,334	

Note: Nanguang Expressway was opened for operation in 2008. The remaining works were postponed as results of the change in design of Nanping (Phase II). Nanguang Expressway is planned to be completed in 2014.

As at 31 December 2013, the Group's capital expenditure plan mainly comprised the expenses on the projects as mentioned above. The Group's capital expenditure will be expected to be approximately RMB630 million by the end of 2016. The Group plans to satisfy such capital needs with its own capital and bank borrowings. According to the Directors' assessment, the Group's financial resources and financing capability currently are sufficient for satisfying the needs of various capital expenditures.

Capital Expenditure Plan 2014-2016 for the Group (Unit: RMB'000)

Project name	2014	2015	2016	Total
Reconstruction and expansion for Meiguan Expressway	123,860	-	38,306	162,166
Qinglian Project	174,310	13,618	-	187,928
Nanguang Expressway	80,890	10,390	-	91,280
Other Project (Investment in electrical equipments, etc.)	188,550	-	-	188,550
Total	**567,610**	**24,008**	**38,306**	**629,924**

2. Cash Flow

The toll revenue of the Group's principal toll highway operations is collected in cash, thereby providing the Group with a steady operating cash flow. During the Reporting Period, the cash flows of the Group are listed as follows:

	2013 (RMB'000)	2012 (RMB'000)	Change
Net cash flows from operating activities	1,761,225	1,530,655	15.06%
Net cash flows from investing activities	(505,055)	(428,056)	17.99%
Net cash flows from financing activities	(2,121,387)	(1,315,954)	61.21%

Benefited from the increase of toll revenue of the Group and profit distribution of the Group's investee companies, the Group's net cash inflows from operating activities and cash return on investments[Note] totaled RMB1,853,843,000 (2012: RMB1,616,776,000) during the Reporting Period, representing a YOY growth of 14.66%. During the Reporting Period, capital expenditures increased and the net cash outflows from investing activities recorded a YOY increase of 17.99%. The Group repaid due liabilities, and implemented related financing arrangements and debt restructuring, resulting in a YOY increase of the net cash outflows from financing activities of 61.21% during the Reporting Period.

Note: The aggregated amount of net cash inflows from operating activities and cash return on investments = Net cash flows from operating activities + Cash received from disposal of investments + Cash received from returns on investments.

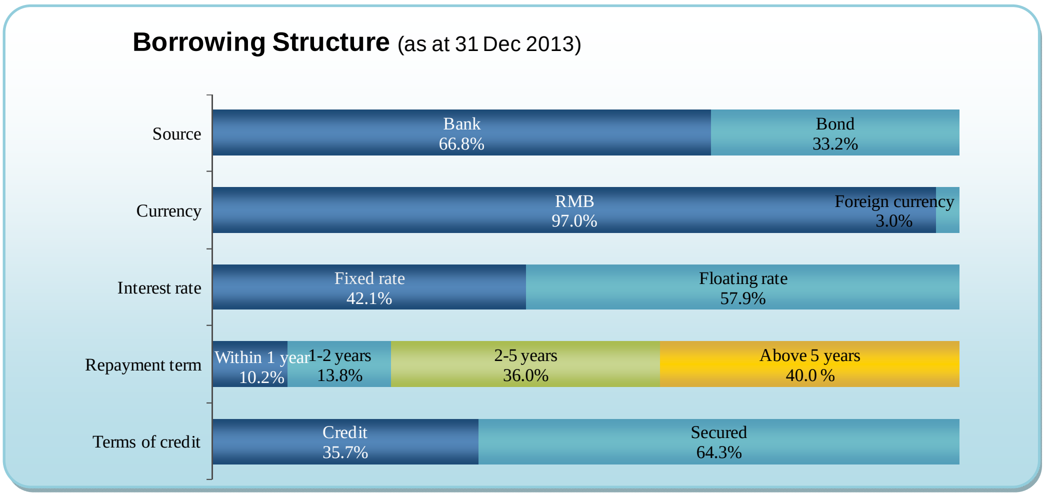
According to the articles of association of the Company's joint ventures and associates, those companies will distribute cash to their shareholders if the conditions for cash distribution are fulfilled. According to characteristics of the toll highway industry, such cash return on investments will provide continuous and stable cash flow. The reason that the Company provided the aggregated figures of net cash inflows from operating activities and cash return on investments was to help the users of the financial statements understand the performance of our recurring cash flow from the operating and investing activities.

3. **Financial Strategies and Financing Arrangements**

During the Reporting Period, external financial conditions became more volatile, resulting in tighter liquidity and credit size in the market in the second half of the year. During the Reporting Period, the Company has made a financing and fund arrangement in advance based on its actual need and financial condition. On the basis of ensuring duly repayment of due liabilities and safety of liquidity, the Company has actively pursued the best financing condition and interest rate, and raised the efficiency of the Group's use of capital and lower the consolidated capital costs by strengthening the overall planning of the Group's internal capital. In addition, the Company continuously monitored the condition of the capital market, studied various channels, types and schemes of financing and will use them when appropriate in order to continuously improve our debt structure.

The Group's composite borrowing costs for the Reporting Period amounted to 5.84% (2012: 5.75%), which was 0.09 percentage point slightly higher than that in 2012. During the Reporting Period, the Group did not have any overdue principal and interests for bank loans and bonds.

As at the end of the Reporting Period, the Group's borrowings comprised mainly medium to long-term bank loans and bonds. The specific borrowing structure of the Group is shown as follows:



During the Reporting Period, the Company continued to maintain the highest rating of AAA in credit rating for borrowing enterprises. The follow-up debt credit ratings of the issued enterprise bonds and corporate bonds were maintained at their original ratings of AAA or AA+.

As at 31 December 2013, the Group had obtained a total of RMB14.4 billion of banking facilities, including RMB8.6 billion of credit facilities specifically for projects under construction and RMB5.8 billion of general credit facilities. As at the end of the Reporting Period, unutilised banking facilities amounted to RMB6.0 billion, of which RMB1.06 billion was credit facilities specifically for projects under construction and RMB4.94 billion was general credit facilities.

IV. Particulars of Major Subsidiaries and Participating Companies

Units: RMB'000 unless otherwise stated

Company name	Percentage of interests held by the Group	Registered capital (in thousands)	31 December 2013		2013			Principal business
			Total assets	Net assets	Revenue	Operating profit	Net profit/ (Net loss)	
Shenzhen Meiguan Expressway Company Limited ("Meiguan Company")	100%	332,400	1,386,510	633,303	293,460	172,892	132,039	Construction, operation and management of Meiguan Expressway
Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited	100%	440,000	2,515,845	1,798,129	486,447	211,979	157,503	Construction, operation and management of Jihe East
Mei Wah Industrial (Hong Kong) Limited	100%	HK$ 795,381	1,165,930	1,122,141	-	4,534	4,534	Indirectly holding 25% interests in Qinglian Company and 55% interests in Magerk Company
Qinglian Company	76.37%	3,105,960	9,091,355	2,857,972	714,485	(77,275)	(240,193)	Construction, operation and management of Qinglian Expressway and Qinglian Class 2 Road and auxiliary facilities
Jade Emperor Limited / Hubei Magerk Expressway Management Private Limited	55%	US$ 28,000	1,087,061	907,457	380,866	170,094	127,837	JEL Company: investment holding (holding interests in Magerk Company); Magerk Company: toll collection and management of Wuhuang Expressway
Shenzhen Qinglong Expressway Company Limited	40%	324,000	2,233,784	378,302	479,577	205,740	156,483	Development, construction, toll collection and management of Shuiguan Expressway
Investment Company	100%	400,000	1,024,967	629,618	123,733	93,424	60,786	Investment in industries and project construction

During the Reporting Period, subject to the implementation of Standardisation Scheme and Toll Free Scheme on Holidays, and the effect on the traffic volume and toll revenue from the reconstruction and expansion for the North Section of Meiguan Expressway, the net profit of Meiguan Company recorded a YOY decrease of 16.02%; after deducting the effect of the Loss from Disposal of Qinglian Class 2 Road Assets, the loss of Qinglian Company recorded a YOY decrease of 57.46%. That was mainly attributable to the significant YOY increase in toll revenue resulting from overhaul and diversion of Leiyi Section of G4 National Expressway and the improvement of surrounding networks. Investment Company recognised the entrusted construction management revenue of the Guilong Project with YOY increase in net profit. For the operational and financial performance of the major subsidiaries and participating companies mentioned above during the Reporting Period, please refer to relevant content above.

4.3 Outlook and Plans

I. Analysis on Operating Environment

The Central Economic Work Conference (中央經濟工作會議) has specified the fundamental direction of the PRC economic work in 2014, "Progressing in Stability, Reforming with Innovation", which will maintain the continuity and stability of its macro-economic policies, fully enhance the reforms, actively boost its domestic demand, accelerate the changes of economic development and promote a sustainable and healthy growth of the economy. It is expected that the economy of China will progress steadily in 2014 under the macro-economic control of the central government. Moreover, with the progress of urbanisation, the transition and upgrade of regional economy and the benefits from the higher car ownership, the domestic highway traffic demand will maintain a relatively steady growth in the future. However, the slow recovery of global economy, the downside pressure on economy, the uncertainty of new growth drivers, the changes in international trade and investment and monetary policies as well as the uncertainties of the outcome of the transition and upgrade of domestic economic structure and the future reform of the economic system will increase the uncertainties of the traffic volume and toll revenue growth of the toll highway projects of the Group and put higher pressure on cost control and financing.

Economic growth drives the development of transportation infrastructure. Different modes of transportation offer diversified options for different groups. This does not only encourage the public's desire for travelling, but also changes the competition pattern that the toll highway industry faces in their operation. Although the Group's toll highway projects were not directly challenged by the commencement of the high speed railway generally, the travelling or transportion ways will possibly undergo changes with the expanding and maturing high speed railway network, bringing a positive or negative impact on the toll highway industry and specific projects.

Economic growth pushes up the costs of such production essentials as land, materials and labour. In addition, the introduction of new industry standards by the government authorities from time to time also imposes more cost pressure on the investment and construction, maintenance and repair works and daily operation of the toll highway industry. In particular, for the newly built toll highways, their overall yields showed a downward trend caused by the rising costs of land requisition, demolition and relocation as well as construction.

Recently, the introduction and change in policies continue to put pressure on and bring challenges to the toll highway industry. Other than the government's implementation of respective policies such as Green Passage Toll Free Policy and Toll Free Scheme on Holidays, the specific clean-up work has also been carried out nationwide since 2011 which required certain projects to lower the toll fees, shorten the operation period or cease toll collection. In 2014, the negative impact brought by the issued policies is becoming stable and clear. For the detailed impact and analysis of the related policies, please refer to

Section I to III of this Chapter. The industrial policies will not be subject to material changes according to the planning of the national road network and the scale of toll highway industry. In the first half of 2013, Ministry of Transport issued the draft amendments to the Regulation on the Administration of Toll Highways to seek comments from the public on the changes and supplements relating to the investment and operation of highways. The relevant amendments and arrangements should foster the standardised management and long-term growth of the industry, but the draft has not been finalised yet. Therefore, some relatively great uncertainties of the management policies and principles in the development of the industry still exist.

Based on the holistic consideration of the planning of the economic and transportation development, Shenzhen City intends to adjust the toll of Meiguan Expressway in order to reduce the travelling costs of the citizens and the logistics costs of the corporates and optimise the regional function and industry pattern of the city. The Company has conducted an in-depth research and negotiation on relevant matters with the local government and finally reached a consensus in compliance with the market framework and subject to the final approval of the shareholders of the Company and Shenzhen government. For details, please refer to the announcement of the Company dated 27 January 2014. Upon the toll adjustment of Meiguan Expressway, the pressure on management and the operation risks of the Group will be reduced to a certain extent, but this will also trigger market's concern over the room for development of the Company's principle business. The toll adjustment of Meiguan Expressway by the government, subject to the necessity and urgency, requires the support of a number of major conditions such as financial resources and the pattern may not be simply duplicated. In addition, as society and economy develops, the Company has been actively seeking for new modes of industrial development with the authorities in recent years to achieve a balanced and sustainable growth. Currently, the Company has participated in the construction and management of Coastal Project through entrusted management. It is also negotiating with the government on the investment mode and plans of Outer Ring Expressway, including but not limited to cooperative construction, obtaining the operation rights through evaluating the project value and entrusted management. Such arrangements enable the Company to gain reasonable income and returns leveraging on its ample experience and expertise provided that its investment risks can be reduced. However, regarding the projects invested or dominantly invested by the government, the source of profit and expected return pattern will vary due to their charitable feature which is more outstanding by nature. The Company will maintain close communication with the government to keep an eye on the possible changes of the operating environment and respond timely in order to protect its interests.

Recently, the Company has actively explored and tried businesses relating to the toll highway business and our core business amid the changes of operating environment. The Company held lands with commercial value for development through Guishen Company, and was allowed to launch further development on certain lands. Therefore, the Group's businesses may also be affected by related policies on land and property management of the country, and exposed to certain market and operating risks in the new business accordingly. The Company will keep a close eye on the policy updates, keep in touch with the government authorities and timely adjust its operating strategies in line with the market conditions. Meanwhile, in order to minimise and manage the risks, the Company strictly monitors the investment scale, adopts progressive development strategy, accelerates the turnover of capital and establishes a management mechanism for the development of new businesses.

In 2014, the Central government continues to implement progressive financial policies and stable monetary policies. It is expected that the overall credit expenditure will be relatively strict and the credit usage and period will still be subject to supervision while the marketisation of the interest rates will be further promoted. The Company will understand the credit policies and market environment, identify and figure out various new policies and risks, address targeted measures and advice, process reasonable financing arrangements and lower its costs in a timely manner. In 2014, it is expected that the average year-on-year borrowing scale and the financial cost of the Group will be lower than those of 2013.

II. Analysis on Operating Conditions

If the toll adjustment proposal of Meiguan Expressway is approved and effective, it is expected that the disposal of assets of the Group in 2014 will increase by approximately RMB 1.1 billion, and the net assets will accordingly increase by approximately RMB 1.1 billion. *(Note: The above data is only the result of preliminary estimation, and the changes will be recognised when it occurs and confirmed upon the audit performed by the auditors of the Company.)* Besides, after the adjustment, the compensation income obtained may either accordingly reduce the interest expenditure or increase the interest income of the Group in the upcoming periods. Meanwhile, the toll free section will no longer contribute toll revenue for the Group, and thus the income of the Group in the upcoming periods will also be reduced accordingly, which is expected that such changes will not bring material impact on the overall business performance of the Group. Provided that the future income can be reasonably predicted, the Group may realise its potential income at one time to obtain cash assets, so as to lower the overall liability of the Group, improve its financial status and enhance the capability and room for sustainable development in the future.

In 2013, the projects such as Boshen Expressway, Coastal Expressway, Phase II of Qingping Expressway in Shenzhen and its neighbouring areas were completed and operated in succession, affecting the traffic distribution and composition in the road network of Shenzhen region. The New Terminal of Shenzhen Airport was opened since November 2013, bringing up the traffic volume of Jihe Expressway and Nanguang Expressway. The above effects will continue to exist or become more obvious in 2014, further affecting the operational performance of the toll highway projects operated and invested by the Group in Shenzhen regions. The toll adjustment of Meiguan Expressway is expected to stimulate operational performance of the connected roads.

According to the public information currently available, Guangle Expressway (Guangzhou - Lechang, in Guangdong) , G4 National Expressway (Guangdong Section) (formerly known as Jingzhu Expressway) Dual-line is scheduled to open to traffic in October 2014, and Erguang Expressway Yongzhou, Hunan to Lianzhou, Guangdong section is also scheduled to be completed by the end of 2014. Guangle Expressway is in close proximity to G4 National Expressway (Guangdong Section), and its main function is to divert the increasingly congested traffic of the latter and to ease the problem of traffic congestion and low traffic capacity. However, as the layout and function of Guangle Expressway is basically similar to that of Qinglian Expressway, it is expected to have certaion diversion on Qinglian Expressway upon the opening of Guangle Expressway. Once Erguang Expressway Yongzhou, Hunan to Lianzhou, Guangdong section commenced operation, it is expected to further attract traffic volume from the western parts of Hunan Province to Qinglian Expressway and boost its traffic volume as well. The reconstruction and expansion work of Guangqing Expressway (Guangzhou - Qingyuan, in Guangdong), which connects to the southern end of Qinglian Expressway, is currently under progress. According to its announced plans, the restricted access measure for heavy transport vehicles will be eased gradually starting from the end of 2014, and the whole works will be completed by the end of 2016. Upon completion of its expansion, Guangqing Expressway will facilitate the diversion of southward bound traffic from Qinglian Expressway, improve the traffic efficiency and quality of the service of the whole expressway, and thus increase the competitiveness of Qinglian Expressway. However, in the short run, the road condition between Guangzhou and Qingyuan will to a certain extent affect the incentive of the road users travelling through Qinglian Expressway to and from Guangdong, Hunan and the areas to the north of Hunan, hence limiting the rapid growth of the traffic volume of Qinglian Expressway.

III. Ongoing Reviews on and Implementation of the Strategies

The Board approved “2010-2014 Development Strategies” of the Company in early 2010 to specifying the development approach of “actively exploring and attempting for new industry investment to achieve synergistic growth in scale and effectiveness by adherence to a market-oriented mindset and based on our highways business”. 2013 was the fourth year of the implementation of the strategy. Under the guidance of the established strategies, the Group continued to respond to the adverse effects on the operational performance brought by the changes of toll highway industry policies, successfully realised the operating management targets set at the beginning of the year and saw no significant differences in terms of revenues and cost control as planned at the beginning of the year. For details, please refer to Business Review and Financial Analysis above.

In 2014, based on the critical review on the execution of main objectives during the period covered by the strategies, the Company will formulate a new 5-year strategy and specify the direction and strategy for further development as soon as possible by taking into consideration the analysis of factors such as industry policies, market conditions and its own resources.

IV. Work Plans and Objectives in 2014

The Group's objectives and priorities for 2014 include:

- **Operating targets:** Based on the reasonable analysis and assumption on our operating environment and operating conditions, the Group has set a total toll revenue target for 2014 of not less than RMB2.9 billion, with operating costs and management expenses (excluding depreciation and amortisation) of approximately RMB0.7 billion.

- **Operation and highway management:** We will enhance the quality of operation management and continue to improve our service quality. We will also make targeted adjustments on marketing initiatives to attract traffic flows and advance the work on inter-network toll collection in Guangdong province in order to ensure the traffic efficiency and traffic capacity of the highways. The maintenance works for Jihe West and preventive maintenance works for highways will be completed on schedule with the traffic organisation during the construction period improved and costs effectively controlled.

- **Construction management:** We will proactively push forward the progress of the construction projects, optimise the implementation sectors of projects and strive to achieve various management targets in the precondition of controllable risks. We will also timely conclude experiences in entrusted construction and consolidate resources to seize opportunities for market expansion. We will strengthen our efforts in project settlement and inspection, accelerate project payment settlement and achieve timely recovery of entrusted construction revenue.

- **Financial management:** We will closely monitor the changes in monetary policies and financing environment, study various financial instruments, timely implement new plans to issue bonds with a view to lower the capital costs and optimise the debt structure. We will also strengthen the management of the Group's funding, improve the forecasting and daily management of cash flow and the dividend management of investee companies so as to satisfy the capital needs in operation and development.

- **Business development and management:** We will conduct research and negotiation for the proposals in respect of the investment mode of Outer Ring Expressway and the operation management mode of Costal Project. We will also follow up with the approval for toll adjustment, assets transfer and fund recovery of Meiguan Expressway. We will closely monitor the progress of assets transfer of Qinglian Class 2 Road, carry out communication and coordination effectively and advance the progress of the business operation of BT-linked land development and continue to monitor and control risks.

- **Strategic research:** We will capture the market opportunities of business development and asset consolidation, as well as conduct in-deepth strategic research and complete formulation of the strategy for new stage in time.

In 2014, the Group will adhere to its pragmatic approach to make smart calculation and invest within its capacities, promote each operation management task practically and carry out major works and the key parts of the works well. The Group exerts itself to the utmost to meet the targets for the year and contributes to the achievement of strategic objectives, thereby laying a solid foundation for another round of strategic upgrade.

§5 Matters Related to Financial Statements

5.1 During the Reporting Period, description on the changes in accounting policies and accounting estimates of the Company as compared to those of last year is as follows:

Changes in Accounting Policies

In early 2014, Ministry of Finance successively issued five new/revised accounting standards which would be effected from 1 July 2014 for all enterprises complying with Accounting Standards for Business Enterprises, while overseas-listed enterprises' early adoption is encouraged. Since the Company is an A share and H share listed company, the above standards have been early adopted when preparing the financial statements for the year ended 31 December. When adopting the above standards, 'other comprehensive income' has been further distinguished to 'Item that may be reclassified subsequently to profit and loss' and ''Item that cannot be reclassified subsequently to profit and loss''. The comparative figures of 'other comprehensive income' were also adjusted accordingly and resulted to rare impacts to the Group's financial status and operating results for the year 2013 as well as them of the comparative periods. For detail information on the changes in accounting policies, please refer to Note 2 to the Financial Statements.

Changes in Accounting Estimates

In compliance with the requirements of the accounting principles and relevant accounting policies of the Company and based on the results of the review on the traffic flow and a revised study on the future traffic flow of the major toll highways of the Company and its subsidiaries, the Company has made adjustments to the amortisation of concession intangible assets per unit of Nanguang Expressway, Yanba Expressway and Qinglian Expressway since 1 July 2013. These adjustments represented the changes in accounting estimates on a prospective basis. The change in accounting estimates resulted in the increase of the net profit attributable to owners of the Company for 2013, the total asset as at 31 December 2013 and the equity attributable to owners of the Company as at 31 December 2013 by approximately RMB12,145,000, RMB23,077,000 and RMB12,145,000 respectively, which had no material effect on the Group's financial position and operating results.

5.2 There is no correction of accounting errors by the Company occurred during the Reporting Period.

5.3 During the Reporting Period, description on the changes in the scope of consolidated financial statements of the Company as compared to that of last year is as follows:

During the Reporting Period, Guishen Company, a subsidiary of the Company, made capital contribution in amount of RMB1,000,000 each to establish wholly-owned subsidiaries, namely Guizhou Shenzhen Expressway Property Company Limited, Guizhou Shengbo Property Company Limited, Guizhou Pengbo Investment Company Limtied, Guizhou Yuelong Investment Company Limtied. Accordingly, the financial statements of the four companies were included into the scope of the Group's consolidated financial statements. The registered capital of each of newly established company was RMB1,000,000 and each of the indirect shareholding of the Company in those companies was 70% .

5.4 The consolidated financial statements and notes for the year 2013 of the Company are set out in the appendix to this annual report summary.

5.5 Results review

The audit committee of the Company has reviewed and confirmed the financial statements and the annual report of the Company for the year 2013.

5.6 Auditors' procedures performed on this annual report summary

The figures in the annual report summary of the Company for the year 2013 have been agreed by the Company's auditors, PricewaterhouseCoopers Zhong Tian LLP ("PwC Zhong Tian"), to the amounts set out in the Company's audited consolidated financial statements for the year. The work performed by PwC Zhong Tian in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC Zhong Tian on this annual report summary.

§6 Other Matters

6.1 Purchase, sale or redemption of securities

During the Reporting Period, no listed securities of the Company were purchased, sold or redeemed by the Company, any of its subsidiaries or any of its joint ventures.

6.2 Compliance with the Corporate Governance Code

During the Reporting Period, the Company has complied with the code provisions of the "Corporate Governance Code" as set out in Appendix 14 of the Listing Rules during the Reporting Period.

6.3 Compliance with the Model Code

The "Securities Transaction Code" of the Company has been adopted by the Board in accordance with Appendix 10 to the Listing Rules, as written guidelines to regulate dealings in the Company's securities by the Directors, Supervisors and relevant staff. The "Securities Transaction Code" of the Company has incorporated the standards as set out in Appendix 10 to the Listing Rules, and gone beyond such standards to certain extents. After making specific enquiry to all the Directors, Supervisors and senior management, the Company confirms that all the Directors, Supervisors and senior management had complied with the standards for securities transactions as stipulated under the aforesaid code during the Reporting Period.

§7 Abbreviation for Project

Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City, comprising the ***North Section of Meiguan Expressway*** (Qinghu to Liguang) and the ***South Section of Meiguan Expressway*** (Meilin to Qinghu)
Jihe Expressway	The expressway from Shenzhen International Airport to He'ao in Shenzhen City, comprising ***Jihe East*** (Qinghu to He'ao) and ***Jihe West*** (Airport to Qinghu)
Yanba Expressway	The expressway from Yantian to Bagang in Shenzhen City, comprising ***Yanba A*** (Yantian to Xichong), ***Yanba B*** (Xichong to Kuichong) and ***Yanba C*** (Kuichong to Bagang)
Yanpai Expressway	The expressway from Yantian to Paibang in Shenzhen City, also referred to as Yantian Subsidiary Road of Jihe Expressway
Nanguang Expressway	The expressway from Xili to Gongming in Shenzhen City, also referred to as Liming Avenue
Shuiguan Expressway	The expressway from Shuijingcun to Guanjintou in Shenzhen City, also referred to as the No.2 Longgang Passage
Shuiguan Extension	An extension to Shuiguan Expressway, Phase I of Qingping Expressway (the expressway from Yulongkeng to Pinghu in Shenzhen City, also referred to as Yuping Avenue)
Outer Ring Expressway	Shenzhen Outer Ring Expressway
Coastal Expressway (Shenzhen Section)	The section from Nanshan, Shenzhen to Dongbao River (the boundary between Dongguan and Shenzhen) of the Coastal Expressway from Guangzhou to Shenzhen ("***Coastal Expressway***")
Longda Expressway	The expressway from Longhua, Shenzhen to Dalingshan, Dongguan
Qinglian Project	***Qinglian Expressway***, ***Qinglian Class 1 Highway***, ***Qinglian Class 2 Road*** (also referred to as ***National Highway 107 Qinglian Section***) and/or the reconstruction into an expressway for Qinglian Class 1 Highway from Qingyuan to Lianzhou, as the case may be
Yangmao Expressway	The expressway from Yangjiang to Maoming
Guangwu Project	The section from Ma'an to Hekou of the expressway from Guangzhou, Guangdong to Wuzhou, Guangxi ("***Guangwu Expressway***")
Jiangzhong Project	The expressway from Zhongshan to Jiangmen and the second phase of the expressway from Jiangmen to Heshan
GZ W2 Expressway	The section from Xiaotang to Maoshan of Guangzhou Ring Expressway, also referred to as Guangzhou Western Second Ring Expressway
Wuhuang Expressway	The expressway from Wuhan to Huangshi
Changsha Ring Road	Changsha Ring Expressway (Northwestern Section)
Nanjing Third Bridge	Nanjing Yangtze River Third Bridge
Longda Project	The entrusted management of 89.93% equity interests in Longda Company by the Company, including the daily operation management of Longda Expressway
Nanping Project	The management of the construction project of Shenzhen Nanping Freeway (also referred to as Nanping Avenue) undertaken by the Company, among which, the first phase of Nanping Freeway refers to ***Nanping (Phase I)*** and the second phase of Nanping Freeway refers to ***Nanping (Phase II)***, comprising section A and section B
Coastal Project	The entrusted management of Coastal Company undertaken by the Company, including the management of Coastal Expressway (Shenzhen Section) during the construction period and operation period

Guilong Project	The project of phase I of Guilong Road in Longli, Guizhou Province by "build - transfer" mode and the project of primary development of relevant land undertaken by the Group

By Order of the Board
Yang Hai
Chairman

Shenzhen, PRC, 19 March 2014

As at the date of this announcement, the directors of the Company are Mr. Yang Hai (Chairman of the Board), Mr. Wu Ya De (Executive Director and President), Mr. Li Jing Qi (Non-executive Director), Mr. Zhao Jun Rong (Non-executive Director), Mr. Hu Wei (Non-executive Director), Mr. Tse Yat Hong (Non-executive Director), Ms. Zhang Yang (Non-executive Director), Mr. Chiu Chi Cheong, Clifton (Non-executive Director), Mr. Wang Hai Tao (Independent Director), Mr. Zhang Li Min (Independent Director), Mr. Au Sing Kun (Independent Director) and Mr. Lin Chu Chang (Independent Director).

This summary is prepared in Chinese and English. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

This summary, which has been published on the website of HKEx at http://www.hkex.com.hk, only gives a summary of the information and particulars contained in the full "Annual Report 2013" of the Company. The "Annual Report 2013" of the Company containing all the information to accompany annual report required under Appendix 16 to the Listing Rules will be subsequently published on the website of HKEx at http://www.hkex.com.hk in due course.

