



Guangdong Provincial Expressway Development Co., Ltd.

2010 Annual Report

Chairman of the Board

Mr.Zhou Yu Ming

March 4, 2011

Important Notes

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

The annual report of this year is adopted by the 11th provisional meeting of the Sixth board of directors of the company. all the other directors presented the meeting made their votes.

Lixin Yangcheng Certified public Accountants audited the financial report of the Company for this Report period and issued standard unqualified auditor's report.

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

Table of Contents

- I. Basic Information of the Company
- II. Summary of Accounting Highlights and Business Highlights
- III. Change of share capital and shareholding of Principal Shareholders
- IV. Information about Directors, Supervisors and Senior Executives
- V. Administrative structure
- VI. Particulars about shareholders' general Meeting
- VII. Report of the Board of Directors
- VIII. Report of the Supervisory Committee
- IX. Important Events
- X. Financial Report
- XI. Documents available for inspection

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

I. Basic Information of the Company

(I) Legal name of the company

Name in Chinese: 广东省高速公路发展股份有限公司

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

English abbreviation: GPED

(II) Legal representative: Zhou Yuming

(III) Secretary of the Board of Directors: Zuo Jiang

Contact Address: 85 Banyun Road, Guangzhou, Guangdong Province

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

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

Securities affair representative: Feng Xinwei

Contact Address: 85 Banyun Road, Guangzhou, Guangdong Province

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

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

(IV) Registered address of the Company: 85 Banyun Road, Guangzhou, Guangdong Province

Office address: 85 Banyun Road, Guangzhou, Guangdong Province

Postal code: 510100

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

E-mail: zqb@gdcg.cn

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

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

Address for Reference: Law Securities Dept. of the Company

(VI) Stock exchange for listing: Shenzhen Stock Exchange

Stock abbreviation: Expressway A, Expressway B

Stock code: 000429、200429

(VII) Relevant information

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

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

The date of last registration change: December 17, 2007

Registered address: 85 Banyun Road, Guangzhou, Guangdong Province

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

3. Company's Tax Registration Number: 440102190352102

4. Organization Code: 19035210-2

5. Company's Auditor's

Lixin Yangcheng Certified Public Accountants Co., Ltd.

Office address: 11/F, Yaozhong Plaza, No.3-15 Linhe Xi Road, Tianhe District, Guangzhou

II. Summary of Accounting Highlights and Business Highlights

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

Unit: RMB

Items	2010
Operation profit	507,585,956.69
Total profit	494,404,407.02
Net profit attributable to shareholders of the listed company	388,478,016.28
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of the listed company	395,740,004.54
Cash flow generated by business operation , net	590,293,828.25

Note: Items of non-recurring gains and losses deducted

Unit: RMB

Items	Amount	Note (If applicable)
Gain/loss form disposal of non-current assets.	-15,303,539.22	The compensation for the expenses on disposal of debris of Jiujiang Bridge was accounted for as non-operating income in current period. Non-operating expenses increased due to Fokai Expressway's removal of five old fly-over bridges and Four site fees for expansion and abandonment of net asset value.
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	150,000.00	
Net amount of non-operating income and expense except the aforesaid items	1,971,989.55	
Amount of influence of income tax	3,432,889.18	
Amount of influence of minority interests	2,486,672.23	
Total	-7,261,988.26	

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

Unit: RMB

	2010	2009	Changed over last year (%)	2008
Operating profit	1, 002, 219, 500. 20	936, 882, 230. 17	6. 97%	936, 925, 862. 40
Total profit	494,404,407.02	436, 223, 918. 28	13.34%	545, 877, 259. 60
Net profit attributable to the shareholders of the listed company	388,478,016.28	332, 040, 435. 70	17.00%	404, 911, 057. 09
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	395,740,004.54	322, 620, 121. 35	22.66%	420, 223, 737. 71
Cash flow generated by business operation, net	590, 293, 828. 25	225, 993, 127. 37	161. 20%	582, 652, 734. 82
	End of 2010	End of 2009	Changed over last year (%)	End of 2008
Gross Assets	10,526,464,082.25	8, 915, 176, 490. 28	18.07%	7, 263, 786, 480. 85
Shareholders' equity attributable to shareholders of the listed company	4,283,251,674.35	3, 598, 233, 573. 62	19.04%	3, 391, 904, 912. 72
Capital stock	1, 257, 117, 748. 00	1, 257, 117, 748. 00	0. 00%	1, 257, 117, 748. 00

(2) Highlights of financial indexes

Unit: RMB

	2010	2009	Changed over last year (%)	2008
Basic gains per share (RMB/Share)	0.31	0.26	19.23%	0.32
Diluted gains per share (RMB/Share)	0.31	0.26	19.23%	0.32
Basic earning per share after deducting of non-recurring gains/losses (RMB/Share)	0.28	0.26	7.69%	0.32
Weighted average net asset earning ratio (%)	9.21%	9.50%	-0.29%	12.21%
Net income on asset, weighted and deducted non-recurring gain/loss (%)	9.40%	9.23%	0.17%	12.68%
Net cash flow per share generated by business operation (RMB/Share)	0.47	0.18	161.11%	0.46
	End of 2010	End of 2009	Changed over last year (%)	End of 2008
Net asset per share attributable to shareholders of the listed company (RMB/Share)	3.41	2.86	19.23%	2.70

III. Change of Share Capital and Shareholding of Principal Shareholders

(I). Changes in share capital

1. Changes in share capital

Unit: shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
1. Shares with conditional subscription	444,091,390	35.33%				-3,315,969	-3,315,969	440,775,421	35.06%
1. State-owned shares	409,246,518	32.55%				663,617	663,617	409,910,135	32.61%
2. State-owned legal person shares	23,468,541	1.87%				-1,166,564	-1,166,564	22,301,977	1.77%
3. Other domestic shares	11,173,716	0.89%				-2,809,264	-2,809,264	8,364,452	0.67%
Incl: Non-state owned domestic legal person shares	9,390,193	0.75%				-1,554,712	-1,554,712	7,835,481	0.62%
Domestic natural person shares	1,783,523	0.14%				-1,254,552	-1,254,552	528,971	0.04%
4. Foreign shareholding									
Incl: Overseas legal person shares									
Foreign nature person share									
5. Executive shares	202,615	0.02%				-3,758	-3,758	198,857	0.02%
II. Shares with unconditional subscription	813,026,358	64.67%				3,315,969	3,315,969	816,342,327	64.94%
1. Common shares in RMB	464,276,358	36.93%				3,315,969	3,315,969	467,592,327	37.20%
2. Foreign shares in domestic market	348,750,000	27.74%						348,750,000	27.74%
3. Foreign shares in overseas market									
4. Other									
III. Total of capital shares	1,257,117,748	100.00%						1,257,117,748	100.00%

Notes 1. In the report period, Reasons for the increase of shares with sale conditions held by state : part of the shareholders repaid 663,617 counterpart shares to Guangdong Communication Group Co., Ltd. Confirmed by judicial authorities, 533,498 shares of onshore corporation stocks were converted from

“State-owned legal person shares” to “held by state shares”. Confirmed by judicial authorities, 130119 shares of onshore corporation stocks were converted from “Domestic natural person shares” to “held by state shares”

Notes 2. In the report period, Reasons for the decrease of shares with sale conditions held by state-owned legal persons: A total of 633,66 shares of sale conditions stocks held by shareholders of Part of the shareholders were removed of restriction on sales and could circulate on the stock market. part of the shareholders repaid 533,498 counterpart shares to Guangdong Communication Group Co., Ltd. convert to “held by state shares”.

Notes 3. In the report period, Reasons for the decrease of shares with sale conditions held by Non-state owned domestic legal person shares: A total of 835,754 shares of sale conditions stocks held by shareholders of Part of the shareholders were removed of restriction on sales and could circulate on the stock market. Confirmed by judicial authorities, 718,958 shares of onshore corporation stocks were converted to onshore natural person stocks, and were still sale conditions stocks.