Appendix:

SHENZHEN EXPRESSWAY COMPANY LIMITED

Consolidated Financial Statements (including notes)

For the Year ended 31 December 2013

Shenzhen Expressway Company Limited

Consolidated Balance Sheet
As at 31 December 2013
(All amounts in RMB unless otherwise stated)

Assets	Note	31 December 2013	31 December 2012
Current assets			
Cash at bank and on hand	5(1)	1,094,796,690.93	1,956,056,006.44
Accounts receivable	5(2)	495,330,807.64	385,812,938.72
Advances to suppliers	5(4)	134,809,901.75	320,335,136.60
Interest receivable		-	2,236,957.19
Dividends receivable		68,146.67	-
Other receivables	5(3)	165,948,978.57	37,496,747.37
Inventories	5(5)	345,018,118.72	2,980,022.26
Other current assets		1,755,109.55	-
Total current assets		**2,237,727,753.83**	**2,704,917,808.58**
Non-current assets			
Long-term prepayments		4,814,364.00	-
Long-term equity investments	5(6)	1,604,384,371.24	1,653,743,186.99
Investment properties	5(7)	15,253,525.00	15,829,225.00
Fixed assets	5(8)	1,112,824,141.67	1,098,074,917.42
Construction in progress	5(9)	36,340,507.58	16,357,384.44
Intangible assets	5(10)	17,756,263,229.13	18,636,247,042.26
Long-term prepaid expenses		4,650,620.40	4,717,014.07
Deferred tax assets	5(11)	67,848,967.06	79,238,463.43
Total non-current assets		**20,602,379,726.08**	**21,504,207,233.61**
Total assets		**22,840,107,479.91**	**24,209,125,042.19**

Shenzhen Expressway Company Limited

Consolidated Balance Sheet (continued)
As at 31 December 2013
(All amounts in RMB unless otherwise stated)

Liabilities and owners' equity	Note	31 December 2013	31 December 2012
Current liabilities			
Short-term borrowings	5(12)	450,400,000.00	1,000,000.00
Accounts payable	5(13)	375,719,993.22	661,807,999.88
Advances from customers	5(14)	18,889,050.32	19,343,485.00
Employee benefits payable	5(15)	104,360,502.53	82,952,114.94
Taxes payable	5(16)	73,910,675.99	66,885,479.35
Interest payable	5(17)	70,058,287.20	102,406,437.69
Other payables	5(18)	518,799,906.45	416,155,154.40
Current portion of non-current liabilities	5(21)	620,326,885.32	2,538,991,115.62
Other current liabilities	5(20)	1,923,817.30	-
Total current liabilities		**2,234,389,118.33**	**3,889,541,786.88**
Non-current liabilities			
Long-term borrowings	5(22)	5,257,014,000.00	5,217,739,400.00
Bonds payable	5(23)	3,088,801,980.40	3,081,681,079.84
Provisions	5(19)	206,979,215.61	195,892,410.37
Deferred tax liabilities	5(11)	813,937,505.37	935,283,505.52
Derivative liabilities	5(24)	-	16,070,892.42
Total non-current liabilities		**9,366,732,701.38**	**9,446,667,288.15**
Total liabilities		**11,601,121,819.71**	**13,336,209,075.03**
Owners' equity			
Share capital	5(25)	2,180,770,326.00	2,180,770,326.00
Capital surplus	5(26)	3,182,754,363.49	3,181,011,501.38
Surplus reserve	5(27)	1,681,423,475.54	1,604,265,015.87
Undistributed profits	5(28)	2,929,472,264.02	2,570,439,249.07
Total equity attributable to owners of the Company		**9,974,420,429.05**	**9,536,486,092.32**
Minority interests	4(2)	1,264,565,231.15	1,336,429,874.84
Total owners' equity		**11,238,985,660.20**	**10,872,915,967.16**
Total liabilities and owners' equity		**22,840,107,479.91**	**24,209,125,042.19**

The attached notes are an integral part of these financial statements.

Legal representative: Yang Hai　　Chief Financial Officer: Gong Taotao　　Head of accounting department: Sun Bin

Shenzhen Expressway Company Limited

Balance Sheet
As at 31 December 2013
(All amounts in RMB unless otherwise stated)

Assets	Note	31 December 2013	31 December 2012
Current assets			
Cash at bank and on hand		420,707,294.65	1,168,598,474.41
Accounts receivable	14(1)	338,977,218.48	340,856,332.71
Advances to suppliers		5,524,838.14	4,090,690.03
Interest receivable		-	2,236,957.19
Dividends receivable		68,146.67	-
Other receivables	14(2)	655,248,023.99	818,899,488.99
Inventories		1,425,434.87	1,634,514.63
Total current assets		**1,421,950,956.80**	**2,336,316,457.96**
Non-current assets			
Long-term prepayments		3,016,095.00	-
Long-term receivables	14(3)	1,210,000,000.00	818,333,335.01
Long-term equity investments	14(4)	6,486,901,917.37	6,626,238,971.59
Investment properties	5(7)	15,253,525.00	15,829,225.00
Fixed assets	14(5)	557,392,774.26	590,628,811.45
Construction in progress	14(6)	22,671,420.10	2,837,057.32
Intangible assets	14(7)	4,739,650,469.50	4,982,655,389.41
Long-term prepaid expenses		1,219,704.41	2,134,482.53
Deferred tax assets		66,337,054.28	77,553,285.95
Total non-current assets		**13,102,442,959.92**	**13,116,210,558.26**
Total assets		**14,524,393,916.72**	**15,452,527,016.22**

Shenzhen Expressway Company Limited

Balance Sheet (continued)
As at 31 December 2013
(All amounts in RMB unless otherwise stated)

Liabilities and owners' equity	Note	31 December 2013	31 December 2012
Current liabilities			
Short-term borrowings	14(9)	350,400,000.00	-
Accounts payable	14(8)	48,248,517.62	86,207,026.06
Advances from customers		1,583,333.02	750,000.00
Employee benefits payable		64,618,304.14	56,868,475.27
Taxes payable		12,129,818.10	30,057,866.34
Interest payable		62,922,086.97	94,227,811.89
Other payables		285,996,101.87	263,316,621.65
Current portion of non-current liabilities	14(9)	428,967,101.05	2,372,232,167.49
Total current liabilities		**1,254,865,262.77**	**2,903,659,968.70**
Non-current liabilities			
Long-term borrowings	14(9)	1,052,500,000.00	837,462,400.00
Bonds payable	14(9)	3,094,536,966.01	3,088,084,219.09
Provisions	14(10)	206,979,215.61	195,892,410.37
Total non-current liabilities		**4,354,016,181.62**	**4,121,439,029.46**
Total liabilities		**5,608,881,444.39**	**7,025,098,998.16**
Owners' equity			
Share capital		2,180,770,326.00	2,180,770,326.00
Capital surplus		2,315,587,934.74	2,315,587,934.74
Surplus reserve		1,681,423,475.54	1,604,265,015.87
Undistributed profits		2,737,730,736.05	2,326,804,741.45
Total owners' equity		**8,915,512,472.33**	**8,427,428,018.06**
Total liabilities and owners' equity		**14,524,393,916.72**	**15,452,527,016.22**

The attached notes are an integral part of these financial statements.

Legal representative: Yang Hai   Chief Financial Officer: Gong Taotao   Head of accounting department: Sun Bin

Shenzhen Expressway Company Limited

Consolidated Income Statement
For the year ended 31 December 2013
(All amounts in RMB unless otherwise stated)

	Note	2013	2012
Revenue	5(29)	**3,279,281,057.26**	**3,134,623,093.04**
Less: Cost of services	5(29)	(1,526,197,293.57)	(1,510,732,256.08)
Business tax and surcharges	5(30)	(115,958,588.67)	(112,772,487.10)
General and administrative expenses	5(31)	(87,531,411.14)	(79,968,868.64)
Selling expenses		(183,800.00)	-
Financial expenses – net	5(32)	(582,277,722.43)	(622,418,496.11)
Add: Investment income	5(33)	185,676,580.93	129,099,538.40
Including: share of profit of associates and joint ventures		185,676,580.93	129,099,538.40
Operating profit		**1,152,808,822.38**	**937,830,523.51**
Add: Non-operating income	5(34)	5,775,141.66	2,945,812.33
Including: Gains on disposal of non-current assets		3,111,920.32	45,150.00
Less: Non-operating expenses	5(34)	(244,410,693.27)	(4,357,114.10)
Including: Losses on disposal of non-current assets		(242,851,139.89)	(3,684,707.52)
Total profit		**914,173,270.77**	**936,419,221.74**
Less: Income tax expenses	5(35)	(163,410,632.99)	(209,836,232.08)
Net profit		**750,762,637.78**	**726,582,989.66**
Net profit attributable to owners of the Company		719,691,617.00	684,526,701.99
Minority interests	4(2)	31,071,020.78	42,056,287.67
Earnings per share			
Basic earnings per share	5(36)	0.330	0.314
Diluted earnings per share	5(36)	0.330	0.314
Other comprehensive income after tax	5(37)	**1,742,862.11**	**(3,534,410.04)**
Item that may be reclassified subsequently to profit and loss:			
Gain/(loss) of cash flow hedges – after tax		1,742,862.11	(3,534,410.04)
Total comprehensive income		**752,505,499.89**	**723,048,579.62**
Attributable to owners of the Company		721,434,479.11	680,992,291.95
Minority interests	4(2)	31,071,020.78	42,056,287.67

The attached notes are an integral part of these financial statements.

Legal representative: Yang Hai　Chief Financial Officer: Gong Taotao　Head of accounting department: Sun Bin

Shenzhen Expressway Company Limited

Income Statement
For the year ended 31 December 2013
(All amounts in RMB unless otherwise stated)

	Note	2013	2012
Revenue	14(11)	**1,183,683,246.78**	**1,248,823,229.72**
Less: Cost of services	14(11)	(458,096,322.44)	(529,249,522.18)
Business tax and surcharges		(43,319,264.02)	(43,867,809.29)
General and administrative expenses		(77,191,480.47)	(70,231,214.16)
Financial expenses – net	14(12)	(228,239,365.83)	(273,920,783.57)
Add: Investment income	14(13)	486,984,134.50	443,650,835.94
Including: share of profit of associates and joint ventures		185,676,580.93	129,099,538.40
Operating profit		**863,820,948.52**	**775,204,736.46**
Add: Non-operating income		1,074,083.08	2,161,185.46
Including: Gains on disposal of non-current assets		-	25,850.00
Less: Non-operating expenses		(873,383.69)	(1,077,120.34)
Including: Losses on disposal of non-current assets		(77,599.69)	(516,641.23)
Total profit		**864,021,647.91**	**776,288,801.58**
Less: Income tax expenses	14(14)	(92,437,051.26)	(82,588,127.73)
Net profit		**771,584,596.65**	**693,700,673.85**
Other comprehensive income		-	-
Total comprehensive income		**771,584,596.65**	**693,700,673.85**

The attached notes are an integral part of these financial statements.

Legal representative: Yang Hai Chief Financial Officer: Gong Taotao Head of accounting department: Sun Bin

Shenzhen Expressway Company Limited

Consolidated Cash Flow Statement
For the year ended 31 December 2013
(All amounts in RMB unless otherwise stated)

	Note	2013	2012
Cash flows from operating activities			
Cash received from rendering services		3,169,272,156.49	3,026,304,904.90
Cash received relating to other operating activities	5(38)(a)	252,180,721.39	265,059,514.15
Sub-total of cash inflows		**3,421,452,877.88**	**3,291,364,419.05**
Cash paid for goods and services		(492,275,280.46)	(572,343,917.76)
Cash paid to and on behalf of employees		(280,742,859.97)	(235,714,729.21)
Payments of taxes and surcharges		(397,009,563.09)	(498,626,190.39)
Cash paid relating to other operating activities	5(38)(b)	(490,200,388.08)	(454,024,914.21)
Sub-total of cash outflows		**(1,660,228,091.60)**	**(1,760,709,751.57)**
Net cash flows from operating activities	5(39)(a)	**1,761,224,786.28**	**1,530,654,667.48**
Cash flows from investing activities			
Cash received from disposal of investments		25,839,395.60	27,816,224.05
Cash received from returns on investments		66,779,549.37	58,305,012.87
Net cash received from disposal of fixed assets		7,305,482.84	31,451.00
Net cash received from disposal of subsidiaries and other business units		-	5,350,000.00
Cash received relating to other investing activities	5(38)(c)	27,016,905.14	32,714,872.64
Sub-total of cash inflows		**126,941,332.95**	**124,217,560.56**
Cash paid to acquire fixed assets and intangible assets		(610,569,380.06)	(545,481,158.70)
Net cash paid to acquire subsidiaries and other business units		(16,250,000.00)	-
Cash paid relating to other investing activities	5(38)(d)	(5,176,756.94)	(6,792,022.37)
Sub-total of cash outflows		**(631,996,137.00)**	**(552,273,181.07)**
Net cash flows from investing activities		**(505,054,804.05)**	**(428,055,620.51)**
Cash flows from financing activities			
Cash received from capital contributions		-	142,735,990.13
Including: Cash received from capital contributions by minority shareholders of subsidiaries		-	142,735,990.13
Cash received from borrowings		1,506,650,000.00	473,938,192.00
Cash received from issuance of bonds		-	798,400,000.00
Sub-total of cash inflows		**1,506,650,000.00**	**1,415,074,182.13**
Cash repayments of borrowings		(2,681,497,280.00)	(1,667,239,628.95)
Cash payments for interest expenses and distribution of dividends or profits		(943,853,700.95)	(1,054,687,978.14)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	4(2)	(102,935,664.47)	(168,287,394.17)
Cash payments relating to other financing activities	5(38)(e)	(2,686,408.95)	(9,100,923.59)
Sub-total of cash outflows		**(3,628,037,389.90)**	**(2,731,028,530.68)**
Net cash flows from financing activities		**(2,121,387,389.90)**	**(1,315,954,348.55)**
Effect of foreign exchange rate changes on cash		**649,944.21**	**(393,880.93)**
Net decrease in cash	5(39)(b)	**(864,567,463.46)**	**(213,749,182.51)**
Add: Cash at beginning of year		1,954,204,126.56	2,167,953,309.07
Cash at end of year	5(39)(c)	**1,089,636,663.10**	**1,954,204,126.56**

The attached notes are an integral part of these financial statements.

Legal representative: Yang Hai   Chief Financial Officer: Gong Taotao   Head of accounting department: Sun Bin

Shenzhen Expressway Company Limited

Cash Flow Statement
For the year ended 31 December 2013
(All amounts in RMB unless otherwise stated)

	Note	2013	2012
Cash flows from operating activities			
Cash received from rendering services		1,183,582,711.64	1,144,546,093.66
Cash received relating to other operating activities		9,143,050.45	13,523,167.92
Sub-total of cash inflows		**1,192,725,762.09**	**1,158,069,261.58**
Cash paid for goods and services		(170,483,981.15)	(96,489,863.48)
Cash paid to and on behalf of employees		(140,634,765.68)	(124,256,590.99)
Payments of taxes and surcharges		(145,144,021.65)	(231,851,356.82)
Cash paid relating to other operating activities		(154,729,619.21)	(245,139,141.86)
Sub-total of cash outflows		**(610,992,387.69)**	**(697,736,953.15)**
Net cash flows from operating activities	14(15)(a)	**581,733,374.40**	**460,332,308.43**
Cash flows from investing activities			
Cash received from disposal of investments		115,817,634.09	148,730,379.04
Cash received from returns on investments		368,087,102.95	372,856,310.41
Net cash received from disposal of fixed assets		-	25,850.00
Net cash received from disposal of subsidiaries and other business units		-	5,350,000.00
Cash received relating to other investing activities		849,155,446.29	287,333,799.89
Sub-total of cash inflows		**1,333,060,183.33**	**814,296,339.34**
Cash paid to acquire fixed assets and intangible assets		(39,763,401.08)	(113,906,704.21)
Net cash paid to acquire subsidiaries and other business units		(16,250,000.00)	(190,000,000.00)
Cash paid relating to other investing activities		(892,830,793.27)	(145,000,000.00)
Sub-total of cash outflows		**(948,844,194.35)**	**(448,906,704.21)**
Net cash flows from investing activities		**384,215,988.98**	**365,389,635.13**
Cash flows from financing activities			
Cash received from borrowings		1,170,000,000.00	205,000,000.00
Cash received from issuance of bonds		-	798,400,000.00
Sub-total of cash inflows		**1,170,000,000.00**	**1,003,400,000.00**
Cash repayments of borrowings		(2,337,709,700.00)	(1,464,464,000.00)
Cash payments for interest expenses and distribution of dividends or profits		(546,861,344.85)	(601,524,098.97)
Cash payments relating to other financing activities		(2,573,812.97)	(8,106,041.96)
Sub-total of cash outflows		**(2,887,144,857.82)**	**(2,074,094,140.93)**
Net cash flows from financing activities		**(1,717,144,857.82)**	**(1,070,694,140.93)**
Effect of foreign exchange rate changes on cash		**(3,833.27)**	**(483,067.22)**
Net decrease in cash	14(15)(b)	**(751,199,327.71)**	**(245,455,264.59)**
Add: Cash at beginning of year		1,166,746,594.53	1,412,201,859.12
Cash at end of year	14(15)(c)	**415,547,266.82**	**1,166,746,594.53**

The attached notes are an integral part of these financial statements.

Legal representative: Yang Hai Chief Financial Officer: Gong Taotao Head of accounting department: Sun Bin

Shenzhen Expressway Company Limited

Consolidated Statement of Changes in Owners' Equity
For the year ended 31 December 2013
(All amounts in RMB unless otherwise stated)

Item	Attributable to owners of the Company				Minority interests	Total owners' equity
	Share capital	Capital surplus	Surplus reserve	Undistributed profits		
Opening balance on 1 January 2012	2,180,770,326.00	3,184,545,911.42	1,534,894,948.48	2,304,205,866.63	1,292,970,637.65	10,497,387,690.18
Movements for the year ended 31 December 2012						
Total comprehensive income						
Net profit	-	-	-	684,526,701.99	42,056,287.67	726,582,989.66
Other comprehensive income	-	(3,534,410.04)	-	-	-	(3,534,410.04)
Capital contribution	-	-	-	-	142,735,990.13	142,735,990.13
Profit distribution						
Appropriation to surplus reserves	-	-	69,370,067.39	(69,370,067.39)	-	-
Profit distribution to equity owners	-	-	-	(348,923,252.16)	(141,333,040.61)	(490,256,292.77)
Ending balance on 31 December 2012	**2,180,770,326.00**	**3,181,011,501.38**	**1,604,265,015.87**	**2,570,439,249.07**	**1,336,429,874.84**	**10,872,915,967.16**
Opening balance on 1 January 2013	2,180,770,326.00	3,181,011,501.38	1,604,265,015.87	2,570,439,249.07	1,336,429,874.84	10,872,915,967.16
Movements for the year ended 31 December 2013						
Total comprehensive income						
Net profit	-	-	-	719,691,617.00	31,071,020.78	750,762,637.78
Other comprehensive income	-	1,742,862.11	-	-	-	1,742,862.11
Profit distribution						
Appropriation to surplus reserves	-	-	77,158,459.67	(77,158,459.67)	-	-
Profit distribution to equity owners	-	-	-	(283,500,142.38)	(102,935,664.47)	(386,435,806.85)
Ending balance on 31 December 2013	**2,180,770,326.00**	**3,182,754,363.49**	**1,681,423,475.54**	**2,929,472,264.02**	**1,264,565,231.15**	**11,238,985,660.20**

The attached notes are an integral part of these financial statements.

Legal representative: Yang Hai | Chief Financial Officer: Gong Taotao | Head of accounting department: Sun Bin

Shenzhen Expressway Company Limited

Statement of Changes in Owners' Equity
For the year ended 31 December 2013
(All amounts in RMB unless otherwise stated)

Item	Share capital	Capital surplus	Surplus reserve	Undistributed profits	Total owners' equity
Opening balance on 1 January 2012	2,180,770,326.00	2,315,587,934.74	1,534,894,948.48	2,051,397,387.15	8,082,650,596.37
Movements for the year ended 31 December 2012					
Total comprehensive income					
Net profit	-	-	-	693,700,673.85	693,700,673.85
Profit distribution					
Appropriation to surplus reserves	-	-	69,370,067.39	(69,370,067.39)	-
Profit distribution to equity owners	-	-	-	(348,923,252.16)	(348,923,252.16)
Ending balance on 31 December 2012	**2,180,770,326.00**	**2,315,587,934.74**	**1,604,265,015.87**	**2,326,804,741.45**	**8,427,428,018.06**
Opening balance on 1 January 2013	2,180,770,326.00	2,315,587,934.74	1,604,265,015.87	2,326,804,741.45	8,427,428,018.06
Movements for the year ended 31 December 2013					
Total comprehensive income					
Net profit	-	-	-	771,584,596.65	771,584,596.65
Profit distribution					
Appropriation to surplus reserves	-	-	77,158,459.67	(77,158,459.67)	-
Profit distribution to equity owners	-	-	-	(283,500,142.38)	(283,500,142.38)
Ending balance on 31 December 2013	**2,180,770,326.00**	**2,315,587,934.74**	**1,681,423,475.54**	**2,737,730,736.05**	**8,915,512,472.33**

The attached notes are an integral part of these financial statements.

Legal representative: Yang Hai　　Chief Financial Officer: Gong Taotao　　Head of accounting department: Sun Bin

1 General information

Shenzhen Expressway Company Limited (the ‘Company’) was established as a joint stock limited company in the People’s Republic of China (the ‘PRC’) on 30 December 1996. The principal activities of the Company and its subsidiaries (collectively the ‘Group’) are the construction, operation and management of toll highways and expressways in the PRC.

The address of the registered office and head office of the Company is 2-4/F, JiangSu Building, Yitian Road, Futian District, Shenzhen, the PRC.

Shenzhen International Holdings Limited (‘Shenzhen International’) is the parent company of the Company and Shenzhen Investment Holdings Company Limited (‘SIHCL’) is the ultimate controlling company of the Company.

The Company has its H shares and A shares listing on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange of the PRC, respectively.

These financial statements have been approved for issue by the Company’s Board of Directors on 19 March 2014.

2 Summary of significant accounting policies and accounting estimates

(1) Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued (hereafter collectively referred to as ‘the Accounting Standards for Business Enterprises’ or ’CAS’) and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting (2010 revised) issued by the China Securities Regulatory Commission.

In 2014, the Ministry of Finance issued ‘Accounting Standards for Enterprises No. 39 – Fair value measurement’, ‘Accounting Standards for Enterprises No. 40 – Joint Arrangement’, ‘Accounting Standards for Enterprises No. 9 – Employee Benefits’ (Revised in 2014), ‘Accounting Standards for Enterprises No. 30 – Presentation of Financial Statements’ (Revised in 2014) and ‘Accounting Standards for Enterprises No. 33 – Consolidated Financial Statements’ (Revised in 2014). The effective date of the above standards is 1 July 2014 and early adoption by enterprises with shares listed overseas is encouraged. Since the Company is a listed company with both A shares and H shares, the Company has early adopted the above standards when preparing the financial statements for the year ended 31 December 2013. For details please refer to Note 2(28).

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2013 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and Company’s financial position as of 31 December 2013 and their financial performance, cash flows for the year then ended.

(3) Accounting year

The accounting year starts on 1 January and ends on 31 December.

2 Summary of significant accounting policies and accounting estimates (continued)

(4) Functional currency

The functional currency of the Company is Renminbi (RMB).

(5) Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, come under common control of the ultimate controlling party. The portion of the net profit realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. Owners' equity of subsidiaries, profit or loss and comprehensive income not attributable to the Company are recorded as minority interests, profit or loss attributable to minority shareholders comprehensive income attributable to minority shareholders, respectively, and are presented separately within the items of owners' equity, net profit and total comprehensive income in the consolidated financial statements.

2 Summary of significant accounting policies and accounting estimates (continued)

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, call deposits with banks and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Foreign currency translation

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instruments

(a) Financial assets

(i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. Financial assets held by the Group are financial assets at fair value through profit or loss and receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in the short term.

Receivables

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

(ii) Recognition and measurement of financial assets

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initial recognition amounts.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables are measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies and accounting estimates (continued)

(9) Financial instruments (continued)

(a) Financial assets (continued)

(ii) Recognition and measurement of financial assets (continued)

Gain or loss arising from change in the fair value of financial assets at fair value through profit or loss is recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held, as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

(iii) Impairment of financial assets

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, the Group determines the amount of impairment loss.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

Objective evidence indicating a financial asset is impaired represents matters actually happen subsequently to the initial recognition of the financial assets and exert influences the financial assets' estimated future cash flows which can be reliably measured by the Group.

(iv) Derecognition of financial assets

A financial assets is derecognised when one of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

(b) Financial liabilities

(i) Classification of financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group are mainly other financial liabilities, including payables, borrowings and bonds payable.

2 Summary of significant accounting policies and accounting estimates (continued)

(9) Financial instruments (continued)

(b) Financial liabilities (continued)

(ii) Recognition and measurement

Payables, including accounts payable, other payables and notes payable, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and bonds payable are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using an appropriate valuation technique that is applicable to current circumstances and supported by sufficient available data and other information. Valuation techniques mainly include market approach and income approach. When applying valuation techniques, inputs used by market participants in the transactions of the assets or liabilities with similar characteristics would be used and observable inputs would be given priority to the extent possible. Unobservable inputs would only be used when it is impossible or impracticable to obtain relevant observable inputs.

(d) Cash flow hedge

Cash flow hedge refers to a hedging of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss.

The hedged items of cash flow hedge are the designated items with respect to the risks associated with future cash flow change of the Group. Hedging instruments are designated derivative for cash flow hedge whose cash flows are expected to offset changes in the cash flows of a hedged item.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months.

The Group documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items (e.g., whether the actual offsetting result of the hedge falls in the range from 80% to 125%). The Group applies ratio analysis method to evaluate the ongoing effectiveness of the cash flow hedge.

2 Summary of significant accounting policies and accounting estimates (continued)

(9) Financial instruments (continued)

(d) Cash flow hedge (continued)

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income as a separate item. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss for the current period.

Amounts accumulated in equity are reclassified to the profit and loss in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(10) Receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from rendering of services are initially recognised at fair value of the contractual payments from service recipients.

(a) Receivables that are individually significant and subject to separate provision

Receivables that are individually significant are subject to separate impairment assessment. If there is objective evidence that the Group will not be able to collect the full amount under the original terms, a provision for impairment of that receivable is made.

For accounts receivable, the criteria for ‘individually significant’ is that the amount exceeds RMB5,000,000.00; for other receivables, the criteria for ‘individually significant’ is that the amount exceeds RMB1,000,000.00.

Bad debt provision for receivables that are individually significant is determined at the difference between the carrying amount and the present value of the estimated cash flows.

(b) Receivables that are subject to provision by groups

For all other receivables that are not individually significant or for which impairment has not yet been identified, the Group performs a collective assessment by including the receivables into groups with similar credit risk characteristics and collectively assesses them for impairment. The impairment losses are determined based on the historical actual loss and taking into consideration of the current circumstances.

2 Summary of significant accounting policies and accounting estimates (continued)

(10) Receivables (continued)

(b) Receivables that are subject to provision by groups (continued)

Basis of grouping:

Group 1	Receivables from government and related parties
Group 2	Receivables from other third parties

Methods of collective assessment with provisioning percentage as below:

Group 1	Other method
Group 2	Ageing analysis method

The provision ratios used under the ageing analysis method are as follows:

	Provisioning percentage applied for accounts receivable	Provisioning percentage applied for other receivables
Within 3 years	No provision	No provision
Over 3 years	100%	100%

Ratios used in other method amongst aforesaid groups are as follows:

Name of the group	Explanation
Group 1	No provision for receivables from government and related parties unless there is objective evidence that the Group will not be able to collect the full amount under the original terms of the receivable.

(c) Receivables that are not individually significant but subject to separate provision

The basis for separate provision is that there is objective evidence that the Group will not be able to collect the full amount under the original terms of the receivable.

The provision for bad debts is determined based on the difference of the carrying amount and present value of estimated future cash flows.

2 Summary of significant accounting policies and accounting estimates (continued)

(11) Inventories

(a) Classification

Inventories include purchased land use right with related taxes and fees, toll tickets, low value consumables, maintenance and repair parts and materials in stock, and are measured at the lower of cost and net realisable value.

(b) Costing of inventories

Cost of land use right purchased with related taxes and fees is determined using the specific identification method. Cost of toll tickets, low value consumables, maintenance and repair parts and materials in stock is determined using the weighted average method.

(c) Basis for the determination of net realisable value and provisions for declines in the value of inventories

Provisions for declines in the value of inventories are determined at the excess of the carrying value of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale and related taxes.

(d) The Group adopts the perpetual inventory system.

(e) Amortisation methods of low value consumables

Low value consumables are expensed when issued.

(12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, the Group's long-term equity investments in its joint ventures and associates, as well as the long-term equity investments where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and whose fair value cannot be reliably measured.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are the investees over which the Group is able to exercise joint control together with other ventures and the Group enjoys the rights only on the net assets of investees. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted for preparing the consolidated financial statements using the equity method. Investments in joint ventures and associates are accounted for using the equity method. Other long-term equity investments, where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and whose fair value cannot be reliably measured, are accounted for using the cost method.

2 Summary of significant accounting policies and accounting estimates (continued)

(12) Long-term equity investments (continued)

(a) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. If the accounting policies and the accounting periods are inconsistent between the Company and investees, the financial statements of investees are adjusted in accordance with the accounting policies and accounting period of the Company. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, the Group records its proportionate share directly into capital surplus, provided that the Group's proportion of shareholding in the investee remains unchanged. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

2 Summary of significant accounting policies and accounting estimates (continued)

(12) Long-term equity investments (continued)

(c) Basis for determination of the existence of control, joint control or significant influence over the investee

Control is the power over the investee to enjoy variable returns by participating in related activities of the investee and the ability to affect the return amount by executing the power over the investee.

Joint control is the sharing of control over an arrangement according to related agreement, and exists only when the decisions relating to the activity of the arrangement require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the determination of financial and operating policies of the investee, but is not control or joint control over those policies.

(d) Impairment of long-term equity investments

The carrying amount of long-term equity investments in subsidiaries, joint ventures and associates is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(19)). For other long-term equity investments which are not quoted in an active market and whose fair value cannot be reliably measured, the excess of its carrying amount over the present value of future cash flows discounted at the prevailing market yield rate for similar financial assets is recognised as impairment loss and cannot be reversed once recognised.

(13) Investment properties

Investment properties, principally comprising buildings that are held for the purpose of lease, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property is included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and its cost can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of the investment properties. Buildings and land use rights are depreciated or amortised to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual amortisation rates of the investment properties are as follows:

	Estimated useful lives	Estimated residual value rate	Annual amortisation rate
Car parking spaces	30 years	-	3.33%

When an investment property is transferred to an owner-occupied property, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment property at its carrying amount at the date of the transfer.

The estimated useful life, net residual value of the investment property and the amortisation method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

The carrying amount of investment properties is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(19)).

2 Summary of significant accounting policies and accounting estimates (continued)

(14) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, traffic equipment, motor vehicles, and office and other equipment.

Fixed assets are recognised when it is probable that related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the date of acquisition. The cost and accumulated depreciation of fixed assets injected by state shareholders to the Company on 1 January 1997 were recognised according to the value results performed by the valuer which were certified by the State-owned Assets Supervision and Administration Bureau in accordance with Guo Zi Ping (1996) No.911.

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

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates are as follows:

	Estimated useful lives	Estimated residual value rate	Annual depreciation rate
Buildings			
- Office building	20-30 years	5%	3.17%-4.75%
- Temporary house	10 years	5%	9.50%
- Structure	15 years	5%	6.33%
Traffic equipment	8-10 years	5%	9.50%-11.87%
Motor vehicles	5-6 years	5%	15.83%-19.00%
Office and other equipment	5 years	5%	19.00%

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the assets are reviewed, and adjusted as appropriate at each year-end.

(c) Impairment of fixed assets

The carrying amount of fixed assets is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(19)).

(d) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

2 Summary of significant accounting policies and accounting estimates (continued)

(15) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(19)).

(16) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time of acquisition and construction for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings used, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which estimated future cash flows during the period of expected duration or shorter period applied discounted to the initial amount of the borrowings.

2 Summary of significant accounting policies and accounting estimates (continued)

(17) Intangible assets

Intangible assets include concession intangible assets, billboard use right and software and are measured at cost.

(a) Concession intangible assets

Concession intangible assets refer to the rights granted by the respective concession grantors, which entitle the Group to receive the toll fees from users and land use right obtained in conjunction with the concession arrangement. Concession intangible assets are measured at actual cost, which comprises construction related costs and borrowing costs that are eligible for capitalisation and incurred before the toll roads are ready for their intended use. The concession intangible assets are first stated at actual project costs or budget costs and then adjusted when project completion audit is finalised.

The concession intangible assets relating to the toll roads injected by the state-owned shareholders on 1 January 1997 were stated at valuation costs, which were valued by the asset valuation firms and certified by the State-owned Assets Supervision and Administration Bureau in accordance with Guo Zi Ping (1996) No.911. The land-use right relating to Shenzhen Airport-Heao Expressway (Western Section) injected to the Company by the promoter of the Company during the restructuring period was stated at revaluation cost admitted by State-owned Assets Supervision and Administration Bureau on 30 June 1996. The land-use right relating to Meiguan Expressway owned by the subsidiary, Shenzhen Meiguan Expressway Company Limited (‘Meiguan Company’), was injected by Xin Tong Chan Development (Shenzhen) Company Limited (‘Xin Tong Chan Company’), one of the promoters of the Company, at value specified in related investment agreement.

When toll roads are ready for their intended use, amortisation of concession intangible assets is calculated to write off their costs on a units-of-usage basis (‘unit usage), whereby amortisation is provided based on the proportion of actual traffic volume of a particular period over the total projected traffic volume throughout the operation periods.

The Company performs an internal assessment of the total projected traffic volume annually. The Group will appoint an independent professional traffic consultant to perform independent professional traffic studies when material difference exists or every 3 to 5 years and then prospectively adjust the unit usage according to the revised total projected traffic volume, to ensure that the related concession intangible assets would be fully amortised in the operation periods.

2 Summary of significant accounting policies and accounting estimates (continued)

(17) Intangible assets (continued)

(a) Concession intangible assets (continued)

Respective operating period and unit usage of the toll roads are set out as follows:

Item	Operating period	Unit usage (RMB)
Yanba Expressway	note 1	3.98 (note 1)
Yanpai Expressway	May 2006 to March 2027	1.49
Meiguan Expressway	May 1995 to March 2027	3.18 (note 2)
Shenzhen Airport-Heao Expressway (Western Section)	May 1999 to March 2027	1.22
Nanguang Expressway	January 2008 to January 2033	4.22 (note 3)
Shenzhen Airport-Heao Expressway (Eastern Section)	October 1997 to March 2027	4.54
Wuhuang Expressway	September 1997 to September 2022	6.52
Qinglian Expressway	July 2009 to July 2034	25.36 (note 4)
National Highway No. 107 (Qinglian Section)	September 1995 to June 2013	35.36 (note 5)

note 1: The Company adjusted the unit usage of Yanba Expressway from RMB3.60 to RMB3.74 according to its revised total projected traffic volume from 1 July 2013 on a prospective basis (Note 2(30)).

The Sections A, B and C of Yanba Expressway started to operate from April 2001, July 2003 and March 2010, respectively. Previously, the Company applied the period of 30 years counted from the completion date of Section A of Yanba Expressway to calculate the unit usage of Yanba Expressway. According to the 'Reply to the toll collection periods of projects including Shantou-Jieyang Expressway' (the 'Reply') issued by the General Office of the People's Government of Guangdong Province in late December 2013, the approved toll collection period for each section of Yanba Expressway is 25 years counted from completion date of respective sections. Meanwhile, the Company performed completion final accounts on Yanba Expressway in late December 2013 and adjusted the costs of the concession intangible assets of Yanba Expressway accordingly. The Company adjusted the unit usage of Yanba Expressway from RMB3.74 to RMB3.98 from 1 January 2014 on a prospective basis according to the approved toll collection periods sent out by the Reply and adjusted costs of concession intangible assets.

note 2: The Reconstruction and Expansion of Meiguan Expressway Project was completed on 30 November 2013. The Company adjusted the unit usage of Meiguan Expressway from RMB1.48 to RMB3.18 from 1 December 2013 on a prospective basis according to the adjusted costs of concession intangible assets.

note 3: The Company adjusted the unit usage of Nanguang Expressway from RMB3.68 to RMB4.22 according to its revised total projected traffic volume from 1 July 2013 on a prospective basis (Note 2(30)).

2 Summary of significant accounting policies and accounting estimates (continued)

(17) Intangible assets (continued)

(a) Concession intangible assets (continued)

note 4: The Company adjusted the unit usage of Qinglian Expressway from RMB33.04 to RMB25.95 according to its revised total projected traffic volume from 1 July 2013 on a prospective basis (Note 2(30)).

In addition, the Company performed completion final accounts on Qinglian Expressway in late December 2013 and adjusted the costs of the concession intangible assets of Qinglian Expressway accordingly. The Company adjusted the unit usage of Qinglian Expressway from RMB25.95 to RMB25.36 from 1 January 2014 on a prospective basis according to the adjusted costs of concession intangible assets.

note 5: The original approved toll collection period of National Highway No. 107 (Qinglian Section) will send in September 2028. Pursuant to a notice issued by Guangdong Provincial Transportation Department (Yue Jiao Ming Dian (2013) No. 56) in 2013, National Highway No. 107 (Qinglian Section) ceased its toll collection from 24:00 on 30 June 2013. For details please refer to Note 5(10).

Subsequent expenditures incurred for concession intangible assets are included in the cost of the concession intangible assets when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

(b) Other intangible assets

Billboard use rights are amortised on the straight-line basis over their approved useful lives of 5 years. Purchased software is amortised on the straight-line basis over their contracted useful lives of 5 years.

(c) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review and adjustment on its useful life and amortisation method are performed at each year-end.

(d) Impairment of intangible assets

The carrying amount of intangible assets is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note 2(19)).

(18) Long-term prepaid expenses

Long-term prepaid expenses include the prepaid expenditures that have been made but should be recgonised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

2 Summary of significant accounting policies and accounting estimates (continued)

(19) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the goodwill allocated, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of other assets.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(20) Employee benefits

Employee benefits mainly include all kinds of remuneration such as wages, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds and employee education incurred in exchange for service rendered by employees or compensation to the termination of employment relationship.

(a) Short-term wages

Actual short-term wages are recognised as liabilities in the periods when the employees render services and are charged into profit or loss or capitalised in costs of related assets. The non-monetary welfare is measured at fair value.

(b) Basic pension insurance

The Group's employees participated in the basic social pension insurance organised and implemented by local labour and social security bureau. The Group paid the basic pension issuance expenses monthly to designated insurance companies for its employees according to the basis amounts and rates determined by the local regulations. After retirement, local labour and social security bureau is responsible for paying the pension benefit to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the periods when the employees render services and are charged to profit or loss or capitalised in costs of related assets.

(c) The compensation for the termination of employment relationship

The Group provides compensation for the termination of employment relationship before the expiry of employment contracts or compensation to encourage employees' voluntary layoffs, which is recognised as a liability and charged to profit or loss on the earlier one when (i) the Group is unable to unilaterally withdraw the plan on the termination of employment relationship or the layoff proposal and (ii) costs and expenses in relation to the payment of compensation to the termination of employment relationship are recognised.

2 Summary of significant accounting policies and accounting estimates (continued)

(21) Dividends distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

(22) Provisions

As part of its obligations under the respective service concessions, the Group assumes responsibility for the maintenance and resurfacing of the toll roads it operates. Provisions for maintenance and resurfacing are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(23) Convertible bonds

The convertible bonds are split into liability and equity component at initial recognition. The liability component is determined as the discounted amount of future cash flows, and the equity component is determined as proceeds less liability component. The transaction costs incurred on the issue of the convertible bonds are allocated between the liability component and equity component based on the proportion of their amounts at initial recognition. The liability amount of the convertible bonds is measured at amortised cost using the effective interest method.

(24) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's activities as described below:

(a) The Group's toll revenue from operation of the toll roads is recognised when the related services have been provided, revenue and total costs can be measured reliably and economic benefits with transaction can flow into the Group.

(b) For construction management services income, when the outcome of the construction management services can be estimated reliably, related income is recognised using the percentage of completion method and the stage of completion is measured by making reference to the project construction costs and related management expenses incurred to date as a percentage to the total estimated construction costs and management expenses. When the outcome of the construction management services cannot be estimated reliably, construction management services income is recognised at the same amount of project management expenses incurred only to the extent that such expenses are probable to be recovered.

2 Summary of significant accounting policies and accounting estimates (continued)

(24) Revenue recognition (continued)

(c) For the service concessions contracts entered with the government departments, according to which the Group participates the developing, financing, operating and maintenance of toll road constructions, the Group recognised revenue and cost of services with the percentage of completion method during the construction period if the Group conducts the construction work on its own. The stage of completion is measured by reference to the construction costs of the related infrastructures incurred up to the settlement date as a percentage of total estimated costs for each contract. No construction services income would be recognised if the Group sub-contracts the work out to other parties.

(d) Advertising revenue is recognised on a straight-line basis over the contract period.

(e) Interest income is determined by using the effective interest method, based on the length of time for which the Group's cash is used by others.

(f) Income from an operating lease is recognised on a straight-line basis over the period of the lease.

(25) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including refund of taxes and financial subsidies, etc.

A government grant is recognised when the condition attached to it is fulfilled and the grant can be received. The monetary grant from the government is measured at amount received or receivable. The non-monetary grant from the government is measured at its fair value.

Government grants related to assets represent grants obtained from government which are to compensate long-term assets purchased or other ways. Government grants related to income represent those government grants other than related to assets。

Government grants related to assets are recognised as deferred income and evenly included in profit or loss over the useful period of related assets. Government grants measured at their nominal amounts shall be directly included in the profits and losses.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period.

2 Summary of significant accounting policies and accounting estimates (continued)

(26) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- The deferred taxes are related to the same tax payer within the Group and the same taxation authority; and,
- That tax payer has a legally enforceable right to offset current tax assets against current tax liabilities.

(27) Segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group’s management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

2 Summary of significant accounting policies and accounting estimates (continued)

(28) Changes in significant accounting policies

Details and reasons for changes of accounting policies	Procedures for approval	Financial statement items affected	Amount affected
(a) Employee benefits			
As stated in Note 2(1), the Group early adopted ‘Accounting Standards for Enterprises No. 9 – Employee Benefits’ (Revised in 2014) issued by Ministry of Finance in 2014. This change in accounting policy does not have any impact on the Group’s measurement and disclosure of employee benefits in the financial statements for 2013.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 19 March 2014.	None	-
(b) Presentation of financial statements			
As stated in Note 2(1), the Group early adopted ‘Accounting Standards for Enterprises No. 30 – Presentation of Financial Statements’ (Revised in 2014)’ issued by Ministry of Finance in 2014 and the comparative financial statement figures have been adjusted accordingly.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 19 March 2014.	Other comprehensive income	Other comprehensive income for the year ended 31 December 2013 and 2012 amounting to RMB1,742,862.11 and RMB3,534,410.04, respectively, were included in ‘Item that may be reclassified subsequently to profit and loss’.

2 Summary of significant accounting policies and accounting estimates (continued)

(28) Changes in significant accounting policies (continued)

Details and reasons for changes of accounting policies	Procedures for approval	Financial statement items affected	Amount affected
(c) Fair value measurements			
As stated in Note 2(1), the Group early adopted 'Accounting Standards for Enterprises No. 39 – Fair value measurement' issued by Ministry of Finance in 2014. Certain disclosures in relation to fair value have been included in the financial statements for the year ended 31 December 2013 according to this standard. No adjustment to the disclosure in the comparative financial statements is required according to this standard.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 19 March 2014.	Not applicable	Not applicable
(d) Consolidated financial statements and joint arrangement			
As stated in Note 2(1), the Group early adopted 'Accounting Standards for Enterprises No. 33 – Consolidated Financial Statements' (Revised in 2014) and 'Accounting Standards for Enterprises No. 40 – Joint Arrangement' issued by Ministry of Finance in 2014. These changes in accounting policies do not have any impact both on the Group's financial statements for 2013 and the comparative financial statements.	The changes of such accounting policies have been approved by the Board of Directors of the Company on 19 March 2014.	None	-

2 Summary of significant accounting policies and accounting estimates (continued)

(29) Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Amortisation of concession intangible assets

As stated at Note 2(17)(a), amortisation of concession intangible assets is provided under the traffic volume amortisation method. Appropriate adjustments to the amortisation of concession intangible assets will be made should there be a material difference between total projected traffic volume and the actual results.

The directors perform periodic assessment of the total projected traffic volume. The Group will appoint an independent professional traffic consultant to perform independent professional traffic studies and make an appropriate adjustment if there is a material difference between projected and actual traffic volume. The Group appointed independent professional traffic consultants to perform independent professional traffic studies to its main toll roads in 2006, 2010 and 2013 and prospectively adjusted the amortisation unit according to the revised total projected traffic volume.

(b) Provisions for maintenance/resurfacing obligations

As stated at Note 2(22), the Group has contractual obligations under the service concessions to maintain the toll road infrastructure to a specified level of serviceability. These obligations to maintain or restore the infrastructure, except for upgrading services, are to be recognised and measured as a provision.

The expenditures expected to incur in order to settle the obligations are determined based on the frequency of major maintenance and resurfacing activities throughout the operating periods of toll roads operated by the Group under the service concessions and the expected costs to be incurred for each event. The expected costs for maintenance and resurfacing and the timing of such events involve estimates. Such estimates are developed based on the Group’s resurfacing plan and historical costs incurred for similar activities. The costs are then discounted to the present value based on the market rate which can reflect the time value of money and the risks specific to this obligation.

If the expected expenditures, resurfacing plan and discount rate are different from management’s current estimates, the provision for maintenance/resurfacing will be changed prospectively.

2 Summary of significant accounting policies and accounting estimates (continued)

(29) Critical accounting estimates and judgments (continued)

(c) Impairment of concession intangible assets

According to the accounting policy stated in Note 2(19), concession intangible assets are tested by the Group for impairment if there is any indication that the assets may be impaired at the balance sheet date.

On the first half of 2013, based on the request by the Ministry of Transportation together with National Development and ‘A letter in relation to accelerate the special clean-up and rectification work of toll roads’(Jiao Han Gong Lu (2013) No.110) issued by the Ministry of Finance, Hubei Province Price Bureau announced that a hearing will be held in accordance with the related laws and administrative regulations to discuss the proposed downward adjustment of the toll rates of Wuhuang Expressway. As at the date of approval of these financial statements, the hearing has not been held. The Company performed an impairment test for Wuhuang Expressway based on the best estimation of the amount of downward adjustment to the toll rates and considered that the recoverable amount would be able to cover its carrying value. The assessment of the Company relied on the best estimation of projected traffic volume and price adjustment to be made for Wuhuang Expressway. Should there be a material difference between the projected traffic volume as well as estimated price adjustment and the actual results, a change of accounting estimate will be made.

As stated in Note 2(17)(a), according to the Reply issued by the General Office of the People's Government of Guangdong Province in late December 2013, the approved toll collection period for each section of Yanba Expressway is 25 years from completion date of respective sections. The Company performed an impairment test for Yanba Expressway according to the approved toll collection periods and considered that the recoverable amount would be able to cover its carrying value. The assessment of the Company relied on the best estimation of projected traffic volume of Yanba Expressway. Should there be a material difference between the projected traffic volume and the actual results, a change of accounting estimate will be made.

(d) Income tax and deferred tax

The Group is subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that it is probable to generate enough taxable incomes in the foreseeable future that the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management’s judgments and estimations about the timing and the amount of taxable incomes of the company which has tax loss. Where the final outcome of timing and amount is different from that initially estimated, such differences will impact the current income taxes and deferred tax assets in the period in which such determination is made.

2 Summary of significant accounting policies and accounting estimates (continued)

(30) Changes in accounting estimates

The actual traffic volumes of Nanguang Expressway, Yanba Expressway and Qinglian Expressway largely differed from the traffic volumes forecasts during their early construction and operating periods. As the surrounding road networks of these expressways become more and more stable recently, the difference between the actual traffic volumes and the previous traffic volumes would probably endure. The Company appointed an independent professional traffic consultant to reassess the future traffic volumes of the aforesaid expressways. The Group adjusted the unit usage of the aforesaid expressways according to the revised total projected traffic volume from 1 July 2013 on a prospective basis, which was approved by the Board of Directors of the Company on 16 August 2013. Such change in accounting estimates impacts the financial statement items for the year 2013 as follows:

	Impact to the year ended 31 December 2013
Increase in intangible assets	23,076,977.13
Increase in deferred tax liabilities	7,283,117.05
Decrease in tax payable	1,513,872.77
Increase in minority interests	5,163,001.68
Decrease in cost of services	23,076,977.13
Increase in income tax expenses	5,769,244.28
Increase in net profit attributable to minority shareholders	5,163,001.68
Increase in net profit attributable to owners of the Company	12,144,731.17

3 Taxation

The main categories and tax rates applicable to the Group are set out below:

Category	Tax base	Tax rate
Corporate income tax ('CIT')	Taxable income	(i)
Business tax	Revenue from expressway toll road business	3%
Business tax	Revenue from other non-expressway toll road business	5%
Business tax	Taxable revenue from construction projects and management services	3%
City maintenance and construction tax	Amount of business tax paid	7%
Educational surcharge	Amount of business tax paid	3%
Local educational surcharge	Amount of business tax paid	2%
Construction fee for country culture development (ii)	Amount of revenue	3%
Value added tax ("VAT") (iii)	Taxable advertising revenue	6%

3 Taxation (continued)

(i) CIT

The applicable CIT rate of the Company and its subsidiaries are analysed as follows:

	Applicable rate
The Company	25%
Shenzhen Expressway Advertising Company Limited ('Advertising Company')	25%
Meiguan Company	25%
Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited ('Airport-Heao Eastern Company')	25%
Guangdong Qinglian Highway Development Company Limited ('Qinglian Company')	25%
Mei Wah Industrial (Hong Kong) Limited ('Mei Wah Company')	25%
Maxprofit Gain Limited ('Maxprofit Company')	25%
Shenzhen Outer Ring Expressway Investment Company Limited ('Outer Ring Company')	25%
Jade Emperor Limited ('JEL Company')	25%
Hubei Magerk Expressway Management Private Limited ('Magerk Company')	25%
Shenzhen Expressway Investment Company Limited ('Expressway Investment Company')	25%
Guizhou Guishen Investment and Development Company Limited ('Guishen Company')	25%
Guizhou Shenzhen Expressway Landholding Company Limited ('Landholding Company')	25%
Guizhou Shengbo Landholding Company Limited ('Shengbo Company')	25%
Guizhou Pengbo Investment Company Limited ('Pengbo Company')	25%
Guizhou Yuelong Investment Company Limited ('Yuelong Company')	25%

According to the CIT Law and relevant regulations, the CIT rate applicable to Qinglian Company, the subsidiary of the Company, will be gradually increased to 25% over a five-year period from 2008 to 2012. According to the Reply Letter of Qing Guoshuifa (1997) No.072, Qinglian Company is exempt from CIT for two years commencing from its first year of profitable operation after offsetting prior years' tax losses, followed by a 50% reduction for the next three years. According to Guofa (2007) No.39 issued by State Council, Qinglian Company started to enjoy this preferential policy in 2008 and accordingly its applicable CIT rate of 2013 is 25% (2012: 12.5%).

According to Guoshuihan (2010) No.651, 'Reply letter from State Administration of Taxation concerning about the recognition as resident enterprises of related overseas enterprises of Shenzhen Expressway Company Limited', issued by State Administration of Taxation on 30 December 2010, Mei Wah Company, Maxprofit Company and JEL Company were recognised as resident enterprises of China and would be subject to the relevant taxation administration with effective date from 2008.

According to the Notice of Tax Matters ('Long Di Shui (2013) No.91') issued by Local Tax Bureau of Longli County, Guizhou Province in 2013, Guishen Company, the subsidiary of the Company, is entitled to CIT verification collection method for the period from 1 August 2013 to 31 December 2013 and the taxable income is calculated at 8% of total revenue for the period from 1 August 2013 to 31 December 2013.

(ii) Advertising Company is obligated to pay construction fee for country culture development which is calculated at 3% on its revenue.

(iii) According to Caishui (2012) No.71, 'Notice on the Implementation of the VAT Pilot Reform in Beijing and other 7 Regions of China' issued by the Ministry of Finance and the State Administration of Taxation, Advertising Company is obligated to pay VAT which is calculated at 6% on its advertising revenue generated from 1 November 2012.

4 Business combinations and the consolidated financial statements

(1) Background of subsidiaries

(a) Subsidiaries acquired through incorporation are analysed as follows:

	Type	Place of registration	Place of main business	Nature of business and principal activities	Registered capital	Bonds issued	Scope of business	Nature	Legal representative	Code of organisation
Outer Ring Company	Direct holding	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Operation and management of highways	100,000,000	-	Construction, operation and management of the Shenzhen section of Shenzhen Outer Ring Expressway	Limited liability company	Wu Ya De	55543683-6
Expressway Investment Company	Direct and indirect holding	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Investment	400,000,000	-	Industrial investment and project construction	Limited liability company	Ge Fei	440304-180904
Guishen Company	Indirect holding*	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Infrastructure construction	500,000,000	-	Investment, construction and management of road and urban and rural infrastructure	Limited liability company	Ge Fei	522730-001615
Landholding Company	Indirect holding*	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	1,000,000	-	land development and real estate development	Limited liability company	Ge Fei	07200031-7
Shengbo Company	Indirect holding*	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	1,000,000	-	land development and real estate development	Limited liability company	Ge Fei	07849092-7
Pengbo Company	Indirect holding*	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	1,000,000	-	land development and real estate development	Limited liability company	Lei Yu Hong	08567401-1
Yuelong Company	Indirect holding*	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	1,000,000	-	land development and real estate development	Limited liability company	Lei Yu Hong	08567405-4

* Expressway Investment Company holds 70% equity interests of Guishen Company. Guishen Company holds 100% equity interests of Landholding Company, Shengbo Company, Pengbo Company and Yuelong Company.

4 Business combinations and the consolidated financial statements (continued)

(1) Background of subsidiaries (continued)

(a) Subsidiaries acquired through incorporation are analysed as follows (continued):

	Ending balance of actual investment	Ending balance of other items which forms substantially part of the net investment in the subsidiary	Share holding	Voting right	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
Outer Ring Company	100,000,000.00	-	100%	100%	Yes	-	Not applicable
Expressway Investment Company	400,000,000.00	-	100%	100%	Yes	-	Not applicable
Guishen Company	350,000,000.00	-	70%	70%	Yes	180,147,551.03	-
Landholding Company	700,000.00	-	70%	70%	Yes	-	Not applicable
Shengbo Company	700,000.00	-	70%	70%	Yes	-	Not applicable
Pengbo Company	700,000.00	-	70%	70%	Yes	-	Not applicable
Yuelong Company	700,000.00	-	70%	70%	Yes	-	Not applicable

4 Business combinations and the consolidated financial statements (continued)

(1) Background of subsidiaries (continued)

(b) Subsidiaries acquired through business combinations involving enterprises under common control are analysed as follows:

	Type	Place of registration	Place of main business	Nature of business and principal activities	Registered capital	Bonds issued	Scope of business	Nature	Legal representative	Code of organisation
JEL Company	Indirect holding*	Cayman Islands	Hubei Province, PRC	Investment holding	USD30,000,000	-	Investment holding	Foreign enterprise	Not applicable	Not applicable
Magerk Company	Indirect holding*	Hubei Province, PRC	Hubei Province, PRC	Toll road operation	USD28,000,000	-	Toll management of the expressway from Wuhan to Huangshi	Limited liability company	Li Jian	615407405

* Mei Wah Company, a subsidiary of the Company, holds 55% equity interests of JEL Company. JEL Company holds 100% equity interests of Magerk Company.