Notes 4. In the report period, Reasons for the decrease of shares with sale conditions held by Non-state owned domestic legal person shares: part of the shareholders repaid total 130,119 counterpart shares to Guangdong Communication Group Co., Ltd. convert to “held by state shares”. Confirmed by judicial authorities, 718,958 shares of onshore corporation stocks were converted to onshore natural person stocks, and were still sale conditions stocks. A total of 1,843,391 shares of sale conditions stocks held by shareholders of Part of the shareholders were removed of restriction on sales and could circulate on the stock market.

Notes 5. In the report period, company's senior executive had sold 3,758 shares of the Executive shares.

2. Change in conditional shares

Unit: Shares

Name of the shareholder	Conditional shares at beginning of year	Released this year	Increased this year	Conditional shares at end of year	Reason of condition	Date of releasing
Guangdong Communication Group Co.,Ltd	409,246,518	0	663,617	409,910,135	Guangdong Communication Group Co., Ltd. and its coordinated actor Xinyue Co., Ltd increased in holding shares of the Company through the securities trading system of Shenzhen Stock Exchange on December 11, 2008, which was finally complete on	Unsure

						December 10, 2009. According the <i>Administration of the Takeover of Listed Companies</i> and related regulations of Shenzhen Stock Exchange, stocks hold by the Guangdong Communication Group Co., Ltd. and its related companies Guangdong Provincial Expressway Development Co., Ltd, Guangdong Provincial Communication Development Corporation, and Guangdong Provincial Traffic Development Corporation will remove of restriction on sales of stocks on December 10, 2010.	
Guangdong Expressway Co., Ltd	20,017,542	0	-435,314	19,582,228	As mentioned above	As mentioned above	
Guangdong Communication Development Company	589,239	0	0	589,239	As mentioned above	As mentioned above	
Guangdong Traffic Development Company	2,130,510	0	0	2,130,510	As mentioned above	As mentioned above	
State-owned legal person and other Domestic shareholder	11,904,966	3,975,828	0	7,929,138	Part of legal shareholders paid the price of equity reform on be half of Guangdong Communication Group Co.,Ltd., before they return the price to Guangdong Communication Group Co.,Ltd., their shares will be limited to sell.	As mentioned above	
Directors, Supervisors, Senior Executives	202,615	3,758	0	198,857	Executive shares	As mentioned above	
Total	444,091,390	3,979,586	228,303	440,340,107	—	—	

(II) Issuing and placing of shares

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

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

With the consent of Shenzhen Stock Exchange, company bond will be listed in Shenzhen Stock Exchange since Oct. 16th, 2009. The short name of the bond is "09 Guangdong Expressway Bond", the stock code is "112009".

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

(III) Particulars about the shareholders

1. Top 10 holders of shares with subscription conditions

Unit: shares

Total of shareholders	The Company had 100,704 shareholders in total, including 64,690 shareholders holding A shares and 36,014 shareholders holding.				
Top 10 holders of shares					
Name of the shareholder	Properties of shareholder	Share proportion %	Total shares	Conditional shares	Pledged or frozen
Guangdong Communication Group Co.,Ltd	State-owned legal person	40.83%	513,289,877	409,910,135	103,379,742
Guangdong Expressway Co., Ltd	State-owned legal person	1.56%	19,582,228	19,582,228	
Xinyue Co., Ltd.	Overseas legal person	1.05%	13,201,086		
Guangdong Yuecai Trust Investment CO., Ltd.	State-owned legal person	0.97%	12,174,345		
Shanxi Huiteng International Freight Forwarding Co., Ltd.	Unknown	0.29%	3,600,000		
STICHTING PGGM DEPOSITARY	Overseas legal person	0.29%	3,599,861		
Lu Weiqiang	Domestic natural person shares	0.23%	2,888,848		
Chen Shukai	Foreign	0.22%	2,730,000		