	Ending balance of actual investment	Ending balance of other items which forms substantially part of the net investment in the subsidiary	Share holding	Voting rights	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
JEL Company	538,479,329.71	-	55%	55%	Yes	408,355,663.90	-
Magerk Company	231,883,200.00	-	55%	55%	Yes	-	Not applicable

4 Business combinations and the consolidated financial statements (continued)

(1) Background of subsidiaries (continued)

(c) Subsidiaries acquired through business combinations involving enterprises not under common control

	Type	Place of registration	Place of main business	Nature of business and principal activities	Registered capital	Bonds issued	Scope of business	Nature	Legal representative	Code of organisation
Qinglian Company	Direct and indirect holding	Qingyuan City, Guangdong Province, PRC	Qingyuan City, Guangdong Province, PRC	Operation and management of highways	3,105,959,997.64	-	Development, operation and management of Qinglian Expressway and National Highway No.107 (Qinglian Section)	Limited liability company	Wu Ya De	61806320-6
Advertising Company	Direct and indirect holding	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Advertising agency	30,000,000	-	Design and production of advertisement and the related consultancy services	Limited liability company	Luo Cheng Bao	19224838-4
Meiguan Company	Direct holding	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Operation and management of highways	332,400,000	-	Toll management of the expressway from Meilin to Guanlan	Limited liability company	Zhou Qing Ming	61887636-2
Mei Wah Company	Direct holding	Hong Kong	Hubei Province and Guangdong Province, PRC	Investment holding	HKD795,381,300	-	Investment holding	Foreign enterprise	Not applicable	Not applicable
Maxprofit Company	Indirect holding	British Virgin Islands	Guangdong Province, PRC	Investment holding	USD82,780,081	-	Investment holding	Foreign enterprise	Not applicable	Not applicable
Airport-Heao Eastern Company	Direct holding	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Operation and management of highways	440,000,000	-	Toll management of the eastern expressway from Shenzhen airport to Heao	Limited liability company	Zhou Qing Ming	61892043-1

4 Business combinations and the consolidated financial statements (continued)

(1) Background of subsidiaries (continued)

(c) Subsidiaries acquired through business combinations involving enterprises not under common control (continued)

	Ending balance of actual investment	Ending balance of other items which forms substantially part of the net investment in the subsidiary	Share holding	Voting rights	Consolidated or not	Minority interests	Amount of loss attributed to the minority shareholders
Qinglian Company	2,799,690,825.95	-	76.37%	76.37%	Yes	676,062,016.22	56,757,634.46
Advertising Company	3,500,000.01	-	100%	100%	Yes	-	Not applicable
Meiguan Company	630,590,725.39	-	100%	100%	Yes	-	Not applicable
Mei Wah Company	831,769,303.26	-	100%	100%	Yes	-	Not applicable
Maxprofit Company	933,069,337.68	-	100%	100%	Yes	-	Not applicable
Airport-Heao Eastern Company	1,003,632,517.49	-	100%	100%	Yes	-	Not applicable

(d) No substantial restriction existed which prohibited the usage of assets or the settlement of liabilities of the Group.

(e) Entities newly included in the consolidation scope in the current year

	Net assets on 31 December 2013	Net (loss)/profit for the current period
Landholding Company	817,123.77	(182,876.23)
Shengbo Company	1,001,724.06	1,724.06
Pengbo Company	999,884.73	(115.27)
Yuelong Company	1,000,023.07	23.07

The above entities are newly incorporated by the Company in the current year. Net (loss)/profit in the current period is the net (loss)/profit incurred/generated from the incorporation dates to 31 December 2013.

4 Business combinations and the consolidated financial statements (continued)

(2) Subsidiaries with material minority interests

	Minority shareholders	Minority interests at 31 December 2013	Net profit attributable to minority shareholders for the year ended 31 December 2013	Dividend declared by subsidiaries to the minority shareholders for the year ended 31 December 2013
Qinglian Company	Guangdong Cement Company Limited	676,062,016.22	(56,757,634.46)	-
JEL Company	Flywheel Investments Limited	408,355,663.90	57,526,801.33	102,935,664.47
Guishen Company	CCCC-SHB Fifth Engineering Co., Ltd.	180,147,551.03	30,301,853.91	-
		1,264,565,231.15	31,071,020.78	102,935,664.47

Main financial information of the above subsidiaries is disclosed as follows:

(a) Financial position

	Qinglian Company		JEL Company		Guishen Company	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Current assets	166,550,814.43	91,601,612.96	184,360,509.29	227,827,285.46	971,173,552.99	539,136,974.27
Non-current assets	8,924,804,111.52	9,475,588,952.08	902,700,242.37	996,887,971.60	1,547,586.45	1,913,937.08
Current liabilities	(567,406,571.39)	(1,083,053,966.41)	(19,064,789.49)	(38,227,533.76)	(288,738,882.14)	(41,565,254.32)
Non-current liabilities	(5,665,976,524.31)	(5,385,971,647.52)	(160,538,931.28)	(178,122,107.63)	(83,490,000.00)	-
Net assets	2,857,971,830.25	3,098,164,951.11	907,457,030.89	1,008,365,615.67	600,492,257.30	499,485,657.03

4 Business combinations and the consolidated financial statements (continued)

(2) Subsidiaries with material minority interests (continued)

(b) Operating results

	Qinglian Company		JEL Company		Guishen Company	
	2013	2012	2013	2012	2013	2012
Revenue	714,484,930.05	540,226,006.63	380,866,473.89	460,915,948.29	123,123,121.28	9,512,416.18
Total (loss)/profit	(319,438,770.28)	(181,380,093.00)	170,617,633.91	222,295,159.44	103,341,750.44	375,101.97
Net (loss)/profit	(240,193,120.87)	(139,316,235.63)	127,837,336.26	166,585,775.63	101,006,179.74	(36,016.77)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(240,193,120.87)	(139,316,235.63)	127,837,336.26	166,585,775.63	101,006,179.74	(36,016.77)
Total comprehensive income attributable to the minority interests	(56,757,634.46)	(32,920,426.48)	57,526,801.33	74,963,599.04	30,301,853.91	(10,805.03)

(c) Cash flows

	Qinglian Company		JEL Company		Guishen Company	
	2013	2012	2013	2012	2013	2012
Net cash flows from operating activities	569,061,352.39	361,373,674.83	87,243,754.02	429,727,914.60	(192,070,953.64)	(128,090,794.64)
Net cash flows from investing activities	(244,065,175.81)	(260,498,682.46)	(1,601,009.55)	(15,392,781.22)	2,122,969.25	(758,904.02)
Net cash flows from financing activities	(245,445,708.07)	(225,650,272.77)	(228,749,854.46)	(350,599,947.83)	243,365,769.77	300,000,000.00
Cash at beginning of year	48,433,279.35	173,298,981.12	218,160,620.57	154,424,665.72	201,371,123.92	30,220,822.58
Cash at end of year	127,976,048.01	48,433,279.35	75,052,440.92	218,160,620.57	254,788,909.30	201,371,123.92

The amounts as disclosed above are gross amount before any elimination of inter-group balances and transactions.

5 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2013			31 December 2012		
	Original amount	Exchange rate	Equivalent to RMB	Original amount	Exchange rate	Equivalent to RMB
Cash on hand						
RMB			13,199,657.53			10,528,775.94
USD	11,321.00	6.0969	69,023.00	11,321.00	6.2855	71,158.15
Other foreign currencies			65,910.63			98,603.72
Subtotal			13,334,591.16			10,698,537.81
Bank deposits						
RMB			1,080,299,887.84			1,941,757,315.20
HKD	1,447,853.77	0.7862	1,138,302.63	4,410,851.37	0.8109	3,576,759.37
USD	3,921.55	6.0969	23,909.30	3,721.91	6.2855	23,394.06
Subtotal			1,081,462,099.77			1,945,357,468.63
Total			1,094,796,690.93			1,956,056,006.44

The Company is engaged to manage highway construction projects. As at 31 December 2013, project funds retained for construction management were RMB1,371,284.40 (31 December 2012: RMB1,851,879.88). Bank balances frozen due to an arbitration in related to Nanping Freeway (Phase I) Project ('Nanping (Phase I) Project') were RMB3,788,743.43 (31 December 2012: nil). The arbitration has been ruled by Intermediate People's Court of Shenzhen Municipality, Guangdong Province on 18 December 2013 and the bank balances have been transferred out for payment accordingly in January 2014. The above project funds retained for construction management and frozen bank balances were disclosed as restricted bank balances in cash flow statement (Note 5(39)(c)).

(2) Accounts receivable

	31 December 2013	31 December 2012
Accounts receivable	495,364,307.64	385,846,438.72
Less: provision for bad debts	(33,500.00)	(33,500.00)
	495,330,807.64	385,812,938.72

(a) The ageing of accounts receivable is analysed as follows:

	31 December 2013	31 December 2012
Within 1 year	292,931,673.58	307,435,317.87
1 to 2 years	181,982,712.71	45,277,003.37
2 to 3 years	14,250.00	-
Over 3 years	20,435,671.35	33,134,117.48
	495,364,307.64	385,846,438.72

5 Notes to the consolidated financial statements (continued)

(2) Accounts receivable (continued)

(b) Accounts receivable is analysed by categories as follows:

	31 December 2013				31 December 2012			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and provision separately made	-	-	-	-	-	-	-	-
Provision made collectively								
-Group 1	404,791,473.15	81.72%	-	-	306,436,293.86	79.42%	-	-
-Group 2	90,572,834.49	18.28%	33,500.00	0.04%	79,410,144.86	20.58%	33,500.00	0.04%
Not individually significant but provision separately made	-	-	-	-	-	-	-	-
	495,364,307.64	100.00%	33,500.00	0.01%	385,846,438.72	100.00%	33,500.00	0.01%

(c) Group 2 is accounts receivable of which provision was made collectively using ageing analysis method and is analysed as follows:

	31 December 2013				31 December 2012			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 1 year	90,534,919.40	99.95%	-	-	79,376,644.86	99.96%	-	-
1 to 2 years	4,415.09	0.01%	-	-	-	-	-	-
Over 3 years	33,500.00	0.04%	33,500.00	100.00%	33,500.00	0.04%	33,500.00	100.00%
	90,572,834.49	100.00%	33,500.00	100.00%	79,410,144.86	100.00%	33,500.00	0.04%

(d) Accounts receivable from related parties is analysed as follows:

	Relationship with the Group	31 December 2013			31 December 2012		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Shenzhen Guangshen Coastal Expressway Investment ('Coastal Company')	Controlled by the ultimate holding company, together with the Company	105,562,861.17	21.31%	-	78,741,667.61	20.41%	-
Shenzhen Baotong Highway Construction and Development Company Limited ('Baotong Company')	Controlled by the parent company, together with the Company	2,295,854.23	0.46%	-	2,295,854.23	0.60%	-
		107,858,715.40	21.77%	-	81,037,521.84	21.01%	-

(e) As at 31 December 2013 and 31 December 2012, there was no accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company.

5 Notes to the consolidated financial statements (continued)

(2) **Accounts receivable (continued)**

(f) As at 31 December 2013, the five largest accounts receivable are analysed as follows:

	Relationship with the Group	Amount	Ageing	% of total balance
Due from Shenzhen Traffic and Transportation Committee ('Shenzhen Transportation Bureau') in relation to the project management services provided to Nanping Freeway (Phase II) Project ('Nanping (Phase II) Project')	Independent third party	135,147,953.62	1 to 2 years	27.29%
Due from Coastal Company in relation to the project management services provided to Guangshen Coastal Expressway (Shenzhen Section) (the 'Coastal Project')	Controlled by the ultimate holding company, together with the Company	105,562,861.17	1 to 3 years	21.31%
Due from Guizhou Longli County Government in relation to the project management services provided to the contraction project of Guilong Road by 'Build – Transfer' mode ('Longli BT Project')	Independent third party	104,516,324.83	Within 1 year	21.10%
Revenue from revenues through unitoll cards	Independent third party	52,325,418.07	Within 1 year	10.56%
Due from Shenzhen Transportation Bureau in relation to the project management services provided to Nanping (Phase I) Project	Independent third party	34,098,880.63	1 to 2 years	6.88%
		431,651,438.32		87.14%

(g) As at 31 December 2013 and 31 December 2012, all accounts receivable were denominated in RMB.

(3) **Other receivables**

	31 December 2013	31 December 2012
Advances	157,163,045.20	26,183,786.84
Others	8,785,933.37	11,312,960.53
	165,948,978.57	37,496,747.37
Less: provision for bad debts	-	-
	165,948,978.57	37,496,747.37

(a) The ageing of other receivables is analysed as follows:

	31 December 2013	31 December 2012
Within 1 year	155,109,068.00	29,929,859.11
1 to 2 years	3,724,794.47	6,398,220.25
2 to 3 years	7,115,116.10	1,168,668.01
	165,948,978.57	37,496,747.37

5 Notes to the consolidated financial statements (continued)

(3) Other receivables (continued)

(b) Other receivables are analysed by categories as follows:

	31 December 2013				31 December 2012			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and provision separately made	-	-	-	-	-	-	-	-
Provision made collectively								
-Group 1	156,994,438.43	94.60%	-	-	26,183,786.84	69.83%	-	-
-Group 2	8,954,540.14	5.40%	-	-	11,312,960.53	30.17%	-	-
Not individually significant but provision separately made	-	-	-	-	-	-	-	-
	165,948,978.57	100.00%	-	-	37,496,747.37	100.00%	-	-

(c) Group 2 is other receivables of which provision was made collectively using ageing analysis method and is analysed as follows:

	31 December 2013				31 December 2012			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 1 year	5,735,296.57	64.05%	-	-	9,836,465.60	86.95%	-	-
1 to 2 years	1,844,794.47	20.60%	-	-	1,330,357.89	11.76%	-	-
2 to 3 years	1,374,449.10	15.35%	-	-	146,137.04	1.29%	-	-
	8,954,540.14	100.00%	-	-	11,312,960.53	100.00%	-	-

5 Notes to the consolidated financial statements (continued)

(3) Other receivables (continued)

(d) Other receivables from related parties are analysed as follows: :

	Relationship with the Group	31 December 2013			31 December 2012		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Coastal Company	Controlled by the ultimate holding company, together with the Company	8,385,331.16	5.05%	-	-	-	-
Shenzhen Huayu expressway investment company ("Huayu" company)	An associate of the Company	20,000.00	0.01%	-	-	-	-
Shenzhen Longda expressway company limited ("Longda" company)	An associate of the Company	10,000.00	0.01%	-	-	-	-
Shenzhen Expressway Engineering Consulting Company Limited ('Consulting Company')	An associate of the Company	8,472.00	0.01%	-	-	-	-
Guangdong Untied Electronic Collection Inc ('United Electronic Company')	One of its directors is the Company's key management personnel	6,620.00	0.00%	-	-	-	-
		8,430,423.16	5.08%	-	-	-	-

(e) As at 31 December 2013 and 31 December 2012, there were no other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company.

(f) As at 31 December 2013, the five largest other receivables are analysed as follows:

	Relationship with the Group	Amount	Ageing	% of total balance
Advance due from Guizhou Longli County Government in relation to the Longli BT Project	Independent third party	141,820,373.27	1 to 2 years	85.46%
Advance of funds paid on behalf of Coastal Company	Controlled by the ultimate holding company, together with the Company	8,385,331.16	Within 1 year	5.05%
Advance due from Shenzhen Government in relation to the migration of Meilin toll station	Independent third party	6,788,734.00	1 to 3 years	4.09%
Advances of charges for water and electricity paid on behalf of Nanguang Checkpoint Station	Independent third party	1,187,778.47	1 to 4 years	0.72%
Advance of funds paid on behalf of from Guangdong Jingtong Highway Project Company	Independent third party	629,535.21	1 to 2 years	0.38%
		158,811,752.11		95.70%

(g) As at 31 December 2013 and 31 December 2012, all other receivables were denominated in RMB.

5 Notes to the consolidated financial statements (continued)

(4) Advances to suppliers

	31 December 2013	31 December 2012
Advances for acquisition of land use right (a)	125,551,827.34	309,010,800.00
Others	9,258,074.41	11,324,336.60
	134,809,901.75	320,335,136.60

(a) As at 31 December 2013, the amount represents payment of land-transferring fund and related deed taxes made by Guishen Company, a subsidiary of the Company, as a result of tender for land use right of a piece of land located in Longli County, Guizhou Province with area of approximately 350 mu. The amount was recorded in advances to suppliers as the delivery conditions in the acquisition contract had not been met. The Company plans to transfer the land use right in open market or develop the land on its own or through cooperation with others.

(b) The ageing of advances to suppliers is analysed below:

	31 December 2013		31 December 2012	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	134,112,305.08	99.48%	319,254,629.93	99.66%
1 to 2 years	697,596.67	0.52%	695,506.67	0.22%
2 to 3 years	-	-	385,000.00	0.12%
	134,809,901.75	100.00%	320,335,136.60	100.00%

As at 31 December 2013, advances to suppliers over 1 year mainly comprised designing fees and maintenance expenses of traffic equipment which were not fully settled since the contracts have not been completed.

(c) Advances to related parties are analysed as follows:

	Relationship with the Group	31 December 2013			31 December 2012		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Consulting Company	An associate of the Company	3,035,060.00	2.25%	-	3,127,180.20	0.98%	-

(d) As at 31 December 2013 and 31 December 2012, there were no advances to shareholders holding more than 5% (including 5%) of the voting rights of the Company.

5 Notes to the consolidated financial statements (continued)

(4) Advances to suppliers (continued)

(e) As at 31 December 2013, the five largest advances to suppliers are analysed as follows:

	Relationship with the Group	Amount	Ageing	% of total balance
Advances to Guizhou Longli County Government in relation to acquisition of land use right	Independent third party	125,551,827.34	Within 1 year	93.13%
Advances to Consulting Company in relation to detecting expenses and supervision expenses	An associate of the Company	3,035,060.00	Within 1 year	2.25%
Advances to Shenzhen Feiling Intelligent System Integration Company Limited in relation to project fund	Independent third party	2,327,145.83	Within 1 year	1.73%
Advances to PICC Property and Casualty Company Limited Shenzhen Branch in relation to insurance fee	Independent third party	538,369.00	Within 1 year	0.40%
Advances to China Railway Fourth Survey and Design Institute Group Company Limited Shenzhen Branch in relation to design fee	Independent third party	456,030.00	Within 1 year	0.34%
		131,908,432.17		97.85%

(f) As at 31 December 2013 and 31 December 2012, all advances to suppliers were denominated in RMB.

(5) Inventories

	31 December 2013	31 December 2012
Land to be developed (a)	342,246,344.33	-
Toll tickets	2,249,284.15	2,086,963.86
Low value consumables	166,667.75	402,531.60
Maintenance and repair parts	348,798.49	490,526.80
Others	7,024.00	-
	345,018,118.72	2,980,022.26

(a) Guishen Company, a subsidiary of the Company, made prepayment as a result of tender for land use right of a piece of land located in Longli County, Guizhou Province with area of approximately 1,283 mu, in which 883 mu have been granted the land use right certificate and the related purchase and other direct costs were recognised as inventories based on its intention of holding. The land acquisition and resettlement procedures of another piece of land with area of approximately 50 mu were completed by the Land Bureau of Longli Country. This piece of land had been passed to Guishen Company for management. As a result, Guishen Company owns this land use right in substance and therefore recognised the related purchase and other direct costs as inventories based on its intention of holding. The application for the land use right certificate of this piece of land was still in progress as at 31 December 2013.

As at 31 December 2013, no provision for declines in the value of inventories has been made by the Group (31 December 2012: nil).

5 Notes to the consolidated financial statements (continued)

(6) Long-term equity investments

	31 December 2013	31 December 2012
Joint ventures, unquoted (a)	183,996,250.12	174,639,254.25
Associates, unquoted (b)	1,390,218,121.12	1,448,933,932.74
Other long-term equity investment, unquoted (c)	30,170,000.00	30,170,000.00
	1,604,384,371.24	1,653,743,186.99

No substantial restriction exists which prohibits the transfer of funds between the Group and the joint ventures and associates.

As at 31 December 2013, no provision for impairment of long-term equity investments was required (31 December 2012: nil).

5 Notes to the consolidated financial statements (continued)

(6) Long-term equity investments (continued)

(a) Investment in joint ventures

	Accounting method	Ending balance of investment cost	31 December 2012	Current year movement: Share of net profit	Current year movement: Other comprehensive income enjoyed	Current year movement: Investment cost recovered(i)	Current year movement: Disposal(ii)	31 December 2013	Equity interest held	Voting rights held	Explanation of inconsistency between equity interest held and voting rights held	Impairment	Impairment provided in the current year
Changsha Shenchang Expressway Company Limited ('Shenchang Company')	Equity method	331,111,185.04	174,639,254.25	13,045,940.84	-	(3,688,944.97)	-	183,996,250.12	51%	(ii)	(ii)	-	-

(i) The amounts represent cash flow derived from daily operation of the toll roads and distributed by Shenchang Company to the Company as stipulated in the joint venture agreements. The amounts are deemed as recovery of investment cost of the Company.

(ii) The places of registration and main business of Shenchang Company are both located in the PRC. According to the joint venture contracts and articles of incorporation of Shenchang Company, the principal financial and operating decisions of Shenchang Company shall be made based on the common consent of both investing parties. As a result, Shenchang Company is deemed as the Company's joint venture and is accounted for using equity method.

5 Notes to the consolidated financial statements (continued)

(6) Long-term equity investments (continued)

(b) Investment in associates

	Accounting method	Ending balance of investment cost	31 December 2012	Current year movement: Additional injection	Share of net profit/(loss)	Cash dividend declared	Investment cost recovered	31 December 2013	Equity interest held	Voting rights held	Explanation of inconsistency between equity interest held and voting rights held	Impairment	Impairment provided in the current year
Shenzhen Qinglong Expressway Company Limited ('Qinglong Company')	Equity method	147,875,345.09	243,565,995.18	-	61,633,172.62	(149,748,146.67)	(3,200,000.00)	152,251,021.13	40%	40%	Not applicable	-	-
Consulting Company	Equity method	2,134,142.45	16,175,428.76	-	3,683,867.59	(630,000.00)	-	19,229,296.35	24%	24%	Not applicable	-	-
Huayu Company	Equity method	59,851,927.88	51,348,747.21	-	(4,309,194.64)	-	-	47,039,552.57	40%	40%	Not applicable	-	-
Guangdong Jiangzhong Expressway Company Limited ('Jiangzhong Company')	Equity method	308,180,000.00	273,093,209.40	16,250,000.00	3,061,012.82	-	-	292,404,222.22	25%	25%	Not applicable	-	-
Nanjing Yangtze River Third Bridge Company Limited ('Nanjing Third Bridge Company')	Equity method	254,526,376.43	253,139,303.59	-	21,111,322.77	-	(8,518,305.04)	265,732,321.32	25%	25%	Not applicable	-	-
Guangdong Yangmao Expressway Company Limited ('Yangmao Company')	Equity method	249,340,567.72	246,838,680.83	-	56,941,292.18	(45,000,000.00)	-	258,779,973.01	25%	25%	Not applicable	-	-
Guangzhou Western Second Ring Expressway Company Limited ('GZ W2 Company')	Equity method	250,000,000.00	220,311,122.15	-	9,659,617.38	-	-	229,970,739.53	25%	25%	Not applicable	-	-
Yunfu Guangyun Expressway Company Limited ('Guangyun Company')	Equity method	128,020,863.77	144,461,445.62	-	20,849,549.37	(20,849,549.37)	(19,650,450.63)	124,810,994.99	30%	30%	Not applicable	-	-
			1,448,933,932.74	16,250,000.00	172,630,640.09	(216,227,696.04)	(31,368,755.67)	1,390,218,121.12				-	-

The Company's 40% equity investment in Qinglong Company is pledged as security for long-term borrowings amounting to RMB565,000,000.00 (Note 5(22)(a)).

5 Notes to the consolidated financial statements (continued)

(6) Long-term equity investments (continued)

(c) Other long-term equity investment

	Accounting method	Ending balance of investment cost	31 December 2012	Capital injection in current year	31 December 2013	Equity interest held	Voting rights held	Explanation of inconsistency between equity interest held and voting rights held	Impairment	Impairment provided in the current year	Cash dividends declared in the current year
United Electronic Company	Cost method	30,170,000.00	30,170,000.00	-	30,170,000.00	15%	15%	Not applicable	-	-	-

(d) Joint ventures and associates

	Equity interest held	Voting rights held	31 December 2013 Total assets	31 December 2013 Total liabilities	31 December 2013 Net assets	2013 Revenue	2013 Net profit/(loss)
Joint ventures —							
Shenchang Company	51%	51%	371,324,769.92	10,547,808.90	360,776,961.02	65,282,243.56	25,580,276.16
Associates —							
Qinglong Company	40%	40%	2,232,019,648.09	1,855,482,121.91	376,537,526.18	479,577,127.74	154,082,931.55
Consulting Company	24%	24%	175,863,811.30	95,741,743.17	80,122,068.13	202,585,473.06	15,349,448.29
Huayu Company	40%	40%	474,169,638.30	356,570,756.87	117,598,881.43	66,142,766.63	(10,772,986.60)
Jiangzhong Company	25%	25%	2,439,949,663.67	1,390,872,774.79	1,049,076,888.88	363,217,508.98	12,244,051.28
Nanjing Third Bridge Company	25%	25%	3,214,277,945.51	2,151,348,660.23	1,062,929,285.28	437,413,666.30	84,445,291.08
Yangmao Company	25%	25%	1,726,077,599.17	871,617,707.13	854,459,892.04	580,301,061.27	227,765,168.72
GZ W2 Company	25%	25%	2,565,901,479.15	1,646,018,521.03	919,882,958.12	306,531,927.17	38,638,469.52
Guangyun Company	30%	30%	1,259,878,002.48	843,841,352.51	416,036,649.97	265,087,118.52	69,498,497.90
			14,088,137,787.67	9,211,493,637.64	4,876,644,150.03	2,700,856,649.67	591,250,871.74

(e) The directors of the Company considered that the Group has no material joint venture or associate for the year ended 31 December 2013 and 2012 as the investment income/(loss) from individual joint venture or associate does not exceed 10% of the total profit of the Group.

5 Notes to the consolidated financial statements (continued)

(7) Investment properties

	Car parking spaces
Cost	
31 December 2012 and 31 December 2013	18,180,000.00
Accumulated amortisation	
31 December 2012	(2,350,775.00)
Current year additions	(575,700.00)
31 December 2013	(2,926,475.00)
Net book value	
31 December 2013	15,253,525.00
31 December 2012	15,829,225.00

In 2013, the investment properties generated lease income of RMB2,502,162.00 (2012: RMB2,311,750.00) and incurred direct expenditures of RMB1,168,146.38 (2012: RMB1,126,836.93).

As at 31 December 2013, no provision for impairment loss of investment properties was required (31 December 2012: nil).

5 Notes to the consolidated financial statements (continued)

(8) Fixed assets

	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Total
Cost					
31 December 2012	584,147,250.31	1,090,052,367.86	29,796,544.18	56,655,423.90	1,760,651,586.25
Transfers from construction in progress in current year (Note 5(9))	921,908.00	9,746,700.00	-	-	10,668,608.00
Purchase in current year	-	31,592,748.39	2,278,945.00	2,763,345.17	36,635,038.56
Adjustment to cost due to final settlement in current year	56,425,393.72	35,489,450.37	-	-	91,914,844.09
Current year reductions	-	(2,782,527.75)	(861,180.00)	(3,272,309.85)	(6,916,017.60)
31 December 2013	641,494,552.03	1,164,098,738.87	31,214,309.18	56,146,459.22	1,892,954,059.30
Accumulated depreciation					
31 December 2012	139,544,686.03	463,296,502.10	19,750,151.01	39,985,329.69	662,576,668.83
Current year additions	22,553,591.10	91,138,331.91	3,387,994.38	5,848,115.58	122,928,032.97
Current year reductions	-	(1,641,982.92)	(806,323.95)	(2,926,477.30)	(5,374,784.17)
31 December 2013	162,098,277.13	552,792,851.09	22,331,821.44	42,906,967.97	780,129,917.63
Net book value					
31 December 2013	479,396,274.90	611,305,887.78	8,882,487.74	13,239,491.25	1,112,824,141.67
31 December 2012	444,602,564.28	626,755,865.76	10,046,393.17	16,670,094.21	1,098,074,917.42

As at 31 December 2013, the Group has buildings with net book value of RMB350,170,169.42 (cost: RMB497,169,375.77) lacking certificates of ownership (31 December 2012: net book value of RMB309,660,176.98, cost of RMB440,743,982.65). Due to the unique feature of the Group's operation, toll roads and the affiliated buildings and structures would be returned to the government when the approved operating periods expire. Thus, the Group has no intention to acquire the related property ownership certificates.

In 2013, depreciation expenses amounting to RMB117,336,457.71 (2012: RMB122,012,181.03) and RMB5,591,575.26 (2012: RMB5,978,884.43) had been charged into costs of services and general and administrative expenses, respectively. As at 31 December 2013, no provision for impairment of fixed assets was required (31 December 2012: nil).