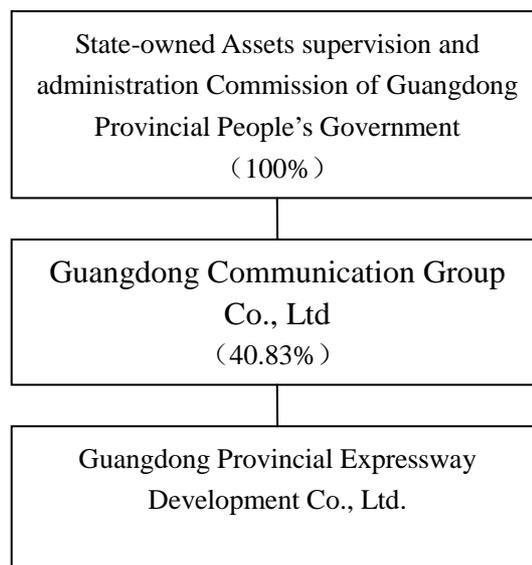
	natural person shares				
Liu Wanping	Domestic natural person shares	0.21%	2,619,407		
Chen Haoming	Foreign natural person shares	0.21%	2,591,987		
Top 10 holders of unconditional shares					
Name of shareholders		Unconditional shares		Type of shares	
Guangdong Communication Group Co.,Ltd		103,379,742		RMB Common shares	
Xinyue Co., Ltd.		13,201,086		Foreign shares placed in domestic exchange	
Guangdong Yuecai Trust Investment CO., Ltd.		12,174,345		RMB Common shares	
Shanxi Huiteng International Freight Forwarding Co., Ltd.		3,600,000		Foreign shares placed in domestic exchange	
STICHTING PGGM DEPOSITARY		3,599,861		Foreign shares placed in domestic exchange	
Lu Weiqiang		2,888,848		Foreign shares placed in domestic exchange	
Chen Shukai		2,730,000		Foreign shares placed in domestic exchange	
Liu Wanping		2,619,407		RMB Common shares	
Chen Haoming		2,591,987		Foreign shares placed in domestic exchange	
Hu Airong		2,540,110		RMB Common shares	
Notes to the related relationship between the shareholders or their concerted action	Guangdong Communication Group Co., Ltd. is the parent company of Guangdong Expressway Co., Ltd. and Xinyue Co., Ltd.. It is unknown whether there is relationship between other shareholders and whether they are persons taking concerted action specified in the Regulations on Disclosure of Information about Change in Shareholding of Shareholders of Listed Companies.				

2. Brief introduction of the controlling shareholder

Guangdong Communication Group Co., Ltd. is the largest shareholder of the Company. legal representative: Zhu Xiaoling. Date of establishment: August 23, 2000. As of the end of 2007, registered capital is RMB 26.8 billion. It is a solely state-owned limited company. Business scope: equity management, organization of asset reorganization and optimized allocation, raising funds by means including mortgage, transfer of property rights and joint stock system transformation, project investment, operation and management, traffic infrastructure construction, highway and railway project operation and relevant industries, technological development, application, consultation and services, highway and railway passenger and cargo

transport, ship industry, relevant overseas businesses.

3. Information of the actual controller:



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

5. The equity of non-current shareholders in the top 10 shareholders and the conditions for limit on sale. (As of December 31, 2010)

Unit: Share

No	Conditioned shareholder	Shares with conditioned subscription	Date when trading allowed	Newly added tradable shares	Conditions
1	Guangdong Communication Group Co.,Ltd	409,910,135	December 10, 2010 (Notes)	409,246,518	(Notes)
2	Guangdong Expressway Co., Ltd	20,017,542	December 10, 2010 (Notes)	20,017,542	