5 Notes to the consolidated financial statements (continued)

(9) Construction in progress

Name	Budget amount	31 December 2012	Current year additions	Transfer to fixed assets	Other reductions in current year	31 December 2013	Source of funds	% contribution in budget of current year	Progress of construction
Toll-by-weight projects	22 million	-	13,905,659.64	-	-	13,905,659.64	Self-owned funds	63.18%	In progress
Billboard and light box projects	10 million	1,123,230.00	3,109,068.00	(524,768.00)	-	3,707,530.00	Self-owned funds	31.09%	In progress
Integrated toll system projects	82 million	-	3,443,800.00	-	-	3,443,800.00	Self-owned funds	4.73%	In progress
Toll lanes reconstruction projects	5 million	-	3,477,755.27	-	-	3,477,755.27	Self-owned funds	67.91%	In progress
Project of central isolation area of Wuhuang Expressway	13 million	9,746,700.00	-	(9,746,700.00)	-	-	Self-owned funds	-	Completed
Others	*	5,487,454.44	7,821,507.67	(397,140.00)	(1,106,059.44)	11,805,762.67	Self-owned funds	*	In progress
Total		16,357,384.44	31,757,790.58	(10,668,608.00)	(1,106,059.44)	36,340,507.58			

* The budgets of these projects were not disclosed as the amounts are not material.

As at 31 December 2013, no provision for impairment of construction in progress was required (31 December 2012: nil).

5 Notes to the consolidated financial statements (continued)

(10) Intangible assets

	Cost	31 December 2012	Current year addtions	Current year adjustment to cost due to final completion accounts	Current year amortisation	Current year disposal	31 December 2013	Accumulated amortisation
Concession intangible assets	21,476,247,998.06	18,581,664,219.22	379,696,928.39	(228,700,760.48)	(806,221,111.05)	(244,744,392.42)	17,681,694,883.66	(3,794,553,114.40)
- Qinglian Expressway*	9,228,999,209.22	8,784,297,595.90	-	(162,100,308.46)	(230,591,924.78)	-	8,391,605,362.66	(837,393,846.56)
- Nanguang Expressway	2,790,981,381.35	2,607,675,384.63	27,378,415.09	-	(69,993,361.80)	-	2,565,060,437.92	(225,920,943.43)
- Shenzhen Airport-Heao Expressway (Eastern Section)	3,092,170,511.84	2,574,251,040.77	-	-	(201,348,847.09)	(1,681,994.35)	2,371,220,199.33	(720,950,312.51)
- Yanba Expressway	1,255,337,192.11	1,155,889,969.70	-	(66,600,452.02)	(40,367,164.26)	-	1,048,922,353.42	(206,414,838.69)
- Wuhuang Expressway	1,523,192,561.64	951,756,108.70	-	-	(94,865,157.38)	-	856,890,951.32	(666,301,610.32)
- Meiguan Expressway	1,772,314,036.53	985,081,054.91	342,621,101.09	-	(59,465,059.64)	(2,562,867.86)	1,265,674,228.50	(506,639,808.03)
- Yanpai Expressway***	910,532,308.18	703,635,716.21	-	-	(47,752,166.67)	-	655,883,549.54	(254,648,758.64)
- Shenzhen Airport-Heao Expressway (Western Section)	843,668,552.23	514,253,419.92	-	-	(46,867,863.91)	-	467,385,556.01	(376,282,996.22)
- National Highway No. 107 (Qinglian Section)**	-	255,469,095.73	-	-	(14,969,565.52)	(240,499,530.21)	-	-
- Outer Ring Expressway	59,052,244.96	49,354,832.75	9,697,412.21	-	-	-	59,052,244.96	-
Office software	5,772,672.00	2,052,831.37	3,067,452.00	-	(689,680.72)	-	4,430,602.65	(1,342,069.35)
Billboard land use rights	150,323,430.73	52,529,991.67	47,793,525.04	-	(30,185,773.89)	-	70,137,742.82	(80,185,687.91)
Total	21,632,344,100.79	18,636,247,042.26	430,557,905.43	(228,700,760.48)	(837,096,565.66)	(244,744,392.42)	17,756,263,229.13	(3,876,080,871.66)

5 Notes to the consolidated financial statements (continued)

(10) Intangible assets (continued)

* The pledge information relating to the concession intangible assets of Qinglian Expressway is set out in Note 5(22)(a).

** Pursuant to a notice issued by Guangdong Provincial Transportation Department (Yue Jiao Ming Dian (2013) No. 56) in 2013, the toll collection period of toll roads with their financing loans being repaid by the government after the commencement of their operation shall not exceed 20 years. Pursuant to this notice, National Highway No. 107 (Qinglian Section) operated by Qinglian Company, a subsidiary of the Company, ceased its toll collection from 24:00 on 30 June 2013. The original approved toll collection period of National Highway No. 107 (Qinglian Section) will end in February 2028. Since the toll collection right of National Highway No. 107 (Qinglian Section) is a beneficial right obtained through legal investments and approval procedures, the Company has negotiated with relevant government authority to protect its legal rights and discussed the potential compensation. In late December 2013, according to the latest communication result between relevant government authority and the Company, the concession intangible assets and relevant fixed assets of National Highway No. 107 (Qinglian Section) with net book value as at 31 December 2013 of RMB240,499,530.21 and RMB145,005.44, respectively, were disposed and recognised as a non-operating loss.

*** The pledge information relating to the concession intangible assets of Yanpai Expressway is set out in Note 5(22)(a).

In 2013, the amortisation of intangible assets amounting to RMB837,096,565.66 was charged to current year's income statement (2012: RMB684,569,414.65).

In 2013, the borrowing costs capitalised in intangible assets are analysed as follows:

	Accumulated borrowing costs capitalised	Including: borrowing costs capitalised in current year	Capitalisation rate in current year
The Reconstruction and Expansion of Meiguan Expressway Project	25,468,752.64	15,579,435.43	5.37%
Nanguang Expressway	94,898,284.78	1,388,584.59	3.00%
	120,367,037.42	16,968,020.02	

5 Notes to the consolidated financial statements (continued)

(11) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets without taking into consideration the offsetting of balances

	31 December 2013		31 December 2012	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provisions for maintenance and resurfacing of the toll roads (i)	75,320,779.21	301,283,116.84	117,921,437.04	471,685,748.16
Compensation provided by concession grantors (ii)	22,290,979.89	89,163,919.56	23,091,745.34	91,552,336.50
Deductible tax losses (iii)	152,765,946.57	611,063,786.27	82,783,574.01	331,134,296.03
Payroll accrued but not paid	2,321,339.25	9,285,357.00	1,475,634.30	6,707,428.64
Other	1,511,912.78	6,047,651.12	1,685,177.48	6,740,709.92
	254,210,957.70	1,016,843,830.79	226,957,568.17	907,820,519.25
Including:				
Expected to be utilised within 1 year (including 1 year)	39,678,757.29		43,574,687.98	
Expected to be utilised over 1 year	214,532,200.41		183,382,880.19	
	254,210,957.70		226,957,568.17	

(i) Deferred tax asset was recognised based on the temporary difference between tax base and accounting base of provisions for maintenance/resurfacing obligations of toll roads.

(ii) Deferred tax asset was recognised based on the temporary difference between tax base and book value of compensation provided by concession grantors in prior years.

(iii) The Group estimated that Qinglian Company could generate profit against which the deductible tax losses incurred in current year and prior years can be utilised in the future. Accordingly, a deferred tax asset on deductible tax losses was recognised.

5 Notes to the consolidated financial statements (continued)

(11) Deferred tax assets and deferred tax liabilities (continued)

(b) Deferred tax liabilities without taking into consideration the offsetting of balances

	31 December 2013		31 December 2012	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
The amortisation of concession intangible assets (i)	54,299,215.86	217,196,863.44	59,034,129.07	236,136,516.28
Business combinations involving enterprises not under common control (ii)				
- Qinglian Company	340,687,509.92	1,375,969,267.29	349,950,786.77	1,413,022,374.69
- Airport-Heao Eastern Company	414,975,100.92	1,659,900,403.72	450,184,182.74	1,800,736,731.00
- JEL Company	160,538,931.28	642,644,315.52	178,122,107.63	712,977,020.92
- Meiguan Company	29,798,738.02	119,194,952.08	33,353,410.56	133,413,642.24
Convertible bonds (iii)	-	-	12,357,993.49	49,431,973.96
	1,000,299,496.00	4,014,905,802.05	1,083,002,610.26	4,345,718,259.09
Including:				
Expected to be settled within 1 year (including 1 year)	90,326,157.26		74,432,802.83	
Expected to be settled over 1 year	909,973,338.74		1,008,569,807.43	
	1,000,299,496.00		1,083,002,610.26	

(i) The deferred tax liability was recognised based on the temporary difference between tax base (straight line basis) and accounting base (traffic volume basis) of the amortisation of toll road concession intangible assts.

(ii) When the Company acquired equity interests of Qinglian Company, Airport-Heao Eastern Company, JEL Company and Meiguan Company, deferred tax liabilities were recognised on temporary differences between the fair values and book values of the respective identifiable assets and liabilities acquired.

(iii) Deferred tax liability was recognised based on temporary difference between the issued amount of the convertible bonds and bonds' liability component initially recognised on the inception date.

(c) Deductible tax losses that were not recognised as deferred tax assets are analysed as follows:

	31 December 2013	31 December 2012
Deductible tax losses	213,714,129.99	192,122,750.84

5 Notes to the consolidated financial statements (continued)

(11) **Deferred tax assets and deferred tax liabilities (continued)**

(d) The aforesaid unrecognised deductible tax losses will be due in the following years:

	31 December 2013	31 December 2012
Year 2014	30,139,513.95	30,139,513.95
Year 2015	126,651,015.07	126,651,015.07
Year 2016	15,668,426.07	15,668,426.07
Year 2017	19,663,795.75	19,663,795.75
Year 2018	21,591,379.15	-
	213,714,129.99	192,122,750.84

(e) Offsetting of balances of deferred tax assets and liabilities

	31 December 2013	31 December 2012
Deferred tax assets	(186,361,990.64)	(147,719,104.74)
Deferred tax liabilities	186,361,990.64	147,719,104.74

The net values of deferred assets and liabilities taking into consideration the offsetting of balances are set out as follows:

	31 December 2013		31 December 2012	
	Net values of deferred tax assets/liabilities	Temporary differences after offsetting	Net values of deferred tax assets/liabilities	Temporary differences after offsetting
Deferred tax assets	67,848,967.06	271,395,868.24	79,238,463.43	316,944,100.31
Deferred tax liabilities	813,937,505.37	3,269,457,839.55	935,283,505.52	3,754,841,840.15

5 Notes to the consolidated financial statements (continued)

(12) Short-term borrowings

	31 December 2013	31 December 2012
Unsecured	450,400,000.00	1,000,000.00

(a) As at 31 December 2013, there were no short-term borrowings past due but have not been repaid (31 December 2012: nil).

(b) As at 31 December 2013, the weighted average interest rate of short-term borrowings was 5.82% (per annum (31 December 2012: 4.49%).

(c) Short-term borrowings due to related parties is analyzed as follows:

	31 December 2013	31 December 2012
Qinglong Company	400,000.00	-

(13) Accounts payable

	31 December 2013	31 December 2012
Payables for construction projects and quality deposits	375,719,993.22	661,807,999.88

As at 31 December 2013, accounts payable with ageing over 1 year amounting to RMB168,361,364.62 (31 December 2012: RMB563,402,869.75), mainly represent payables in relation to construction projects, quality deposits and purchase of materials. The payables have not been settled since the final audits of projects are not completed. As at the date on which the financial statements are authorised for issue, the aforesaid accounts payable amounting to RMB29,622,878.76 have been repaid.

Accounts payable to related parties are analysed as follows:

	31 December 2013	31 December 2012
Consulting Company	6,738,801.10	-

As at 31 December 2013 and 31 December 2012, there were no accounts payable to shareholders holding more than 5% (including 5%) of the voting rights of the Company.

As at 31 December 2013 and 31 December 2012, all accounts payable were denominated in RMB.

5 Notes to the consolidated financial statements (continued)

(14) Advances from customers

	31 December 2013	31 December 2012
Advances from advertising customers	17,305,717.29	18,593,485.00
Others	1,583,333.03	750,000.00
	18,889,050.32	19,343,485.00

As at 31 December 2013 and 31 December 2012, the aging of advances from customers was within one year.

As at 31 December 2013 and 31 December 2012, there were neither advances from shareholders holding more than 5% (including 5%) of the voting rights of the Company nor advances from related parties.

As at 31 December 2013 and 31 December 2012, all advances from customers were denominated in RMB.

(15) Employee benefits payable

	31 December 2012	Current year additions	Current year reductions	31 December 2013
Wages and salaries, bonuses, allowances and subsidies	78,447,246.46	232,791,872.34	(212,588,804.73)	98,650,314.07
Staff welfare	-	20,379,930.66	(20,379,930.66)	-
Social security contributions	163,531.95	25,180,231.17	(25,207,201.87)	136,561.25
Including: Medical insurance	41,657.10	6,414,253.52	(6,421,123.87)	34,786.75
Basic pensions	99,438.31	15,311,256.27	(15,327,656.25)	83,038.33
Unemployment insurance	11,660.78	1,795,497.51	(1,797,420.68)	9,737.61
Work injury insurance	5,372.41	827,230.05	(828,116.10)	4,486.36
Maternity insurance	5,403.35	831,993.82	(832,884.97)	4,512.20
Housing funds	-	13,533,736.49	(13,533,736.49)	-
Labor union funds and employee education funds	3,549,578.24	2,847,104.10	(2,286,616.24)	4,110,066.10
Enterprise annuities	506,268.03	6,009,723.16	(5,873,575.34)	642,415.85
Others	285,490.26	700,155.00	(164,500.00)	821,145.26
	82,952,114.94	301,442,752.92	(280,034,365.33)	104,360,502.53

As at 31 December 2013, there were no overdue employee benefits payable. About 91.10% of the total balance is estimated to be paid off or utilised in 2014, while the rest 8.90% of the balance is expected to be paid when related conditions are met.

5 Notes to the consolidated financial statements (continued)

(16) Taxes payable

	31 December 2013	31 December 2012
Corporate income tax payable	60,444,435.82	50,082,557.77
Business tax payable	9,455,666.63	12,774,272.43
Educational surcharge payable	351,812.08	458,792.92
City maintenance and construction tax payable	694,340.17	923,781.20
VAT payable	478,877.93	508,743.36
Others	2,485,543.36	2,137,331.67
	73,910,675.99	66,885,479.35

(17) Interest payable

	31 December 2013	31 December 2012
Interest of corporate bonds	57,292,239.11	57,292,239.11
Interest of long-term borrowings with interest payable in installment and principal payable upon maturity	10,510,889.91	9,366,220.26
Interest of private placement notes	1,338,770.06	1,338,770.00
Interest of short-term borrowings	916,388.12	3,733,400.00
Interest of convertible bonds	-	3,410,959.00
Interest of medium-term notes	-	27,264,849.32
	70,058,287.20	102,406,437.69

(18) Other payables

		31 December 2013	31 December 2012
Payable related to maintenance for roads		91,321,952.90	90,972,967.43
Advance from associates		70,636,595.28	62,176,022.47
Guaranteed deposits for construction projects contracts or pitches	(a)	68,968,758.66	85,980,391.73
Project funds payables to the contractors of Longli BT Project		61,289,758.87	30,851,611.90
Payable related to land expropriation of Longli joint land development		55,683,914.00	-
Payable related to costs of construction management services		46,724,431.93	72,482,017.72
Payable related to the maintenance of Airport-Heao Expressway		41,671,815.42	-
Mechanical and electrical costs payable		36,253,586.05	13,653,559.61
Project funds retained for construction management contracts	(b)	1,371,284.40	1,851,879.88
Others		44,877,808.94	58,186,703.66
		518,799,906.45	416,155,154.40

5 Notes to the consolidated financial statements (continued)

(18) Other payables (continued)

(a) Guaranteed deposits for construction projects and pitches are deposits received from the contractors as guarantees for pitches and performance commitment relating to construction projects of Qinglian Expressway, Nanguang Expressway, the Reconstruction and Expansion of Meiguan Expressway Project and Nanping (Phase II) Project.

(b) The Company was entrusted by Highway Bureau of Longgang Distinct for the management of the construction of Hengping Project. The project is funded by Shenzhen Government. The related project payments are made by the Company through special deposit accounts opened for the project in accordance with relevant provision in the construction management contracts.

As at 31 December 2013, project funds retained in the special deposit accounts amounting to RMB1,371,284.40 (31 December 2012: RMB1,851,879.88). They are classified as restricted bank balance in cash flow statements.

(c) As at 31 December 2013, other payables aged over 1 year with carrying amount of RMB147,559,355.26 (31 December 2012: RMB135,445,074.76) are analysed as follows:

	31 December 2013	31 December 2012	Reason for unsettlement	Paid as to the reporting date
Advances from associates	56,026,376.43	52,044,681.47	Cash distribution in advance	-
Guaranteed deposits for construction projects or pitches	44,271,933.08	69,661,473.56	Completion audit not completed	3,357,216.13
Payable for maintenance of roads	4,260,352.60	1,792,626.53	Completion audit not completed	100,000.00
Others	43,000,693.15	11,946,293.20	Completion audit not completed	312,032.00
	147,559,355.26	135,445,074.76		3,769,248.13

(d) Other payables to shareholders holding more than 5% (including 5%) of the voting rights of the Company:

	31 December 2013	31 December 2012
Shenzhen International	5,000.00	5,000.00

(e) Other payables to related parties:

	31 December 2013	31 December 2012
Nanjing Third Bridge Company	33,526,376.43	39,544,681.47
GZ W2 Company	30,000,000.00	22,500,000.00
Consulting Company	7,110,218.85	131,341.00
United Electronic Company	1,477,986.12	1,336,522.58
	72,114,581.40	63,512,545.05

(f) As at 31 December 2013 and 31 December 2012, all other payables were denominated in RMB.

5 Notes to the consolidated financial statements (continued)

(19) Provisions

	31 December 2012	Current year movement	31 December 2013
Provisions for maintenance/resurfacing obligations	471,685,747.98	(170,402,631.32)	301,283,116.66
Less: current portion (Note5(21))	(275,793,337.61)	181,489,436.56	(94,303,901.05)
	195,892,410.37	11,086,805.24	206,979,215.61

(20) Other current liabilities

	31 December 2013	31 December 2012
Deferred income	1,923,817.30	-

Government grants detail	31 December 2012	Current year addition	Included in the non-operating income in current year	31 December 2013	related assets
Return of deed taxes	-	1,923,817.30	-	1,923,817.30	Related to the land of Guishen Company to be developed

(21) Current portion of non-current liabilities

	31 December 2013	31 December 2012
Current portion of long-term borrowings		
Including: Pledged (Note 5(22)(a))	151,353,640.00	99,200,000.00
Guaranteed (Note 5(22)(b))	27,830,000.00	-
Unsecured (a)	322,163,200.00	18,028,900.00
	501,346,840.00	117,228,900.00
Current portion of provisions (Note 5(19))	94,303,901.05	275,793,337.61
Current portion of derivative liabilities (Note 5(24))	24,676,144.27	-
Current portion of medium-term notes (Note 5(23))	-	699,523,703.83
Current portion of convertible bonds (Note 5(23))	-	1,446,445,174.18
	620,326,885.32	2,538,991,115.62

5 Notes to the consolidated financial statements (continued)

(21) Current portion of non-current liabilities (continued)

(a) Details of current portion of long-term unsecured borrowings are set out as follows:

	Beginning date	Termination date	Interest rate	Currency	31 December 2013 Amount in foreign currencies	31 December 2013 Amount in RMB
Shenzhen Branch of China Construction Bank Corporation	2009.9.17	2014.9.17	HIBOR+150BPS	HKD	336,000,000.00	264,163,200.00
Loans borrowed from Qinglong Company	2013.7.1	2014.12.31	6.00%	RMB		58,000,000.00
						322,163,200.00

(b) Current portion of non-current liabilities due to related parties is analyzed as follows:

	31 December 2013	31 December 2012
Qinglong Company	58,000,000.00	-

(22) Long-term borrowings

	31 December 2013	31 December 2012
Pledged (a)	4,923,524,000.00	4,945,277,000.00
Guaranteed (b)	83,490,000.00	-
Unsecured (c)	250,000,000.00	272,462,400.00
	5,257,014,000.00	5,217,739,400.00

(a) As at 31 December 2013, details of long-term pledged borrowings are set out as follows:

	Interest rate	Currency	31 December 2013 Amount in foreign currencies	31 December 2013 Amount in RMB	Pledge details
Syndicated borrowings	5.895%~6.55%	RMB		4,242,424,000.00	Operating rights of Qinglian Expressway
Industrial and Commercial Bank of China Corporation	5.508%	RMB		565,000,000.00	40% equity interest of Qinglong Company held by the Company
Industrial and Commercial Bank of China Corporation	5.535%	RMB		240,000,000.00	Operating rights of Yanpai Expressway owned by the company
Industrial and Commercial Bank of China Corporation	5.76%	RMB		10,000,000.00	Operating rights of Yanpai Expressway owned by the company
Industrial and Commercial Bank of China (Asia) Corporation	HIBOR+260BPS	HKD	22,200,000.00	17,453,640.00	55% equity interest of JEL Company held by Mei Wah Company
				5,074,877,640.00	
Including: Current portion of syndicated borrowings				(121,400,000.00)	Operating rights of Qinglian Expressway
Current portion of pledged loans from Industrial and Commercial Bank of China Corporation				(12,500,000.00)	Operating rights of Yanpai Expressway owned by the company
Current portion of pledged loans from Industrial and Commercial Bank of China (Asia) Corporation			(22,200,000.00)	(17,453,640.00)	55% equity interest of JEL Company held by Mei Wah Company
				4,923,524,000.00	

5 Notes to the consolidated financial statements (continued)

(22) Long-term borrowings (continued)

(b) As at 31 December 2013, borrowings amounting to RMB111,320,000.00 (with current portion of RMB27,830,000.00) held by Guishen Company are guaranteed by the Company and CCCC-SHB Fifth Engineering Co., Ltd., one of the minority interests (31 December 2012: nil).

(c) The unsecured long-term borrowings amounts to RMB250,000,000.00 (31 December 2012: HKD336,000,000.00 (equivalent to RMB272,462,400.00)). The weighted average interest rate of the unsecured long-term borrowings for the year ended 31 December 2013 was 3.51% per annum (2012: 1.90% per annum).

(d) The five largest long-term borrowings:

	Starting date	Ending date	Currency	Interest rate	31 December 2013	31 December 2012
Syndicated borrowings (part A)	2006.9.30	2024.6.20	RMB	6.12%/5.895%	2,003,300,000.00	2,099,900,000.00
Syndicated borrowings (part B)	2006.9.30	2024.6.20	RMB	6.12%/5.895%	1,534,000,000.00	1,534,000,000.00
Syndicated borrowings (part C)	2011.1.6	2027.1.6	RMB	6.12%/6.55%/5.895%	583,724,000.00	608,524,000.00
Industrial and Commercial Bank of China Corporation	2006.3.15	2021.3.12	RMB	5.508%	565,000,000.00	565,000,000.00
The Export-Import Bank of China	2013.9.10	2018.9.9	RMB	5.76%	250,000,000.00	-
					4,936,024,000.00	4,807,424,000.00

As at 31 December 2013, the weighted average interest rate of long-term borrowings was 5.64% per annum (31 December 2012: 5.75%).

(23) Bonds payable

	31 December 2012	Current year repayment	Amortisation in current year	31 December 2013
Convertible bonds	1,446,445,174.18	(1,500,000,000.00)	53,554,825.82	-
Corporate bonds	2,283,479,360.75	-	7,058,153.64	2,290,537,514.39
Medium-term notes	699,523,703.83	(700,000,000.00)	476,296.17	-
Private placement notes	798,201,719.09	-	62,746.92	798,264,466.01
	5,227,649,957.85	(2,200,000,000.00)	61,152,022.55	3,088,801,980.40
Including: Current portion of medium-term notes	(699,523,703.83)			-
Current portion of convertible bonds	(1,446,445,174.18)			-
	3,081,681,079.84			3,088,801,980.40

5 Notes to the consolidated financial statements (continued)

(23) Bonds payable (continued)

Related information is as follows:

	Currency	Par value	Date of issuance	Maturity	Issued amount	Coupon rate
Convertible bonds (a)	RMB	1,500,000,000.00	9 October 2007	6 years	1,500,000,000.00	1%
Corporate bonds (b)	RMB	800,000,000.00	31 July 2007	15 years	800,000,000.00	5.5%
Corporate bonds (b)	RMB	1,500,000,000.00	2 August 2011	5 years	1,500,000,000.00	6.0%
Medium-term notes (c)	RMB	400,000,000.00	15 March 2010	3 years	400,000,000.00	4.97%
Medium-term notes (c)	RMB	300,000,000.00	26 March 2010	3 years	300,000,000.00	4.97%
Private placement notes (d)	RMB	800,000,000.00	20 December 2012	3 years	800,000,000.00	5.9%

The interests accrued in the balance are analysed as follows:

	31 December 2012	Current year accrued	Current year paid	31 December 2013
Convertible bonds	3,410,959.00	11,589,041.00	(15,000,000.00)	-
Corporate bonds	57,292,239.11	134,000,000.00	(134,000,000.00)	57,292,239.11
Medium-term notes	27,264,849.32	7,525,150.68	(34,790,000.00)	-
Private placement notes	1,338,770.00	48,802,360.06	(48,802,360.00)	1,338,770.06
	89,306,817.43	201,916,551.74	(232,592,360.00)	58,631,009.17

(a) Convertible bonds

The interests of the convertible bonds are repayable once a year (on 9 October each year), and the principal is repayable upon maturity together with the final installment of interest. The convertible bonds have been fully repaid during this year.

The convertible bonds is guaranteed by the Shenzhen Branch of Agricultural Bank of China Corporation, which is in turn pledged by the Company with 47.3% of operating right of Nanguang Expressway. The pledge was removed upon the fully repayment of the convertible bonds during this year.

The fair value of liability component of convertible bonds is determined based on market interest rate of comparable bonds without warrants at issuance date, i.e. 5.5%. The issued amount of the convertible bonds after deduction of fair value of liability component, which represents fair value of the conversion option, was included in capital surplus.

5 Notes to the consolidated financial statements (continued)

(23) Bonds payable (continued)

(b) Corporate bonds

The Company issued long-term corporate bonds with principal amount of RMB800,000,000.00 bearing a term of 15 years and interest of 5.5% per annum on 31 July 2007 in accordance with the approval of Fa Gai Cai Jin (2007) No.1791 issued by National Development & Reform Commission. Interest is repayable annually (on 31 July every year) and the principal is repayable in full upon maturity on 31 July 2022. The principal and interest of the bonds is unconditionally and irrevocably guaranteed by China Construction Bank Corporation, which is in turn secured by the Company's 100% equity interest in Meiguan Company. As at 31 December 2013, the fair value of corporate bonds approximated RMB761,013,484.28, which was calculated using cash flows discounted method based on market interest rate of comparable corporate bond at 5.75% per annum.

Upon the approval of Zheng Jian Xu Ke (2011) No.1131 issued by China Securities Regulatory Commission, the Company issued long-term corporate bonds with principal amount of RMB1,500,000,000.00 on 2 August 2011. The bonds bear interest of 6.0% per annum, with the interest repayable annually and the principal repayable in full upon maturity on 27 July 2016. The term of the bonds is five-year. At the end of the third year, the Company has an option to increase the coupon interest of the bonds and the bondholders have put options to sell the bonds back to the Company. As at 31 December 2013, the fair value of the bonds approximated to RMB 1,426,070,864.57 which was calculated using discounted cash flow method and market interest rate of comparable corporate bond at 6.51% per annum.

(c) Medium-term notes

In March 2010, the Company issued medium-term notes with principal amount of RMB700 million. The notes bear a term of three years and interest rate of 3.72% per annum for the first year and 4.47% per annum from the second year and 4.97% per annum for the third year. The medium-term notes have been fully repaid during this year.

(d) Private placement notes

On 18 December 2012, the Company obtained the approval from the National Association of Financial Market Institutional Investors in relation to the issuance of private placement notes amounting to RMB1,500,000,000.00. The registered quota is valid within two years from the date of issue of the Notice of the Acceptance of Registration, and the Company is allowed to issue the private placement notes in tranches during the validity period. On 20 December 2012, the Company issued the initial tranche of private placement notes amounting to RMB800,000,000.00, which bear a term of 3 years and interest rate of 5.90% per annum with interest repayable annually and the principal repayable in full upon maturity on 20 December 2015.