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

IV Directors, Supervisors ,Senior Executives and Employee

1. Status of Directors, Supervisors and Senior Executives

(1)Basis status

Name	Position	Sex	Age	Beginning date of office term	Expiration date of office term	Shareholding at year-beginning	Shareholding at year-end	Reason of the change	The total amount of remuneration received from the Company in the report period (RMB'0000) (Before tax)	Whether Receive Remuneration from a shareholder or other related parties
Zhou Yuming	Board chairman	Male	58	January 6, 2010	January 6, 2013	0	0		47.23	No
Li Xiyuan	Director and general Manager	Male	49	January 6,2010	January 6, 2013	0	0		47.23	No
Xiao Laijiu	Director, Deputy General Manager,Chief accountant	Male	46	January 6, 2010	January 6, 2013	15,032	11,274	Sell Bought from second market	40.31	No
Hou Jingfang	Director, Deputy General Manager,	Male	57	January 6, 2010	January 6, 2013	0	0		38.45	No
Yang Miaojian	Director	Male	58	January 6, 2010	January 6, 2013	0	0		6.00	Yes
Luo Yingsheng	Director	Male	57	January 6,2010	January 6, 2013	0	0		6.00	Yes
Chen Yanqing	Director	Female	46	January 6, 2010	January 6, 2013	0	0		6.00	Yes
Wei Minghai	Independent director	Male	46	January 6, 2010	January 6, 2013	0	0		6.00	No
Wang Jian	Independent director	Male	50	January 6, 2010	January 6, 2013	0	0		6.00	No
Feng Ke	Independent director	Male	39	January 6, 2010	January 6, 2013	0	0		6.00	No
Wang Pu	Independent director	Male	42	January 6, 2010	January 6, 2013	0	0		6.00	No
Chen Chuxuan	Chairman of the Supervisory	Male	44	January 6, 2010	January 6, 2013	5,987	5,987		6.00	Yes

	Committee									
Yang Xiaohua	Supervisor	Female	32	January 6, 2010	January 6, 2013	0	0		6.00	Yes
Zhou Huiming	Supervisor	Male	46	January 6, 2010	January 6, 2013	0	0		33.85	No
Li Mei	Supervisor	Female	41	January 6, 2010	January 6, 2013	123,205	123,205		31.40	No
Tu Huiling	Supervisor	Female	50	January 6, 2010	January 6, 2013	56,887	56,887		30.06	No
Wang Chunhua	Deputy General Manager	Male	47	January 6, 2010	January 6, 2013	0	0		37.96	No
Yun Wujun	Chief economic engineer, Chief legal adviser	Male	56	January 6, 2010	January 6, 2013	20,043	20,043		40.31	No
Wang Jiachen	Chief engineer	Male	46	January 6, 2010	January 6, 2013	43,990	43,990		40.31	No
Zuo Jiang	Secretary of the board of directors	Female	38	January 6, 2010	January 6, 2013	0	0		31.29	No
Total	-	-	-	-	-	265,144	261,386	-	472.40	-

By the end of 2010, the directors, supervisors and senior managers did not implement equity incentives.

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

Name	Name of corporate shareholders	Position	Term of office	Whether receiving remuneration or subsidy
Yang Miaojian	Guangdong Communication Group Co., Ltd.	Supervisor, Chief legal adviser, director of Law affair Dept.	2005 till now	Yes
Chen Chuxuan	Guangdong Communication Group Co., Ltd.	Full-time field supervisors	July 2008 till now	Yes
Yang Xiaohua	Guangdong Communication Group Co., Ltd.	Full-time field supervisors	January 2009 till now	Yes
Luo Yingsheng	Guangdong Expressway Co., Ltd	Board chairman, Secretary of Party committee,	October 2006 till now	Yes
Chen Yanqing	Guangdong Yuecai Turst Investment CO., Ltd.	Deputy General Manager	October 2008 till now	Yes

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

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

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

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

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

Mr. Yang Miaojian, Now serves as director of the company, a senior engineer with Master's degree. He has served as director of Investment Dept and General economy engineer of Guangdong Communication Group since 2005, He has Employee Supervisor of Guangdong Communication Group Since February 2002, He now serves as supervisor, General Law counselor and Law affair Dept of Guangdong Communication Group Co., Ltd. .