The fair values of private placement notes approximate to their carrying amounts as the comparable market rate is close to the coupon rate and the effect of discounting is not significant.

5 Notes to the consolidated financial statements (continued)

(24) Derivative liabilities

		31 December 2013	31 December 2012
Cash flow hedges :			
CNY/HKD cross currency interest rate swap	(a)	24,676,144.27	16,070,892.42
Less: Current portion (Note 5(21))		(24,676,144.27)	-
		-	16,070,892.42

(a) CNY/HKD cross currency and interest rate swap

The Company uses a CNY/HKD cross currency interest rate swap contract to hedge its interest rate risk and exchange rate risk of one variable-rate foreign currency loan with a notional principal amount of HKD420,000,000 (31 December 2012: HKD420,000,000). The payment term of this loan is: HKD21,000,000 is repayable each year in September from 2010 to 2013, HKD336,000,000 is repayable in September 2014. The outstanding notional principal amount of the CNY/HKD cross currency interest rate swap contract as at 31 December 2013 was HKD336,000,000 (31 December 2012: HKD357,000,000). Through this arrangement, the Company is able to pay an fixed interest at 1.8% per annum and to repay the principal at a fixed HKD/RMB exchange rate agreed in the contract while the original floating interest (3-month HIBOR+150BPS) and principal payments (at HKD/RMB exchange spot rate) attached to the loan is offset by the CNY/HKD cross currency interest rate swap. This swap is settled on a quarterly basis from June 2010 to September 2014.

(25) Share capital

	31 December 2012	Current year additions	Current year reductions	31 December 2013
Par value RMB1 per share				
Shares not subject to trading restrictions -				
RMB ordinary shares	1,433,270,326.00	-	-	1,433,270,326.00
Oversea listed foreign shares	747,500,000.00	-	-	747,500,000.00
Total share capital	2,180,770,326.00	-	-	2,180,770,326.00

	31 December 2011	Current year additions	Current year reductions	31 December 2012
Par value RMB1 per share				
Shares not subject to trading restrictions -				
RMB ordinary shares	1,433,270,326.00	-	-	1,433,270,326.00
Oversea listed foreign shares	747,500,000.00	-	-	747,500,000.00
Total share capital	2,180,770,326.00	-	-	2,180,770,326.00

5 Notes to the consolidated financial statements (continued)

(26) Capital surplus

	31 December 2012	Current year additions	Current year reductions	31 December 2013
Share premium	2,274,351,523.42	-	-	2,274,351,523.42
Other capital surplus－				
Appreciation of initial equity interest upon business combination	893,132,218.74	-	-	893,132,218.74
Cash flow hedges-after tax	13,055,818.95	(8,605,251.85)	10,348,113.96	14,798,681.06
Equity investment reserve	406,180.00	-	-	406,180.00
Others	65,760.27	-	-	65,760.27
	3,181,011,501.38	(8,605,251.85)	10,348,113.96	**3,182,754,363.49**

	31 December 2011	Current year additions	Current year reductions	31 December 2012
Share premium	2,274,351,523.42	-	-	2,274,351,523.42
Other capital surplus-				
Appreciation of initial equity interest upon business combination	893,132,218.74	-	-	893,132,218.74
Cash flow hedges-after tax	16,590,228.99	3,771,447.30	(7,305,857.34)	13,055,818.95
Equity investment reserve	406,180.00	-	-	406,180.00
Others	65,760.27	-	-	65,760.27
	3,184,545,911.42	3,771,447.30	(7,305,857.34)	3,181,011,501.38

(27) Surplus reserve

	31 December 2012	Current year additions	31 December 2013
Statutory surplus reserve	1,150,873,685.81	77,158,459.67	1,228,032,145.48
Discretionary surplus reserve	453,391,330.06	-	453,391,330.06
	1,604,265,015.87	77,158,459.67	1,681,423,475.54

	31 December 2011	Current year additions	31 December 2012
Statutory surplus reserve	1,081,503,618.42	69,370,067.39	1,150,873,685.81
Discretionary surplus reserve	453,391,330.06	-	453,391,330.06
	1,534,894,948.48	69,370,067.39	1,604,265,015.87

In accordance with the Companies Law, the Company's Articles of Association and the resolution of Board of Directors, companies should appropriate 10% of net profit for the year to the statutory surplus reserve, and companies can cease appropriation when the statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase capital after approval from the appropriate authorities. According to a resolution passed by the Board of Directors, the Company appropriated 10% of net profit, amounting to RMB77,158,459.67 for the year 2013, (2012: 10% of the net profit for year, amounting to RMB69,370,067.39) to the statutory surplus reserve.

The Company appropriates discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase capital after approval from the appropriate authorities. The Company did not appropriate any discretionary surplus reserve for the year 2013 (2012: nil).

5 Notes to the consolidated financial statements (continued)

(28) Undistributed profits

	2013		2012	
	Amount	Appropriation/ distribution ratio	Amount	Appropriation/ distribution ratio
Undistributed profits at the beginning of the year	2,570,439,249.07		2,304,205,866.63	
Add: Net profit attributable to equity holders of the Company in current year	719,691,617.00		684,526,701.99	
Less: Appropriation for statutory surplus reserve	(77,158,459.67)	10.72%	(69,370,067.39)	10.13%
Appropriation for discretionary surplus reserve	-	-	-	-
Dividends	(283,500,142.38)	41.42%	(348,923,252.16)	39.87%
Undistributed profits at the end of the year	2,929,472,264.02		2,570,439,249.07	

As at 31 December 2013, included in the undistributed profits, RMB365,486,530.30 represents subsidiaries' surplus reserve attributable to the Company (31 December 2012: RMB263,195,123.54), including RMB40,551,365.90 which represented subsidiaries' surplus reserve appropriated in current year (2012: RMB24,475,413.23).

In accordance with the resolution passed in the Annual General meeting on 15 May 2013, the Company proposed a cash dividend to all shareholders amounting to RMB283,500,142.38, which was calculated by reference to the 2,180,770,326 shares issued and a dividend of RMB0.13 per share. The cash dividend represented 41.42% of the net profit for the year ended 31 December 2012.

In accordance with the resolution passed in the Board of Directors' meeting dated on 19 March 2014, the Board of Directors proposed a cash dividend in the amount of RMB0.16 per share, amounting to RMB348,923,252.16 as calculated by total number of issued shares of 2,180,770,326 shares. The proposed final dividend resolution is subject to the approval in the shareholders' meeting (Note 10). The proposed cash dividend represents 48.48% of the net profit for the year ended 31 December 2013.

(29) Revenue and cost of services

	2013	2012
Revenue from main business (a)	2,898,290,836.01	2,726,353,184.85
Revenue from other businesses (b)	380,990,221.25	408,269,908.19
	3,279,281,057.26	3,134,623,093.04
Cost of main business (a)	1,409,347,264.49	1,301,578,996.25
Cost of other businesses (b)	116,850,029.08	209,153,259.83
	1,526,197,293.57	1,510,732,256.08

(a) Revenue and cost of services from main business

	2013		2012	
	Revenue of main business	Cost of main business	Revenue of main business	Cost of main business
Revenue from toll road	2,898,290,836.01	1,409,347,264.49	2,726,353,184.85	1,301,578,996.25

The Group's revenue from toll road is generated from Guangdong Province and Hubei Province.

5 Notes to the consolidated financial statements (continued)

(29) Revenue and cost of services (continued)

(b) Revenue and cost of services from other businesses

	2013		2012	
	Revenue from other businesses	Cost of other businesses	Revenue from other businesses	Cost of other businesses
Management services revenue (i)	266,655,579.94	53,061,451.64	294,485,944.84	152,312,757.54
Advertising services revenue	100,636,927.57	62,620,431.06	95,291,780.21	55,713,665.36
Other revenues	13,697,713.74	1,505,785.54	18,492,183.14	1,126,836.93
	380,990,221.25	116,850,029.08	408,269,908.19	209,153,259.83

(i) Management services revenue

The Company was engaged by the local government authorities to manage the construction of several toll road construction projects, namely the Nanping (Phase I) Project, Nanping (Phase II) Project , Hengping Project, the Wutong Mountain Avenue (Supplementary Road) and Airport-Heao Expressway Yantian Subsidiary Road Checkpoint Station Project ('Wutong Mountain Project'), the renovation project of the Shenyun-North Ring Interchange ('Shenyun Project'), the Longhua expanding section of Longda Expressway ('Longhua Extension'), Coastal Project, the construction project of municipal facilities of Dalang Section of Longda Expressway ('Longda Municipal Section'), Longli BT Project, and Guilong Urban Economic Zone Wangguan Comprehensive Resettlement Area Project Phase I ("Longli Resettlement (Phase I) Project"). Nanping (Phase I) Project, Shenyun Project, Longhua Extension, Hengping Project and Wutong Mountain Project have been completed in prior years. In current year, the Group mainly managed the construction of Nanping (Phase II) Project, Coastal Project, Longda Municipal Section, Longli BT Project and Longli Resettlement (Phase I) Project. The management services income is determined based on the cost savings achieved in managing these construction management projects according to the provisions of the relevant contracts. For Nanping (Phase II) Project, Shenyun Project, Longhua Extension and Longda Municipal Section, the Company is solely granted all the cost savings in construction in case the savings does not exceed by 2.5% of the total budgeted contract costs; while the Company would share 20% of any savings exceeding 2.5% of the total budgeted contract costs. For Coastal Project, the management service revenue is 1.5% of the construction budget while the Company would share 20% of any savings of the total budgeted contract costs. For Longli BT Project, the Company would benefit from both of the return on capital costs and return on investments. Return on capital costs is calculated by 8% of construction funds advanced to the project by the Company while return on investments is calculated by 5% of construction funds advanced to the project plus return on capital costs. For Longli Resettlement (Phase I) Project, the Company is solely granted all the cost savings in construction.

According to the related management services contracts, the Company undertakes to bear cost overruns incurred in the above projects. For Longda Municipal Section Project, Nanping (Phase II) Project, Longli BT Project, Longli Resettlement (Phase I) Project and Shenyun Project, the Company is obliged to bear all the cost overruns incurred in construction as compared to the original budget. For Coastal Project, the Company is obliged to bear 20% of the cost overruns incurred in construction as compared to the original budget. Nevertheless, the outflow of resources arising from expected cost overruns of these projects is considered to be remote by the directors of the Company, after taking into account the actual progress and the status of these projects.

5 Notes to the consolidated financial statements (continued)

(29) Revenue and cost of services (continued)

(b) Revenue and cost of services from other businesses (continued)

(i) Management services revenue (continued)

In current year, the Company recognised construction management service revenue of Nanping (Phase I) Project at RMB554,563.13, in accordance with the budget costs and audit results the project costs. The Company recognised construction management service revenue of Nanping (Phase II) Project and the Coastal Project and Longli BT Project at RMB75,178,305.93 , RMB46,821,193.56 and RMB123,123,121.28 respectively according to the percentage of completion of the projects (2012: RMB84,358,995.55, RMB35,860,703.24 and RMB9,536,066.66 respectively). For Longda Municipal Section Project and Longli Resettlement (Phase I) Project, as the outcome of the construction management services could not be reliably estimated though the costs incurred were expected to be fully recovered, the Group recognised construction management services income based on actual project management expenses and taxes incurred amounting to RMB2,368,281.50 and RMB610,114.54 respectively (2012: RMB1,774,669.41 and nil respectively).

On 29 December 2011, the Company entered into an operation and management entrustment agreement with Baotong Company, a wholly-owned subsidiary of Shenzhen International. Pursuant to the agreement, Baotong Company entrusts the Company to manage its 89.93% equity interests in Longda Company. However, Baotong Company retains the legal ownership in Longda Company and its entitlement to risks and rewards/obligations of Longda Company. In return for the services rendered, the Company is entitled to an annual management entrustment fee of RMB18,000,000.00. The management entrustment fee for the current year amounted to RMB18,000,000.00 (2012: RMB18,000,000.00).

(c) Revenue from the five largest customers of the Group

Except for revenue from toll road, revenue from the five largest customers of the Group amounted to RMB270,323,563.59 (2012: RMB299,711,275.43) which accounted for 8.24% (2012: 9.55%) of the total revenue of the Group. The detail is analysed below:

	Revenue	% of total revenue
Guizhou Longli County Government	123,733,235.82	3.77%
Shenzhen Transportation Bureau	75,732,869.06	2.31%
Coastal Company	46,821,193.56	1.43%
Baotong Company	18,000,000.00	0.55%
China South International Industrial Materials City	6,036,265.15	0.18%
	270,323,563.59	8.24%

5 Notes to the consolidated financial statements (continued)

(29) Revenue and cost of services (continued)

(d) Costs of services by nature

	2013	2012
Salary and wages	242,843,418.80	204,104,177.83
Depreciation	117,336,457.71	122,012,181.03
Amortisation	839,564,970.70	686,934,902.10
Road maintenance expenses	70,859,851.27	114,487,784.71
Material, water and electricity consumption	36,780,284.40	38,309,182.48
Others	218,812,310.69	344,884,027.93
	1,526,197,293.57	1,510,732,256.08

(30) Business tax and surcharges

	2013	2012
Business tax	99,379,787.98	97,433,433.12
Construction fee for country culture development	7,221,273.84	6,712,629.81
Educational surcharge	5,159,291.75	4,461,904.75
City maintenance and construction tax	3,030,412.61	2,726,981.43
Others	1,167,822.49	1,437,537.99
	115,958,588.67	112,772,487.10

(31) General and administrative expenses

	2013	2012
Salary and wages	56,485,507.69	47,056,611.96
Depreciation	7,930,123.58	5,978,884.43
Audit fees	3,840,000.00	3,926,800.00
Expenses paid to stock exchanges	2,958,829.07	3,325,684.28
Office management expenses	2,353,660.29	1,956,090.38
Others	13,963,290.51	17,724,797.59
	87,531,411.14	79,968,868.64

5 Notes to the consolidated financial statements (continued)

(32) Financial expenses - net

	2013	2012
Interest expense	582,118,380.29	610,436,683.45
Including: Interest expenses of borrowings	336,017,826.02	359,488,396.09
Interest expenses of bonds	263,068,574.29	260,278,287.36
Interest capitalisation	(16,968,020.02)	(9,330,000.00)
Time value of provision for maintenance/resurfacing obligations	24,502,875.48	34,387,212.24
Less：interest income	(24,975,054.59)	(34,556,635.52)
Exchange (gains)/losses	(246,838.10)	6,116,707.86
Others	878,359.35	6,034,528.08
	582,277,722.43	622,418,496.11

Interest expenses analysed by the repayment terms of bank and other borrowings are as follows:

	2013		2012	
	Borrowings	Bonds payable	Borrowings	Bonds payable
Borrowings and bonds wholly repayable within five years	38,664,760.67	218,400,420.65	49,877,114.95	215,581,313.45
Borrowings and bonds not wholly repayable within five years	297,353,065.35	44,668,153.64	309,611,281.14	44,696,973.91
	336,017,826.02	263,068,574.29	359,488,396.09	260,278,287.36

(33) Investment income

	2013	2012
Income from long-term equity investments in joint ventures under equity method	13,045,940.84	2,943,895.62
Income from long-term equity investments in associates under equity method	172,630,640.09	125,705,642.78
Income from disposal of investments in a joint venture	-	450,000.00
	185,676,580.93	129,099,538.40

5 Notes to the consolidated financial statements (continued)

(33) Investment income (continued)

There is no significant restriction on the remittance of investment income.

In 2013 and 2012, the Group's investment income was solely generated from non-listed investments.

Investees that contributed investment income for more than 5% of the Group's total profit, or the top five investees that contributed most investment income to the Group's total profit are set out as follows:

	2013	2012	Reason for current year fluctuation
Qinglong Company	61,633,172.62	57,757,586.90	Toll road revenue increased
Yangmao Company	56,941,292.18	39,495,941.77	Toll road revenue increased and financial expenses decreased
Nanjing Third Bridge Company	21,111,322.77	6,083,983.89	Toll road revenue increased and financial expenses decreased
Guangyun Company	20,849,549.37	20,719,836.26	Toll road revenue increased
Shenchang Company	13,045,940.84	2,943,895.62	Toll road revenue increased and special maintenance expenses decreased
	173,581,277.78	127,001,244.44	

(34) Non-operating income and non-operating expenses

(a) Non-operating income

	2013	2012	Amount recorded as non-recurring profit or loss in 2013
Bounty	950,000.00	1,710,000.00	950,000.00
Gain on disposal of fixed assets	3,111,920.32	45,150.00	3,111,920.32
Others	1,713,221.34	1,190,662.33	1,713,221.34
	5,775,141.66	2,945,812.33	5,775,141.66

(b) Non-operating expenses

	2013	2012	Amount recorded as non-recurring profit or loss in 2013
Donation	560,000.00	200,000.00	560,000.00
Loss on disposal of fixed assets	2,351,609.68	3,684,707.52	2,351,609.68
Loss on disposal of concession intangible assets (Note 5(10))	240,499,530.21	-	240,499,530.21
Others	999,553.38	472,406.58	999,553.38
	244,410,693.27	4,357,114.10	244,410,693.27

5 Notes to the consolidated financial statements (continued)

(35) Income tax expenses

	2013	2012
Current income tax calculated according to tax law and related regulations	273,367,136.77	268,623,737.80
Deferred income tax	(109,956,503.78)	(58,787,505.72)
	163,410,632.99	209,836,232.08

The reconciliation from income tax calculated based on the applicable tax rates and profit before tax presented in the consolidated financial statements to the income tax expense is listed below:

	2013	2012
Profit before tax	914,173,270.77	936,419,221.74
Income tax expenses calculated at applicable tax rate of 25% (2012: 25%)	228,543,317.69	234,104,805.44
Difference from the CIT verification collection method of Guishen company	(23,742,355.77)	-
Effect of different tax rate applied for deferred tax calculation	-	3,281,165.88
Income not subject to tax	(50,776,122.84)	(34,046,625.89)
Unrecognised tax losses	5,397,844.79	4,915,948.94
Expenses not deductible for tax purposes	4,278,102.96	1,967,809.49
Deduction of the amortisation of transaction costs of convertible bonds	(290,153.84)	(386,871.78)
Income tax expenses	163,410,632.99	209,836,232.08

(36) Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	2013	2012
Consolidated net profit attributable to ordinary shareholders of the Company	719,691,617.00	684,526,701.99
Weighted average number of ordinary shares outstanding	2,180,770,326.00	2,180,770,326.00
Basic earnings per share	0.330	0.314
Including: Basic earnings per share from continuing operations	0.330	0.314

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares for the year ended 31 December 2013, diluted earnings per share were equal to basic earnings per share.

5 Notes to the consolidated financial statements (continued)

(37) Other comprehensive income after tax

	2013	2012
Gain/(loss) from cash flow hedges	1,742,862.11	(3,534,410.04)
Income tax effect	-	-
Gain/(loss) from cash flow hedges, after tax	1,742,862.11	(3,534,410.04)

(38) Notes to consolidated cash flow statement

(a) Cash received relating to other operating activities

	2013	2012
Cash received relating to Longli BT Project and the joint land development	166,469,503.64	246,021,850.97
Project funds received from Guizhou Longli County Government in relation to fundLongli Resettlement (Phase I) Project	39,389,885.46	-
Cash received from Shenzhen Press Group Subway Advertisement Company	27,839,268.00	-
Cash received from GZ W2 Company	7,500,000.00	10,000,000.00
Cash received from other operating activities	10,982,064.29	9,037,663.18
	252,180,721.39	265,059,514.15

(b) Cash paid relating to other operating activities

	2013	2012
Cash advanced to Longli BT Project and the joint land development	209,108,028.82	75,758,366.74
Payment for acquisition of land use right	139,879,903.00	309,010,800.00
Repayment to Shenzhen Press Group Subway Advertisement Company	27,839,268.00	-
Repayments of quality deposits for Nanping (Phase II) Project	20,049,108.60	16,685,874.62
Cash advanced to Longli Resettlement (Phase I) Project	18,918,898.49	-
Management expenses paid for Coastal Project	5,718,555.92	7,235,958.36
Management expenses paid for Nanping (Phase II) Project	7,955,010.84	5,267,309.54
Audit, valuation, lawyers and advisory fees paid	4,492,017.72	4,074,386.76
Expenses paid to stock exchanges	3,012,496.63	3,286,423.65
Cash advanced to the migration project of Meilin toll station	48,067.00	1,000,000.00
Other operating expenses paid	53,179,033.06	31,705,794.54
	490,200,388.08	454,024,914.21

5 Notes to the consolidated financial statements (continued)

(38) **Notes to consolidated cash flow statement (continued)**

(c) Cash received relating to other investing activities

	2013	2012
Interests income received	27,016,905.14	31,714,872.64
Receipt of deposits of self-owned construction projects	-	1,000,000.00
	27,016,905.14	32,714,872.64

(d) Cash paid relating to other investing activities

	2013	2012
Repayment of quality deposits for self-owned construction projects	5,176,756.94	6,792,022.37

(e) Cash paid relating to other financing activities

	2013	2012
Cash paid for transaction costs of bonds	1,639,099.50	2,338,792.00
Cash paid for other financing expenses	1,047,309.45	6,762,131.59
	2,686,408.95	9,100,923.59

5 Notes to the consolidated financial statements (continued)

(39) Supplementary information to consolidated cash flow statements

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

	2013	2012
Net profit	750,762,637.78	726,582,989.66
Add: Amortisation of investment properties	575,700.00	575,700.00
Depreciation of fixed assets	122,928,032.97	127,991,065.46
Amortisation of intangible assets	837,096,565.66	684,569,414.65
Amortisation of long-term prepaid expenses	1,892,705.04	1,789,787.45
Losses on disposal of non-current assets	239,739,219.57	3,639,557.52
Financial expenses	582,277,722.43	622,418,496.11
Investment income	(185,676,580.93)	(129,099,538.40)
Net decrease in deferred tax assets and liabilities	(109,956,503.78)	(58,787,505.72)
Decrease/(increase) in inventories	(342,038,096.46)	663,252.40
Increase in operating receivables	(52,444,865.27)	(217,218,949.30)
Decrease in operating payables	(83,931,750.73)	(232,469,602.35)
Net cash flows from operating activities	1,761,224,786.28	1,530,654,667.48

(b) Net change in cash

	2013	2012
Cash at the end of the year	1,089,636,663.10	1,954,204,126.56
Less: cash at the beginning of the year	(1,954,204,126.56)	(2,167,953,309.07)
Net decrease in cash	(864,567,463.46)	(213,749,182.51)

(c) Cash and cash equivalents

	31 December 2013	31 December 2012
Cash at bank and on hand (Note 5(1))	1,094,796,690.93	1,956,056,006.44
Less: Restricted bank balances (Note 5(1))	(1,371,284.40)	(1,851,879.88)
Bank balance frozen (Note 5(1))	(3,788,743.43)	-
Cash at the end of the year	1,089,636,663.10	1,954,204,126.56

6 Segment information

The reportable segments of the Group are the business units that provide different products or service, or operate in the different areas. Different businesses or areas require different technologies and marketing strategies. Therefore, the Group separately manages the production and operation of the reportable segment and evaluates its operating results in order to make decisions about resources to be allocated to the segment and to assess its performance.

The Group has only one reportable segment, i.e. toll road segment, which takes charge of operation and management of toll roads in mainland China.

Other businesses principally comprise provision of advertising services, construction management services and other services. The Group has no inter-segment revenues. These businesses do not compose separate reportable segments.

(1) Segment information as at and for the year ended 31 December 2013 is as follows:

Segment	Toll road	Other	Unallocated	Group
Revenue from external customers	2,898,290,836.01	380,990,221.25	-	3,279,281,057.26
Interest income	3,250,214.92	2,797,385.00	18,927,454.67	24,975,054.59
Interest expense	578,836,323.08	3,282,057.21	-	582,118,380.29
Share of profit of associates and joint ventures	181,992,713.34	3,683,867.59	-	185,676,580.93
Depreciation and amortisation	920,409,639.56	33,998,890.00	8,084,474.11	962,493,003.67
Total profit	854,720,748.95	136,660,922.01	(77,208,400.19)	914,173,270.77
Income tax expenses	130,036,042.09	33,374,590.90	-	163,410,632.99
Net profit	724,684,706.86	103,286,331.11	(77,208,400.19)	750,762,637.78
Total assets	21,215,906,230.47	1,462,036,972.34	162,164,277.10	22,840,107,479.91
Total liabilities	10,993,308,221.80	432,928,044.79	174,885,553.12	11,601,121,819.71
Long-term equity investments in associates and joint ventures	1,554,985,074.89	19,229,296.35	-	1,574,214,371.24
Additions to non-current assets other than long-term equity investments	(868,842,711.40)	17,967,731.17	(1,593,711.56)	(852,468,691.79)

6 Segment information (continued)

(2) Segment information as at and for the year ended 31 December 2012 is as follows:

Segment	Toll road	Other	Unallocated	Group
Revenue from external customers	2,726,353,184.85	408,269,908.19	-	3,134,623,093.04
Interest income	2,812,716.18	1,291,594.88	30,452,324.46	34,556,635.52
Interest expense	610,436,683.45	-	-	610,436,683.45
Share of profit of associates and joint ventures	125,627,911.80	3,471,626.60	-	129,099,538.40
Depreciation and amortisation	777,839,146.26	29,130,928.67	7,955,892.63	814,925,967.56
Total profit	791,726,243.06	168,446,678.58	(23,753,699.90)	936,419,221.74
Income tax expenses	168,294,578.36	41,541,653.72	-	209,836,232.08
Net profit	623,431,664.70	126,905,024.86	(23,753,699.90)	726,582,989.66
Total assets	23,017,957,040.78	1,023,574,233.31	167,593,768.10	24,209,125,042.19
Total liabilities	12,984,330,458.35	172,042,492.86	179,836,123.82	13,336,209,075.03
Long-term equity investments in associates and joint ventures	1,607,397,758.23	16,175,428.76	-	1,623,573,186.99
Additions to non-current assets other than long-term equity investments	(431,722,059.92)	4,295,717.94	(7,993,881.17)	(435,420,223.15)

The Group’s revenue from external customers and all non-current assets other than financial assets and deferred tax assets are derived from the PRC.

7 Related parties and related party transactions

(1) Information of the parent of the Company:

(a) General information of the parent company:

	Type	Place of registration	Legal representative	Code of organisation	Nature of business
Shenzhen International	Foreign enterprise	Bermuda	Not applicable	Not applicable	Investment holding

The Company's ultimate controlling party is SIHCL.

(b) Registered capital and changes in registered capital of the parent company:

	31 December 2012	Current year additions	Current year reductions	31 December 2013
Shenzhen International	HKD2,000,000,000.00	-	-	HKD2,000,000,000.00

(c) The proportions of equity interests and voting rights in the Company held by the parent company:

	31 December 2013		31 December 2012	
	% interest held	% voting rights	% interest held	% voting rights
Shenzhen International	50.89%	50.89%	50.89%	50.89%

(2) Information of subsidiaries

The information for the subsidiaries is set out in Note 4(1).

7 Related parties and related party transactions (continued)

(3) Information of joint ventures and associates

	Type	Place of registration	Legal representative	Nature of business	Registered capital (RMB)	% equity interest	% voting right	Code of organisation
Joint ventures-								
Shenchang Company	Limited liability company	Changsha City, Hunan Province	Deng Li Min	(i)	200,000,000	51%	51%	71216935-7
Associates-								
Qinglong Company	Limited liability company	Shenzhen City, Guandong Province	Fu Jie Pin	(i)	324,000,000	40%	40%	19230570-5
Consulting Company	Limited liability company	Shenzhen City, Guandong Province	Cai Cheng Guo	(ii)	18,750,000	24%	24%	74124302-6
Huayu Company	Limited liability company	Shenzhen City, Guandong Province	Fu Jie Pin	(i)	150,000,000	40%	40%	73417205-5
Jiangzhog Company	Limited liability company	Guangzhou City, Guangdong Province	Wang Kang Chen	(i)	1,045,000,000	25%	25%	74296235-6
Nanjing Third Bridge Company	Limited liability company	Nanjing City, Jiangsu Province	Zhang Ying Fang	(i)	1,080,000,000	25%	25%	74537269-3
Yangmao Company	Limited liability company	Guangzhou City, Guandong Province	Luo Ying Sheng	(i)	200,000,000	25%	25%	74170833-x
GZ W2 Company	Limited liability company	Guangzhou City, Guandong Province	Zhong Ming	(i)	1,000,000,000	25%	25%	76400825-6
Guangyun Company	Limited liability company	Yunfu City, Guandong Province	Gu Shui Ling	(i)	10,000,000	30%	30%	74448922-4

(i) Expressway construction and operation.

(ii) Construction advisory and consultancy.

7 Related parties and related party transactions (continued)

(4) Information of other related parties

	Relationship with the Group	Code of organisation
Baotong Company	Under same control of Shenzhen International	72618130-6
Longda Company	Under same control of Shenzhen International	77715423-6
Shenzhen International South-China Logistics Co., Ltd. ('SC Logistics Company')	Under same control of Shenzhen International	72615808-5
Xin Tong Chan Company	Shareholder of the Company	19224376-X
Shenzhen International Huatongyuan Logistics Co., Ltd. ('Huatongyuan Company')	Under same control of Shenzhen International	78924196-X
Coastal Company	Ultimately controlled by SIHCL	68201030-1
United Electronic Company	One of its directors is the Company's key management personnel	74084676-5

(5) Related party transactions

(a) Rendering or receiving of services

(i) Receiving of services

			2013		2012	
Name of related party	Nature of transaction	Pricing policies and procedures for decision-making	Amount	Percentage in the total amount of similar transactions	Amount	Percentage in the total amount of similar transactions
Consulting Company	Receiving project management services	Negotiated price	31,280,718.91	34.28%	32,873,307.47	50.03%
United Electronic Company	Receiving integrated toll system settlement services	Determined by price bureau	17,233,013.26	100.00%	16,593,161.73	100.00%
Others	Receiving power supply services for advertising boards	Negotiated price	636,676.28	7.41%	165,568.65	41.88%

The Group signed management services contracts with Consulting Company, which mainly in relation to the project management services provided to Qinglian Expressway and Shenzhen Airport-Heao Expressway (Eastern Section).

United Electronic Company is appointed by the People's Government of Guangdong Province to take charge of the management of integrated toll system in Guangdong province. The Company and its subsidiaries have signed a series of agreements with United Electronic Company and entrusted it to provide tolls settlement services for Meiguan Expressway, Airport-Heao Expressway, Yanba Expressway, Yanpai Expressway, Nanguang Expressway and Qinglian Expressway operated by the Group. The service periods end on the expiry dates of operation periods of individual toll roads. The related service charges are determined by commodity price bureau of Guangdong Province.

Advertising Company, a subsidiary of the Company, received power supply services for its advertising boards from SC Logistics Company, Xin Tong Chan Company, Huayu Company and Longda Company. The respective transaction amounts were not disclosed as they are not material.

7 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(a) Rendering or receiving of services (continued)

(ii) Rendering of services

Name of related party	Nature of transaction	Pricing policies and procedures for decision-making	2013 Amount	2013 Percentage in the total amount of similar transactions	2012 Amount	2012 Percentage in the total amount of similar transactions
Baotong Company	Entrusted construction management services	Negotiated price	-	-	10,065,267.01	3.77%
Coastal Company	Entrusted construction management services	Negotiated price	46,821,193.56	18.83%	35,860,703.04	13.43%
Longda Company	Provide integrated toll services	Negotiated price	86,652.47	12.89%	66,983.86	20.92%
Others	Supply of water and electricity for offices	Negotiated price	1,418,929.00	39.36%	1,059,835.75	43.17%

On 20 May 2009, Baotong Company signed a management service contract with the Company and entrusted the Company to manage the construction of Longhua Extension. As the entrusting party, Baotong Company is responsible for the financing and payment of the construction funds. Management services revenues comprise management services compensation and premiums from investment controls (if any). The basic management services compensation amounts to RMB5,000,000. The premiums from investment controls are calculated on the basis of project budget and project closing expense. All savings are defined as premiums if in case the saving project from closing expense does not exceed by 2.5% (including 2.5%) of the total project budget, while the Company would also share 20% of any savings exceeding 2.5% of the project budget. Since the project has mostly been completed in 2012, there is no management service income in 2013 (In 2012, the Company recognised management services income amounting to RMB10,065,267.01 based on the audit of project budget).

On 6 November 2009, SIHCL signed an operation and management entrustment agreement with the Company and entrusted the Company to operate and manage its wholly owned subsidiary, Coastal Company. Pursuant to this agreement and also the ‘construction entrustment agreement’ signed on 9 September 2011, the construction management service revenue is calculated by 1.5% of the construction budget. During the year, the Company has recognised construction management services fee amounting to RMB46,821,193.56 calculated based on the stage of completion (2012: RMB35,860,703.04).

In accordance with the contract signed between the Company and Longda Company, which agreed to settle the receivable and payable of toll on a net basis and pay a service fee to the party which has a net receivable balance, the Company recognised service income amounting to RMB86,652.47 according to the net amount settled with Longda Company in 2013 (2012: RMB66,983.86).

The Company supplied water and electricity to Shenzhen International, Consulting Company and United Electronic Company with prices that are determined based on those charged by water and electricity supply companies. The individual transaction amounts were not disclosed as they are not material.

7 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(b) Leases

(i) As a lessor

The Group leased office to United Electronic Company and Consulting Company in accordance with the rental contracts signed. The Group recognised rental income amounting to RMB120,998.00 in 2013 (2012: RMB406,902.00). The individual transaction amounts were not disclosed as they are not material.

(ii). As a lessee

Advertising Company, the subsidiary of the Company, rented office premise from Shenzhen International in accordance with rental contracts signed. The related rental expenses in 2013 amounted to RMB271,268.40 (2012: RMB1,627,610.40).

Advertising Company, the subsidiary of the Company, rented billboard land use rights from Longda Company, Huayu Company, Qinglong Company, SC Logistics Company, Xin Tong Chan Company and Huatongyuan Company in accordance with rental contracts signed. Total rental expenses in 2013 amounted to RMB2,678,400.00 (2012: RMB2,187,940.30). The individual transaction amounts were not disclosed as they are not material.

(c) Related party trusteeship

Entrusting party	Type of entrustment	Entrusted party	Date of the commencement of the trusteeship	Date of the termination of the trusteeship	The basis of pricing for the trusteeship	Entrusted revenue recognised in 2013	Entrusted revenue recognised in 2012
Baotong Company	Equity trusteeship	the Company	1 January 2012	31 December 2013	Negotiated price	18,000,000.00	18,000,000.00

7 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(d) Financing

	Amount	Interests	Starting date	Ending date
Advances from -				
GZ W2 Company	7,500,000.00	Nil	9 December 2013	No fixed repayment date, but repayable on demand
Qinglong Company	80,000,000.00	1,133,333.33	6 January 2013	31 March 2013, and duly repaid
Qinglong Company	36,000,000.00	1,032,000.00	6 January 2013	31 August 2013, but repaid in advance on 27 June 2013
Qinglong Company	22,000,000.00	630,666.67	6 January 2013	31 December 2013, but repaid in advance on 27 June 2013
Qinglong Company	32,000,000.00	917,333.33	6 January 2013	31 August 2014, but repaid in advance on 27 June 2013
Qinglong Company	30,000,000.00	860,000.00	6 January 2013	31 December 2014, but repaid in advance on 27 June 2013
Qinglong Company	20,000,000.00	180,000.00	9 July 2013	31 August 2013, and duly repaid
Qinglong Company	16,000,000.00	144,000.00	9 July 2013	31 August 2013, and duly repaid
Qinglong Company	22,000,000.00	645,333.33	9 July 2013	31 December 2013, and duly repaid
Qinglong Company	32,000,000.00	938,666.67	9 July 2013	31 August 2014
Qinglong Company	30,000,000.00	798,666.67	9 July 2013	31 December 2014, but partly repaid 4,000,000.00 in advance on 31 August 2013
Qinglong Company	400,000.00	-	31 December 2013	31 August 2014
	327,900,000.00	7,280,000.00		

(e) Advance on behalf of related companies

During current year, according to the framework agreements signed with SIHCL on 6 November 2009 in relation to the entrustment of operation and management on Coastal Company (Note 7(5)(a)(ii)), the Group paid upfront operating costs amounting to RMB8,385,331.16 on behalf of Coastal Company (2012：nil).

(f) Remuneration of key management personnel

	2013	2012
Remuneration of key management personnel	10,944,500.00	10,627,500.00

Key management personnel include directors, supervisor and senior management staff. In current year, the Company has 22 key management personnel (2012: 22 personnel).

7 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(g) Directors and supervisors' emoluments

Directors and supervisors' emoluments for the year ended 31 December 2013 are as follows:

Name	Remuneration	Salary and bonus	Total
Yang Hai*	-	959,000.00	959,000.00
Wu Ya De*	-	960,000.00	960,000.00
Chiu Chi Cheong	350,000.00	-	350,000.00
Lam Wai Hon	180,000.00	-	180,000.00
Ting Fook Cheung	180,000.00	-	180,000.00
Wang Hai Tao	180,000.00	-	180,000.00
Zhang Li Min	180,000.00	-	180,000.00
Fang Jie*	-	604,000.00	604,000.00

Directors and supervisors' emoluments for the year ended 31 December 2012 are as follows:

Name	Remuneration	Salary and bonus	Total
Yang Hai*	-	958,000.00	958,000.00
Wu Ya De*	-	958,000.00	958,000.00
Chiu Chi Cheong	350,000.00	-	350,000.00
Lam Wai Hon	180,000.00	-	180,000.00
Ting Fook Cheung	180,000.00	-	180,000.00
Wang Hai Tao	180,000.00	-	180,000.00
Zhang Li Min	180,000.00	-	180,000.00
Fang Jie*	-	588,000.00	588,000.00

* The directors and supervisor's emoluments have been included in remuneration of key management personnel in Note 7(5)(f).

7 Related parties and related party transactions (continued)

(5) Related party transactions (continued)

(g) Directors and supervisors' emoluments (continued)

The Chairman, Yang Hai, the executive director and chief executive officer, Wu Ya De, the directors, Li Jing Qi, Zhao Jun Rong, Hu Wei, Tse Yat Hong, Zhang Yang, Chiu Chi Cheong, Wang Hai Tao, Zhang Li Min, Au Sing Kun, Lin Chu Chang and the supervisors, Zhong Shan Qun, He Sen and Fang Jie are entitled to meeting allowance (after individual income tax) amounting to RMB11,500.00, RMB10,000.00, RMB6,500.00, RMB7,500.00, RMB9,500.00, RMB4,500.00, RMB7,500.00, RMB10,500.00, RMB10,000.00, RMB11,000.00, RMB14,000.00, RMB9,500.00, RMB3,500.00, RMB4,500.00, and RMB6,500.00. The Chairman, Yang Hai, the executive director and chief executive officer, Wu Ya De, the directors, Li Jing Qi, Zhao Jun Rong, Hu Wei, Tse Yat Hong and the supervisor, Zhong Shan Qun have waived to receive the directors' meeting allowance of the current year.

During the year ended 31 December 2013, The Chairman, Yang Hai, the executive director and chief executive officer, Wu Ya De, were entitled to the pension schemes contribution of RMB103,000.00 (2012: RMB88,000.00) and RMB104,000.00 (2012: RMB93,000.00), respectively.

In addition, The Chairman, Yang Hai, the executive director and chief executive officer, Wu Ya De, are also entitled to other benefits and allowances including medical schemes contribution, festival allowance and car allowance, with amounts of RMB58,500.00 (2012: RMB55,000.00) and RMB58,500.00 (2012: RMB55,000.00) respectively during the year ended 31 December 2013.

(h) The five top paid individuals

The five top paid individuals of the Group for the year include 2 (2012: 2 directors) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 (2012: 3 directors) individuals during the year are as follows:

	2013	2012
Basic salaries, bonus, housing allowance, other allowances in kind	2,654,500.00	2,619,000.00
Pension	294,000.00	246,000.00
	2,948,500.00	2,865,000.00

	Number of individuals 2013	2012
Emolument bands:		
HKD0 – HKD1,000,000	-	-
HKD1,000,001 – HKD1,500,000	3	3
HKD1,500,001 – HKD2,000,000	-	-

7 Related parties and related party transactions (continued)

(6) Receivables from and payables to related parties

		31 December 2013	31 December 2012
Accounts receivables	Coastal Company	105,562,861.17	78,741,667.61
	Baotong Company	2,295,854.23	2,295,854.23
		107,858,715.40	81,037,521.84
Dividends payable	Flywheel Investments Limited	68,146.67	-
Other receivables	Coastal Company	8,385,331.16	-
	Huayu Company	20,000.00	-
	Longda company	10,000.00	-
	Consulting Company	8,472.00	-
	United Electronic Company	6,620.00	-
		8,430,423.16	-
Advances to suppliers	Consulting Company	3,035,060.00	3,127,180.20
Accounts payable	Consulting Company	6,738,801.10	-
Other payables	Nanjing Third Bridge Company	33,526,376.43	39,544,681.47
	GZ W2 Company	30,000,000.00	22,500,000.00
	United Electronic Company	1,477,986.12	1,336,522.58
	Consulting Company	7,110,218.85	131,341.00
	Shenzhen International	5,000.00	5,000.00
		72,119,581.40	63,517,545.05
Short-term borrowings	Qinglong Company	400,000.00	-
Current portion of non-current liabilities	Qinglong Company	58,000,000.00	-
Interest payable	Qinglong Company	-	3,733,400.00

7 Related parties and related party transactions (continued)

(7) Commitments to related parties

Commitments in relation to related parties contracted for but not yet recognised on the balance sheet by the Group as at the balance sheet date are as follows:

(a) Receiving of services

	31 December 2013	31 December 2012
Consulting Company	36,483,921.26	32,392,485.71

8 Contingencies

(1) In 2011, the Company signed a construction management service contract with Shenzhen Traffic Public Facilities Construction Center who represents the Shenzhen government, entrusted to manage the construction of Longda Municipal Project. The Company had arranged with bank to issue irrevocable performance guarantees to Shenzhen Traffic Public Facilities Construction Center amounting to RMB2,000,000.00.

(2) As stated in Note 5(10), pursuant to a notice issued by Guangdong Provincial Transportation Department (Yue Jiao Ming Dian (2013) No. 56), National Highway No.107 (Qinglian Section) operated by Qinglian Company, a subsidiary of the Company, ceased its toll collection from 24:00 on 30 June 2013. According to the latest communication result with relevant government authority and the transition arrangement of related assets, Qinglian Company may assume obligation for maintenance and resurfacing of National Highway No.107 (Qinglian Section) to achieve a condition accepted by relevant government authority. As at the date of approval of the financial statements, the communication in relation to the transition arrangement of related assets was still in progress and the outcome of whether the maintenance and resurfacing would be carried out could not be estimated reliably. As a result, the directors of the Company did not make any provision for the maintenance and resurfacing expenses.

(3) Arbitration in progress

Upon the government approval, Qinglian Company upgraded Qinglian Class I Highway to an expressway and the project was completed on 25 January 2011. In 2011, Qingyuan Fengyun Eco-tourism Development Company Limited sued against Qinglian Company in Qingyuan Intermediate Court for the closing of exits of expressway due to construction. Qinglian Company was judged to win in the first trial. Qingyuan Fengyun Eco-tourism Development Company Limited appealed to the High Count of Guangdong Province. As at the date of approval of the financial statements, the litigation was still in progress. Considering the nature of project and construction status of upgrading project, the directors of the Company considered that the outcome of the litigation would not lead to any significant impact on the Company’s operating results.

9 Commitments

(1) Capital commitments

(a) Capital expenditures contracted for but not yet recognised on the balance sheet are as follows:

	31 December 2013	31 December 2012
Expressway construction projects	499,204,893.31	662,605,498.80

It mainly represents capital commitments relating to the Reconstruction and Extension of Meiguan Expressway Project and Outer Ring Expressway.

(b) Capital commitments approved by the management but are not yet contracted for

	31 December 2013	31 December 2012
Expressway construction projects	148,380,999.50	241,005,584.59

As at 31 December 2013 and 31 December 2012, the joint ventures had no capital commitments.

(2) Commitment in related to real estate projects to be developed

	31 December 2013	31 December 2012
Contracted for but not yet recognised on the balance sheet	18,740,504.00	-

(3) Performance status of commitments in previous years

The Group had fulfilled its capital commitments outstanding as at 31 December 2012.

10 Events after the balance sheet date

(1) Dividend distribution after the balance sheet date

Dividend proposed (a)	
- Dividend authorised to declare	348,923,252.16

(a) In accordance with a resolution of the Board of Directors' meeting dated on 19 March 2014, the Board of Directors proposed a dividend in the amount of RMB348,923,252.16 to the shareholders, which was not recorded as liability in the financial statements for the year ended 31 December 2013 (Note 5(28)).

(2) On 24 January 2014, the Company and Guangdong Cement Company Limited, the minority interest, completed the capital injection accounting to RMB255,040,002.36 in total to Qinglian Company based on their respective equity percentage.

10 Events after the balance sheet date (continued)

(3) As approved by the Board of Directors of the Company on 26 January 2014, the Company, Meiguan Company (a subsidiary of the Company) entered into an 'Agreement on the compensation of the adjustment of Meiguan Expressway and transfer of related assets' ('Adjustment Agreement') with Shenzhen Transportation Bureau and Shenzhen Longhua New Area Administrative Committee who represented the People's Government of Shenzhen on 27 January 2014.

Pursuant to the Adjustment Agreement, the Company has agreed to implement toll-free for section from Meilin to Guanlan of Meiguan Expressway with a distance of approximately 13.8 km ('Toll Free Section') from 24:00 on 31 March 2014, but the toll of Shenzhen-Dongguan border to Guanlan of Meiguan Expressway with a distance of 5.4 km will remain unchanged. The People's Government of Shenzhen has agreed to make cash compensation to the Company, including the compensation of the present value of future income of the Toll Free Section of approximately RMB1,597,950,000 and other relevant costs/expenses of approximately RMB1,102,370,000 (preliminary figure, subject to the actual amount or audit figure of the relevant governmental audit department).

The Group did not separately account for the Toll Free Section. Based on estimation using the highway distance and location of material structures and ancillary facilities, the estimated net book value of the concession intangible assets, fixed assets and construction in progress of the Toll Free Section amounted to approximately RMB863,490,000 in total as at 31 December 2013. The Toll Free Section would not contribute any toll revenue to the Group from 24:00 on 31 March 2014. Meanwhile, the assets disposals pursuant to the Adjustment Agreement are expected to generate an increase to the Group's net profit amounting to RMB1.1 billion in 2014, as well as an increase to equity attributable to owners of the Company amounting to RMB1.1 billion. The Adjustment Agreement is yet to be approved by the Shareholders' Meeting of the Company and further approved by the People's Government of Shenzhen before effective.

11 Financial instruments and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) Financial risk factors

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to HK dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to mitigate the foreign exchange risk. The Group has entered into cross currency interest rate swap contract to minimise foreign exchange risk.

11 Financial instruments and risk (continued)

(1) Financial risk factors (continued)

(a) Foreign exchange risk (continued)

As at 31 December 2013 and 31 December 2012, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarized below:

	31 December 2013		
	HKD	Other foreign currencies	Total
Financial assets denominated in foreign currency -			
Cash at bank and on hand	1,201,692.44	95,453.12	1,297,145.56
Financial liabilities denominated in foreign currency -			
Current portion of non-current liabilities	281,616,840.00	-	281,616,840.00

	31 December 2012		
	HKD	Other foreign currencies	Total
Financial assets denominated in foreign currency -			
Cash at bank and on hand	3,672,859.37	97,055.93	3,769,915.30
Financial liabilities denominated in foreign currency -			
Current portion of non-current liabilities	17,028,900.00	-	17,028,900.00
Long-term borrowings	410,315,400.00	-	410,315,400.00
	427,344,300.00	-	427,344,300.00

Regardless of the borrowing amounting to HKD336 million of which the foreign exchange risks have been hedged by the cross currency interest rate swap (Note 5(24)), as at 31 December 2013, if the currency had strengthened/weakened by 10% against the HKD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB1,625,408.11 (31 December 2012: RMB13,423,227.71) higher/lower.

(b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing borrowings including long-term borrowings and bonds payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2013, the Group's long-term interest bearing borrowings and bonds payable with floating rates amounting to RMB4,692,014,000.00 (31 December 2012: approximately RMB4,652,939,400.00).

Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The Group's finance department at its headquarters continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions.

11 Financial instruments and risk (continued)

(1) Financial risk factors (continued)

(b) Interest rate risk (continued)

In current year, if interest rates on the floating rate borrowings and bonds payable had risen/fallen 50 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB16,528,461.18 (31 December 2012: approximately RMB19,053,183.11).

(c) Credit risk

The Group expects that there is no significant credit risk. The carrying values of cash at bank an on hand, accounts receivable and other receivables maximum credit risk of the Group.

The table below shows the bank deposits of the major counterparties of the Group as at the balance sheet date:

	31 December 2013	31 December 2012
State-owned banks	826,419,772.59	679,823,902.53
Other banks	255,042,327.18	1,265,533,556.10
	1,081,462,099.77	1,945,357,458.63

It is expected that there is no significant credit risk associated with the bank deposits as the state-owned banks have the support of the government and the others are the listed banks or commercial banks at large/medium size. The management do not expect any losses from non-performance by these counterparties.

Due to the business nature of the Group, as at 31 December 2013, the Group derived management services revenue from local government authorities in Shenzhen and the amounts due from government authorities in Guizhou Longli County relating to the Longli BT Project and the joint land development project were approximately RMB562 million (2012: RMB333 million) in aggregate. The directors of the Company considered that the related credit risks were controllable. The Group did not have other significant concentration of credit risk arising from other customers.

(d) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities so as to meet the short-term and long-term liquidity requirements.

11 Financial instruments and risk (continued)

(1) Financial risk factors (continued)

(d) Liquidity risk (continued)

The financial assets and liabilities of the Group as at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2013				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets -					
Cash at bank and on hand	1,094,796,690.93	-	-	-	1,094,796,690.93
Receivables (Note 1)	661,313,286.21	-	-	-	661,313,286.21
	1,756,109,977.14	-	-	-	1,756,109,977.14
Financial liabilities -					
Short-term borrowings	463,160,569.86	-	-	-	463,160,569.86
Current portion of non-current liabilities (Note 3)	545,446,886.01	-	-	-	545,446,886.01
Payables (Note 2)	894,519,899.67	-	-	-	894,519,899.67
Long-term borrowings	306,732,949.80	783,510,887.10	2,527,713,230.59	3,338,288,596.54	6,956,245,664.03
Bonds payables	181,200,000.00	981,200,000.00	1,722,000,000.00	976,000,000.00	3,860,400,000.00
	2,391,060,305.34	1,764,710,887.10	4,249,713,230.59	4,314,288,596.54	12,719,773,019.57

	31 December 2012				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets -					
Cash at bank and on hand	1,956,056,006.44	-	-	-	1,956,056,006.44
Receivables (Note 1)	425,580,143.28	-	-	-	425,580,143.28
	2,381,636,149.72	-	-	-	2,381,636,149.72
Financial liabilities -					
Short-term borrowings	1,058,027.40	-	-	-	1,058,027.40
Current portion of non-current liabilities (Note 3)	2,373,345,801.20	-	-	-	2,373,345,801.20
Payables (Note 2)	1,077,963,154.28	-	-	-	1,077,963,154.28
Long-term borrowings	300,061,538.72	689,516,545.20	2,139,508,896.58	4,074,335,185.79	7,203,422,166.29
Bonds payables	181,200,000.00	181,200,000.00	2,659,200,000.00	1,020,000,000.00	4,041,600,000.00
Derivative liabilities	1,590,644.65	23,107,949.98	-	-	24,698,594.63
	3,935,219,166.25	893,824,495.18	4,798,708,896.58	5,094,335,185.79	14,722,087,743.80

Note 1: Receivables comprise accounts receivable before any bad debt provision, other receivables before any bad debt provision and interest receivable.
Note 2: Payables comprise accounts payable and other payables.
Note 3: Excluding current portion of provisions for maintenance/resurfacing obligations.

11 Financial instruments and risk (continued)

(1) Financial risk factors (continued)

(d) Liquidity risk (continued)

Borrowings and bonds payable are analysed by repayment terms as follows:

	31 December 2013		31 December 2012	
	Borrowings	Bonds payable	Borrowings	Bonds payable
Wholly repayable within five years	1,471,336,840.00	2,300,000,000.00	429,344,300.00	4,500,000,000.00
Not wholly repayable within five years	4,737,424,000.00	800,000,000.00	4,906,624,000.00	800,000,000.00
	6,208,760,840.00	3,100,000,000.00	5,335,968,300.00	5,300,000,000.00

Since the Group has steady and sufficient cash flow from operation, sufficient banking facilities and proper financing arrangement to fulfill the needs of payment of debts and capital expenditures, the directors consider that the Group has no significant liquidity risk.

(2) Capital management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'short-term borrowings, current portion of long-term borrowings and bonds payable, long-term borrowings and bonds payable') less cash balance disclosed in the consolidated cash flow statement. Total capital is calculated as 'owners' equity' as shown in the consolidated balance sheet plus net debt.

The Group manages capital status by periodic inspection to the gearing ratio. The gearing ratios at 31 December 2013 and 2012 were as follows:

	31 December 2013	31 December 2012
Total borrowings		
Short-term borrowings	450,400,000.00	1,000,000.00
Current portion of long-term borrowings	501,346,840.00	117,228,900.00
Current portion of bonds payable	-	2,145,968,878.01
Long-term borrowings	5,257,014,000.00	5,217,739,400.00
Bonds payable	3,088,801,980.40	3,081,681,079.84
	9,297,562,820.40	10,563,618,257.85
Less: cash balance disclosed in the consolidated cash flow statement	(1,089,636,663.10)	(1,954,204,126.56)
Net debt	8,207,926,157.30	8,609,414,131.29
Owners' euqity	11,238,985,660.20	10,872,915,967.16
Total capital	19,446,911,817.50	19,482,330,098.45
Gearing ratio	42.21%	44.19%

12 Fair value estimation

The level of the fair value measurement result is determined by the lowest level of inputs that execute significant influence to the whole fair value measurement.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs observable directly or indirectly for identical assets or liabilities other than inputs included within level 1;

Level 3: Inputs for the asset or liability that are not based on observable market data.

(1) Continuing assets and liabilities measured at fair value

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels as at 31 December 2013:

	Level 1	Level 2	Level 3	Total
Financial assets	-	-	-	-
Financial liabilities -				
Current portion of derivative financial liabilities	-	24,676,144.27	-	24,676,144.27

The following table presents the Group's continuing assets and liabilities that are measured at fair value in the above three levels as at 31 December 2012:

	Level 1	Level 2	Level 3	Total
Financial assets	-	-	-	-
Financial liabilities -				
Derivative financial liabilities	-	16,070,892.42	-	16,070,892.42

The Group defines the date of a trigger event that leads to a transfer in levels as the level transferring date. There were no transfers between levels 1 and 2 during the year.

The fair value of a financial instrument that is traded in an active market is determined by the Group at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by the Group by using valuation techniques. Valuation techniques mainly include market approach and income approach. Inputs mainly contain risk-free interest rate of interest, benchmark interest rate, exchange rate, credit spreads, liquidity premium, EBITDA multiplier and illiquid discount and etc..

The financial department of the Group is responsible for the valuation of the financial assets and liabilities. Independent valuers are appointed to evaluate the fair value of the Group’s derivative financial liabilities. The financial department of the Group independently validates the evaluation result, recording related accounting treatment and preparing disclosures in related to the fair value information basing on the validated valuation result.

12 Fair value estimation

(2) Assets and liabilities with fair value disclosure but not measured at fair value

Financial assets and liabilities measured at amortisation cost mainly include accounts receivable, short-term borrowings, current portion of long-term borrowings, accounts payable, long-term borrowings and bonds payable.

Except for the financial liabilities listed below, the carrying amounts of financial assets and liabilities not measured at fair value approximated to their fair values.

	31 December 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities -				
Long-term borrowings	565,000,000.00	553,704,494.72	565,000,000.00	548,641,193.55
Bonds payable	3,088,801,980.40	2,985,348,814.86	3,081,681,079.84	3,085,552,222.33
	3,653,801,980.40	3,539,053,309.58	3,646,681,079.84	3,634,193,415.88

The fair value of long-term borrowings with fixed interest rates and bonds payable with fixed interest rates not quoted in an active market is the present value of the contractual future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, which belong to level 2.

13 Assets and liabilities measured at fair values

	31 December 2012	Gains or losses arising from changes in fair value in current year	Cumulative amount of changes in fair value recognised directly in equity	Impairment loss in current year	31 December 2013
Derivative financial liabilities	16,070,892.42	-	(8,605,251.85)	-	24,676,144.27

14 Notes to the Company's financial statements

(1) Accounts receivable

	31 December 2013	31 December 2012
Accounts receivable	338,977,218.48	340,856,332.71
Less: provision for bad debts	-	-
	338,977,218.48	340,856,332.71

(a) The ageing of accounts receivable is analysed as follows:

	31 December 2013	31 December 2012
Within 1 year	136,582,499.51	262,478,711.86
1 to 2 years	181,978,297.62	45,277,003.37
2 to 3 years	14,250.00	-
Over 3 years	20,402,171.35	33,100,617.48
	338,977,218.48	340,856,332.71

(b) Accounts receivable is analysed by categories as follows:

	31 December 2013				31 December 2012			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and provision separately made	-	-	-	-	-	-	-	-
Provision made collectively								
- Group 1	300,275,148.32	88.58%	-	-	306,436,293.86	89.90%	-	-
- Group 2	38,702,070.16	11.42%	-	-	34,420,038.85	10.10%	-	-
Not individually significant but provision separately made	-	-	-	-	-	-	-	-
	338,977,218.48	100.00%	-	-	340,856,332.71	100.00%	-	-

(c) Group 2 is accounts receivable of which provision was made collectively using ageing analysis method and is analysed as follows:

	31 December 2013				31 December 2012			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 1 year	38,702,070.16	100.00%	-	-	34,420,038.85	100.00%	-	-

14 Notes to the Company's financial statements (continued)

(1) Accounts receivable (continued)

(d) Accounts receivable from related parties is analysed as follows:

	Relationship with the Company	31 December 2013			31 December 2012		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Coastal Company	Controlled by the ultimate holding company, together with the Company	105,562,861.17	31.14%	-	78,741,667.61	23.10%	-
Baotong Company	Controlled by the parent company, together with the Company	2,295,854.23	0.68%	-	2,295,854.23	0.67%	-
		107,858,715.40	31.82%	-	81,037,521.84	23.77%	-

(e) As at 31 December 2013 and 31 December 2012, there was no accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company.

(f) As at 31 December 2013, the five largest accounts receivable are analysed as follows:

	Relationship with the Company	Amount	Ageing	% of total balance
Due from Shenzhen Transportation Bureau in relation to the project management services provided to Nanping (Phase II) Project	Independent third party	135,147,953.62	1 to 3 years	39.87%
Due from Coastal Company in relation to the project management services provided to Coastal Project	Controlled by the ultimate holding company, together with the Company	105,562,861.17	1 to 3 years	31.14%
Due from Shenzhen Transportation Bureau in relation to the project management services provided to Nanping (Phase I) Project	Independent third party	34,098,880.63	1 to 2 years	10.06%
Revenue from revenues through unitoll cards	Independent third party	25,655,409.61	Within 1 year	7.57%
Due from Highway Bureau of Longgang Distinct in relation to the project management services to provided Hengping Project	Independent third party	19,557,071.35	1 to 4 years	5.77%
		320,022,176.38		94.41%

(g) As at 31 December 2013 and 31 December 2012, all accounts receivable were denominated in RMB.

14 Notes to the Company's financial statements (continued)

(2) Other receivables

	31 December 2013	31 December 2012
Loans to Qinglian Company	19,093,239.13	417,113,358.91
Loans to Guishen Company	135,128,054.79	-
Advances	499,226,246.52	398,098,491.93
Others	1,800,483.55	3,687,638.15
	655,248,023.99	818,899,488.99
Less: provision for bad debts	-	-
	655,248,023.99	818,899,488.99

(a) The ageing of other receivables is analysed as follows:

	31 December 2013	31 December 2012
Within 1 year	653,987,596.52	817,832,633.17
1 to 2 years	580,494.90	414,053.25
2 to 3 years	679,932.57	652,802.57
	655,248,023.99	818,899,488.99

(b) Other receivables are analysed by categories as follows:

	31 December 2013				31 December 2012			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Individually significant and provision separately made	-	-	-	-	-	-	-	-
Provision made collectively								
- Group 1	652,571,769.66	99.59%	-	-	815,125,655.12	99.54%	-	-
- Group 2	2,676,254.33	0.41%	-	-	3,773,833.87	0.46%	-	-
Not individually significant but provision separately made	-	-	-	-	-	-	-	-
	655,248,023.99	100.00%	-	-	818,899,488.99	100.00%	-	-

14 Notes to the Company's financial statements (continued)

(2) Other receivables (continued)

(c) Group 2 is other receivables of which provision was made collectively using ageing analysis method and is analysed as follows:

	31 December 2013				31 December 2012			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
Within 1 year	1,415,826.86	52.90%	-	-	3,056,704.38	81.00%	-	-
1 to 2 years	580,494.90	21.69%	-	-	697,129.49	18.47%	-	-
2 to 3 years	679,932.57	25.41%	-	-	20,000.00	0.53%	-	-
	2,676,254.33	100.00%	-	-	3,773,833.87	100.00%	-	-

(d) As at 31 December 2013 and 31 December 2012, there were no other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company.

(e) Other receivables from related parties were analysed as follows:

	Relationship with the Company	31 December 2013			31 December 2012		
		Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Meiguan Company	A subsidiary of the Company	383,784,086.37	58.57%	-	181,381,406.16	22.15%	-
Guishen Company	A subsidiary of the Company	135,128,054.79	20.62%	-	-	-	-
Airport-Heao Eastern Company	A subsidiary of the Company	97,286,222.51	14.85%	-	210,314,923.93	25.68%	-
Qinglian Company	A subsidiary of the Company	19,093,239.13	2.91%	-	417,113,358.91	50.94%	-
Coastal Company	Controlled by the ultimate holding company, together with the Company	8,385,331.16	1.28%	-	-	-	-
Outer Ring Company	A subsidiary of the Company	5,852,562.93	0.89%	-	4,392,561.13	0.54%	-
Consulting company	An associate of the Company	8,472.00	0.00%	-	-	-	-
United Electronic Company	One of its directors is the Company's key management personnel	845.00	0.00%	-	-	-	-
		649,538,813.89	99.12%	-	813,202,250.13	99.31%	-

14 Notes to the Company's financial statements (continued)

(2) Other receivables (continued)

(f) As at 31 December 2013, the five largest other receivables are analysed as follows:

	Relationship with the Company	Amount	Ageing	% of total balance
Advances to Meiguan Company	A subsidiary of the Company	383,784,086.37	Within 1 year	58.57%
Loans to Guishen Company	A subsidiary of the Company	135,128,054.79	Within 1 year	20.62%
Advances to Airport-Heao Eastern Company	A subsidiary of the Company	97,286,222.51	Within 1 year	14.85%
Loans to Qinglian Company	A subsidiary of the Company	19,093,239.13	Within 1 year	2.91%
Advances to Coastal Company	Controlled by the ultimate holding company, together with the Company	8,385,331.16	Within 1 year	1.28%
		643,676,933.96		98.23%

(g) As at 31 December 2013 and 31 December 2012, all other receivables were denominated in RMB.

(3) Long-term receivables

	31 December 2013	31 December 2012
Loans to Qinglian Company	1,210,000,000.00	818,333,335.01

(4) Long-term equity investments

	31 December 2013	31 December 2012
Subsidiaries - unquoted (a)	4,882,517,546.15	4,972,495,784.60
Joint ventures - unquoted (b)	183,996,250.12	174,639,254.25
Associates - unquoted (b)	1,390,218,121.10	1,448,933,932.74
Other long-term equity investment - unquoted (b)	30,170,000.00	30,170,000.00
	6,486,901,917.37	6,626,238,971.59
Less: Provision for impairment of long-term equity investments	-	-
	6,486,901,917.37	6,626,238,971.59

As at 31 December 2013, no provision for impairment of long-term equity investments was required (31 December 2012: nil).

14 Notes to the Company's financial statements (continued)

(4) Long-term equity investments (continued)

(a) Subsidiaries

	Ending balance of investment costs	31 December 2012	Investment cost recovered	31 December 2013	Cash dividend declared	Equity interest held	Voting rights held	Impairment
Airport-Heao Eastern Company	1,003,632,517.49	1,082,946,738.33	(79,314,220.84)	1,003,632,517.49	157,503,000.26	100%	100%	-
Meiguan Company	630,590,725.39	641,254,743.00	(10,664,017.61)	630,590,725.39	132,038,515.66	100%	100%	-
Advertising Company	3,325,000.01	3,325,000.01	-	3,325,000.01	11,766,037.65	95%	95%	-
Mei Wah Company	831,769,303.26	831,769,303.26	-	831,769,303.26	-	100%	100%	-
Qinglian Company	1,933,200,000.00	1,933,200,000.00	-	1,933,200,000.00	-	51.37%	51.37%	-
Outer Ring Company	100,000,000.00	100,000,000.00	-	100,000,000.00	-	100%	100%	-
Expressway Investment Company	380,000,000.00	380,000,000.00	-	380,000,000.00	-	95%	95%	-
	4,882,517,546.15	4,972,495,784.60	(89,978,238.45)	4,882,517,546.15	301,307,553.57			-

The Company uses cost method to account for investments in the above subsidiaries.

As stated in Note 5(23)(b), the full amount of principal and interest of the Company's corporate bonds is unconditionally and irrevocably guaranteed by China Construction Bank Corporation, which is in turn secured by the Company's 100% equity interest in Meiguan Company.

(b) The detailed information of associates and other long-term equity investments are set out in Note 5(6)(a), Note 5(6)(b) and Note 5(6)(c). The directors of the Company considered that the Group has no material joint venture or associate for the year ended 31 December 2013 and 2012 as the investment income/(loss) from individual joint venture or associate does not exceed 10% of the total profit of the Company.

14 Notes to the Company's financial statements (continued)

(5) Fixed assets

	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Total
Cost					
31 December 2012	381,619,282.45	576,286,966.75	16,383,231.45	38,036,353.00	1,012,325,833.65
Additions in current year	-	251,532.66	832,000.00	1,654,509.51	2,738,042.17
Adjustment to cost due to final settlement in current year	20,468,468.75	8,348,367.62	-	-	28,816,836.37
Current year reductions	-	-	(507,000.00)	(1,121,712.27)	(1,628,712.27)
31 December 2013	402,087,751.20	584,886,867.03	16,708,231.45	38,569,150.24	1,042,251,999.92
Accumulated depreciation					
31 December 2012	89,723,741.87	289,651,858.89	13,138,732.98	29,182,688.46	421,697,022.20
Current year additions	13,304,706.48	46,653,164.48	1,143,504.79	3,594,866.29	64,696,242.04
Current year reductions	-	-	(481,650.00)	(1,052,388.58)	(1,534,038.58)
31 December 2013	103,028,448.35	336,305,023.37	13,800,587.77	31,725,166.17	484,859,225.66
Net book value					
31 December 2013	299,059,302.85	248,581,843.66	2,907,643.68	6,843,984.07	557,392,774.26
31 December 2012	291,895,540.58	286,635,107.86	3,244,498.47	8,853,664.54	590,628,811.45

The Company has buildings with net book value of RMB194,533,042.97 (cost: RMB276,629,917.58) lacking certificates of ownership (31 December 2012: net book value of RMB183,423,772.38, cost of RMB256,161,448.83). Due to the unique feature of the Company's operation, toll roads and the affiliated buildings and structures would be returned to the government when the approved operating periods expire. Thus, the Company has no intention to acquire the related property ownership certificates.

In 2013, depreciation expenses amounting to RMB59,308,419.79 (2012: RMB64,666,013.95) and RMB5,387,822.25 (2012: RMB5,638,694.25) had been charged in costs of services and general and administrative expenses, respectively. As at 31 December 2013, no provision for impairment of fixed assets was required (31 December 2012: nil).

(6) Construction in progress

Name	Budget	31 December 2012	Current year additions	31 December 2013	Source of funds	% contribution in budget of current year	Progress of construction
Toll-by-weight projects	12 million	-	8,460,481.04	8,460,481.04	Self-owned funds	70.50%	In progress
Integrated toll system projects	3 million	-	3,025,555.27	3,025,555.27	Self-owned funds	97.73%	In progress
Toll lanes reconstruction projects	46 million	-	2,847,755.00	2,847,755.00	Self-owned funds	6.18%	In progress
Others	*	2,837,057.32	5,500,571.47	8,337,628.79	Self-owned funds	*	In progress
		2,837,057.32	19,834,362.78	22,671,420.10			

* The budgets of these projects are not disclosed as the amounts are not material.

As at 31 December 2013, no provision for impairment of construction in progress was required (31 December 2012: nil).

14 Notes to the Company's financial statements (continued)

(7) Intangible assets

	Cost	31 December 2012	Current year adjustment to cost due to final completion accounts	Current year addtions	Current year amortisation	31 December 2013	Accumulated amortisation
Concession intangible assets	5,800,519,433.87	4,981,454,490.46	(66,600,452.02)	27,378,415.09	(204,980,556.66)	4,737,251,896.87	(1,063,267,537.00)
- Nanguang Expressway	2,790,981,381.35	2,607,675,384.63	-	27,378,415.09	(69,993,361.82)	2,565,060,437.90	(225,920,943.45)
- Yanba Expressway	1,255,337,192.11	1,155,889,969.70	(66,600,452.02)	-	(40,367,164.26)	1,048,922,353.42	(206,414,838.69)
- Yanpai Expressway	910,532,308.18	703,635,716.21	-	-	(47,752,166.67)	655,883,549.54	(254,648,758.64)
- Shenzhen Airport-Heao Expressway (Western Section)	843,668,552.23	514,253,419.92	-	-	(46,867,863.91)	467,385,556.01	(376,282,996.22)
Office software	3,282,461.60	1,200,898.95	-	1,615,841.60	(418,167.92)	2,398,572.63	(883,888.97)
Total	5,803,801,895.47	4,982,655,389.41	(66,600,452.02)	28,994,256.69	(205,398,724.58)	4,739,650,469.50	(1,064,151,425.97)

The amortisation of intangible assets amounting to RMB205,398,724.58 was charged into current year's income statement (2012: RMB165,896,552.14).

14 Notes to the Company's financial statements (continued)

(8) Accounts payable

The ageing of accounts payable based on their recording dates is analysed as follows:

	31 December 2013	31 December 2012
Within 1 year (including 1 year)	1,071,742.00	7,684,220.75
Over 1 year	47,176,775.62	78,522,805.31
	48,248,517.62	86,207,026.06

(9) Borrowings and bonds payable

Borrowings and bonds payables are analysed by repayment terms as follows:

	31 December 2013		31 December 2012	
	Borrowings	Bonds payable	Borrowings	Bonds payable
Wholly repayable within five years	1,172,563,200.00	2,300,000,000.00	290,491,300.00	4,500,000,000.00
Not wholly repayable within five years	565,000,000.00	800,000,000.00	565,000,000.00	800,000,000.00
	1,737,563,200.00	3,100,000,000.00	855,491,300.00	5,300,000,000.00

(10) Provisions

	31 December 2012	Current year movement	31 December 2013
Provisions for maintenance/resurfacing obligations	403,751,799.85	(102,468,683.19)	301,283,116.66
Less: current portion	(207,859,389.48)	113,555,488.43	(94,303,901.05)
	195,892,410.37	11,086,805.24	206,979,215.61

(11) Revenue and cost of services

	2013	2012
Revenue from main businesses (a)	1,029,443,252.92	955,242,007.62
Revenue from other businesses (b)	154,239,993.86	293,581,222.10
	1,183,683,246.78	1,248,823,229.72
Cost of main businesses (a)	418,521,773.10	384,191,744.94
Cost of other businesses (b)	39,574,549.34	145,057,777.24
	458,096,322.44	529,249,522.18

14 Notes to the Company's financial statements (continued)

(11) Revenue and cost of services (continued)

(a) Revenue and cost of services from main operation

	2013		2012	
	Revenue from main business	Cost of main business	Revenue from main business	Cost of main business
Revenue from toll road	1,029,443,252.92	418,521,773.10	955,242,007.62	384,191,744.94

The Company's revenue from toll road is all generated from Shenzhen region.

(b) Revenue and cost of services from other businesses

	2013		2012	
	Revenue from other businesses	Cost of other businesses	Revenue from other businesses	Cost of other businesses
Management services revenue	142,922,344.12	38,068,763.80	284,949,878.18	143,113,128.74
Other revenues	11,317,649.74	1,505,785.54	8,631,343.92	1,944,648.50
	154,239,993.86	39,574,549.34	293,581,222.10	145,057,777.24

(c) Revenue from the five largest customers of the Company

Except for revenue from toll road, revenue from the five largest customers of the Company amounted to RMB145,318,305.25 (2012: RMB286,778,907.77) which accounted for 12.28% (2012: 22.96%) of the total revenue of the Company. The detail is analysed below:

	Revenue	% of total revenue
Shenzhen Transportation Bureau	75,732,869.06	6.40%
Coastal Company	46,821,193.56	3.96%
Baotong Company	18,000,000.00	1.52%
China Mobile Limited Guangdong Shenzhen Branch	2,395,961.48	0.20%
Shenzhen Traffic Public Facilities Construction Center	2,368,281.15	0.20%
	145,318,305.25	12.28%

14 Notes to the Company's financial statements (continued)

(12) Financial expenses - net

	2013	2012
Interest expense	230,144,871.98	269,489,551.62
Including: Interest expenses from borrowings	40,007,659.08	79,299,022.88
Interest expenses from bonds payable	207,105,232.92	199,520,528.74
Interest capitalised	(16,968,020.02)	(9,330,000.00)
Time value of provision for maintenance/resurfacing obligations	24,502,875.48	25,073,762.60
Less：interest income	(17,497,138.96)	(28,808,587.52)
Exchange (gains)/loss	(9,537,160.96)	2,386,580.29
Others	625,918.29	5,779,476.58
	228,239,365.83	273,920,783.57

Interest expenses are analysed by the repayment terms of bank and other borrowings as follows:

	2013		2012	
	Bank borrowings	Bonds payable	Bank borrowings	Bonds payable
Borrowings and bonds wholly repayable within five years	4,757,954.08	207,105,232.92	42,731,184.52	199,520,528.74
Borrowings and bonds not wholly repayable within five years	35,249,705.00	-	36,567,838.36	-
	40,007,659.08	207,105,232.92	79,299,022.88	199,520,528.74

(13) Investment income

	2013	2012
Income from long-term equity investments under cost method	301,307,553.57	314,551,297.54
Income from long-term equity investments under equity method	185,676,580.93	128,649,538.40
Income from disposal of investments in a joint venture	-	450,000.00
	486,984,134.50	443,650,835.94

(a) Investment income from long-term equity investments under cost method

Investees that contributed investment income for more than 5% of the Company's total profit, or the top five investees that contributed most investment income to the Company's total profit are set out as follows:

	2013	2012	Reason for current year fluctuation
Airport-Heao Eastern Company	157,503,000.26	158,079,859.57	Increase in amortisaion due the increased of traffic volume during toll-free holidays
Meiguan Company	132,038,515.66	156,471,437.97	Decrease in toll road revenue.
	289,541,515.92	314,551,297.54	

14 Notes to the Company's financial statements (continued)

(13) Investment income (continued)

(b) Investment income from long-term equity investments under equity method

Investees that contributed investment income for more than 5% of the Company's total profit, or the top five investees that contributed most investment income to the Company's total profit are set out as follows:

	2013	2012	Reason for current year fluctuation
Qinglong Company	61,633,172.62	57,757,586.90	Toll road revenue increased
Yangmao Company	56,941,292.18	39,495,941.77	Toll road revenue increased and financial expenses decreased
Nanjing Third Bridge Company	21,111,322.77	6,083,983.89	Toll road revenue increased and financial expenses decreased
Guangyun Company	20,849,549.37	20,719,836.26	Toll road revenue increased
Shenchang Company	13,045,940.84	2,943,895.62	Toll road revenue increased and special maintenance expenses decreased
	173,581,277.78	127,001,244.44	

(14) Income tax expenses

	2013	2012
Current income tax calculated according to tax law and related regulations	81,220,819.59	99,992,215.73
Deferred income tax	11,216,231.67	(17,404,088.00)
	92,437,051.26	82,588,127.73

The reconciliation from income tax calculated based on the applicable tax rates and profit before tax presented in the financial statements to the income tax expense is listed below:

	2013	2012
Profit before tax	864,021,647.91	776,288,801.58
Income tax expenses calculated at applicable tax rate of 25% (2012: 25%)	216,005,411.98	194,072,200.40
Income not subject to tax	(126,103,011.23)	(112,684,450.27)
Expenses not deductible for tax purposes	2,824,804.35	1,587,249.38
Deduction of the amortisation of transaction costs of convertible bonds	(290,153.84)	(386,871.78)
Income tax expenses	92,437,051.26	82,588,127.73

14 Notes to the Company's financial statements (continued)

(15) Supplementary information to cash flow statements

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

	2013	2012
Net profit	771,584,596.65	693,700,673.85
Add: Amortisation of investment properties	575,700.00	575,700.00
Depreciation of fixed assets	64,696,242.04	70,304,708.20
Amortisation of intangible assets	205,398,724.58	165,896,552.14
Amortisation of long-term prepaid expenses	914,778.12	914,778.12
Losses on disposal of fixed assets	77,599.69	490,791.23
Financial expenses	228,239,365.83	273,920,783.57
Investment income	(486,984,134.50)	(443,650,835.94)
Decrease/(increase) in deferred tax assets	11,216,231.67	(17,404,088.00)
Decrease/(increase) in inventories	209,079.76	(237,714.83)
Increase in operating receivables	(164,096,431.12)	(663,963,082.72)
(Decrease)/increase/ in operating payables	(50,098,378.32)	379,784,042.81
Net cash flows from operating activities	581,733,374.40	460,332,308.43

(b) Net change in cash

	2013	2012
Cash at the end of the year	415,547,266.82	1,166,746,594.53
Less: cash at the beginning of the year	(1,166,746,594.53)	(1,412,201,859.12)
Net decrease in cash	(751,199,327.71)	(245,455,264.59)

(c) Cash and cash equivalents

	31 December 2013	31 December 2012
Cash at bank and on hand	420,707,294.65	1,168,598,474.41
Less: Restricted bank balances (Note 5(1))	(1,371,284.40)	(1,851,879.88)
Bank balances frozen (Note 5(1))	(3,788,743.43)	-
Cash at the end of the year	415,547,266.82	1,166,746,594.53

15 Net current assets

	Group	
	31 December 2013	31 December 2012
Current assets	2,237,727,753.83	2,704,917,808.58
Less: current liabilities	(2,234,389,118.33)	(3,889,541,786.88)
Net current assets/(liabilities)	3,338,635.50	(1,184,623,978.30)

	Company	
	31 December 2013	31 December 2012
Current assets	1,421,950,956.80	2,336,316,457.96
Less: current liabilities	(1,254,865,262.77)	(2,903,659,968.70)
Net current assets/(liabilities)	167,085,694.03	(567,343,510.74)

16 Total assets less current liabilities

	Group	
	31 December 2013	31 December 2012
Total assets	22,840,107,479.91	24,209,125,042.19
Less: current liabilities	(2,234,389,118.33)	(3,889,541,786.88)
Total assets less current liabilities	20,605,718,361.58	20,319,583,255.31

	Company	
	31 December 2013	31 December 2012
Total assets	14,524,393,916.72	15,452,527,016.22
Less: current liabilities	(1,254,865,262.77)	(2,903,659,968.70)
Total assets less current liabilities	13,269,528,653.95	12,548,867,047.52

Supplementary Information

Supplementary information
For the year ended 31 December 2013
(All amounts in RMB unless otherwise stated)

1 Detailed list of non-recurring profit or loss items

	2013	2012	Note
Profits from entrusted management services	16,990,200.00	16,990,200.00	Profits from entrusted management services provided to Longda Company in current year.
The amortisation of compensation provided by concession grantor	16,394,108.60	13,749,423.41	The amortisation of compensation to Yanpai Expressway and Yanba Expressway provided by concession grantors recognised in current year according to traffic volume method which disclosed as a deduction of the amortisation of the related concession intangible assets.
Income from disposal of investments in a joint venture	-	450,000.00	
Net loss from disposal of assets in related to National Highway No.107 (Qinglian Section) (including removal expenses)	(241,244,535.65)	-	
Other profit or loss items that meet the definition of non-recurring profit or loss	2,608,984.04	(1,411,301.77)	
	(205,251,243.01)	29,778,321.64	
Impact of income tax	53,787,903.93	(5,379,862.27)	Tax impact of the non-recurring profit and loss.
Impact of minority interests (after tax)	42,740,678.54	432,521.40	
	(108,722,660.54)	24,830,980.77	

Basis for preparation of detailed list of non-recurring profit or loss items

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss (2008) ('Explanatory announcement No.1') from CSRC, non-recurring profit or loss refer to those arise from transactions and events that are not directly relevant to ordinary business, or that are relevant to ordinary business, but are so extraordinary that would have an influence on users of financial statements making proper judgments on the performance and profitability of an enterprise.

2 Return on net assets and earnings per share

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2013	2012	2013	2012	2013	2012
Net profit attributable to ordinary owners of the Company	7.40%	7.33%	0.330	0.314	0.330	0.314
Net profit after deducting non-recurring profit or loss attributable to ordinary owners of the Company	8.51%	7.06%	0.380	0.303	0.380	0.303

3 Explanations of significant fluctuations and related reasons on major items of the financial statements

The significant items with fluctuations over 30% (including 30%) are analysed as below:

		31 December 2013	31 December 2012	Increase/(decrease)(%)
Cash at bank and on hand	1	1,094,796,690.93	1,956,056,006.44	(44.03)
Advances to suppliers	2	134,809,901.75	320,335,136.60	(57.92)
Other receivables	3	165,948,978.57	37,496,747.37	342.57
Inventories	4	345,018,118.72	2,980,022.26	11,477.70
Other current assets	5	1,755,109.55	-	Not applicable
Long-term prepayments	6	4,814,364.00	-	Not applicable
Construction in progress	7	36,340,507.58	16,357,384.44	122.17
Short-term borrowings	8	450,400,000.00	1,000,000.00	44,940.00
Account payable	9	375,719,993.22	661,807,999.88	(43.23)
Interest payable	10	70,058,287.20	102,406,437.69	(31.59)
Current portion of non-current liabilities	11	620,326,885.32	2,538,991,115.62	(75.57)
Other current liabilities	12	1,923,817.30	-	Not applicable
Derivative liabilities	13	-	16,070,892.42	(100.00)
Investment income	14	185,676,580.93	129,099,538.40	43.82
Non-operating expenses	15	244,410,693.27	4,357,114.10	5,509.46
Net cash flows from financing activities	16	(2,121,387,389.90)	(1,315,954,348.55)	61.21

1. Medium-term notes and convertible bonds are repaid upon maturity in 2013.
2. In 2012, Guishen Company made prepayment of approximately RMB309,000,000 as a result of tender for land use right of a piece of land located in Longli County, Guizhou Province with area of approximately 883 mu. In 2013, Guishen Company made further prepayment of land-transfer fund and related deed taxes of approximately RMB155,000,000 as a result of tender for another piece of land located in Longli County, Guizhou Province with area of approximately 400 mu. About 933 mu of the above land had met related delivery conditions in the acquisition contract and related prepayment for land use right and deed taxes amounting to RMB342,000,000 were recognised as inventories based on its intention of holding.
3. The advance made to Longli BT Project increased in 2013.
4. As stated in the Note 2 above, 933 mu of the above land had met related delivery conditions in the acquisition contract and related prepayment for land use right and deed taxes amounting to RMB342,000,000 were recognised as inventories based on its intention of holding.
5. Parts of business tax and CIT in related to Longli BT Project were prepaid by Guishen Company in 2013.
6. The Company and Advertising Company made prepayment for purchasing the employee housing.
7. The construction of integrated toll system projects and toll-by-weight projects were still in progress as at 31 December 2013.
8. New short-term borrowings have been drawn down in 2013.
9. In 2013, some expressway project payables were settled and accrued project payables were reduced due to the final completion account of Qinglian Expressway and Yanba Expressway.
10. Interest payable decreased due to the decrease in total scale of borrowings and bonds payable in 2013.
11. Medium-term notes and convertible bonds were repaid upon maturity in 2013.

3 Explanations of significant fluctuations and related reasons on major items of the financial statements (continued)

12. A return of deed taxes were received from Longli County Government and recognized as government grants related to inventories.
13. The cross currency interest rate swap would expire in September 2014 and the derivative financial liabilities were reclassified as current portion of non-current liabilities accordingly.
14. Investment income from associates and joint ventures such as Nanjing Third Bridge Company, Yangmao Company and Shenchang Company increased in 2013.
15. Net loss from disposal of assets in related to National Highway No.107 (Qinglian Section) amounted to RMB241,000,000 in 2013.
16. Medium-term notes and convertible bonds were repaid upon maturity in 2013.