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

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

Mr. Wei Minghai, Now serves as independent director of the Company, a Doctor, principal assistant of Zhongshan University, accounting professor and PHD supervisor. Also served as the member of the Ministry of Finance Internal Control Standards Committee, the member of the Ministry of Finance, the executive director of the China Accounting Society; the chairman of the board of Zhongshan University Industry Group (Zhongshan University Holding) and Independent Director of Guangzhou Baoli Real Estate Company and Guangzhou Development Industry Holding Co., Ltd. .

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

Mr. Feng Ke, an independent director of the Company, doctor's degree of economics. He is the deputy director and researcher of Economic Research Institute of Peking University. He is the director of Real Estate Finance Center, tutor of postgraduate students and postdoctoral students, principal of postdoctoral working station, and editor of *New Economy* magazine. He was the former assistant of general manager, member of investment policy committee, and marketing director of Golden Eagle Asset Management Co., Ltd., general manager of Beijing Branch and Shanghai Branch, part-time professor of Beijing Institute of Technology, tutor of postgraduate students of Social Sciences Academy of Guangdong Province, deputy director of

Youth Economy Society of Beijing University, and independent director of Tande Co., Ltd. Currently, he is an independent director of Tianjin Guangyu Development Co., Ltd, Asia Asset of Hong Kong Exchanges Co., Ltd., and consultant of Mopark Corporation.

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

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

Ms. Yang Xiaohua, the supervisor of the Company, a bachelor's degree holder, Accountant, From June 2002 to October 2008, She served as Deputy Manager of Enterprise Dept of Guangdong Nanyue Logistics Co., Ltd., From October 2008 until now, she served as dispatched chairman of the supervisory committee of Guangdong Communication Group Co., Ltd.

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

Ms Li Mei, the supervisor of the Company, a junior college graduate and political engineer, now serves as supervisor, office director, director of Party Office and member of discipline inspection committee. She has worked at the Company since

1998 to now and concurrently serves as chairman of the supervisory committee of Guangdong Guanghui Expressway Co.,Ltd.

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

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

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

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

Ms Zuo Jiang, a senior economic engineer with master's degree, She has worked at the Company since 1994 and once served manager of Securities Dept.

(4). Annual recompense

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

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

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

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

1、 The Company held the first Provisional general meeting of shareholders of 2010 on

January 6, 2010, and elected the new term of offices. Zhou Yuming, Li Xiyuan , Xiao Laijiu, Hou Jingfang, Yang Miaojian, Luo Yingsheng , Chen Yanqing, Wei Minghai, Wang Jian, Feng Ke and Wang Pu were elected as the members of the sixth Board. Chen Chuxuan , Yang Xiaohua and Zhou Huiming were elected as the member of the sixth supervisors' council. Mr. Li Wenzheng no longer served as the director of the Company after his expiration for the fifth Board.

2、 The first meeting of the sixth Board elected Mr. Zhou Yuming as the chairman of the sixth Board, and appointed Mr. Li Xiyuan as the general manager of the Company, Mr. Xiao Laijiu as the deputy general manager and chief accountant of the Company, Mr. Hou Jingfang and Mr. Wang Chunhua as deputy general managers of the Company, Mr. Yun Wujun as the chief economist and general counsel of the Company, Mr. Wang Jiachen as the chief engineer of the Company, and Ms Zuo Jiang as the secretary of the sixth Board. whose term of office is the same with that of the members of the current board of directors.

3、 Mr. Chen Chuxuan was elected as the Chairman of the sixth Supervisory Board in the First meeting of the sixth board of supervisors.

(II) Particulars about employees

As of the end of 2010, the Company had 1433 on-the-job employees. The particulars are as follows:

	Number of persons	Proportion
Divided by function		
Managerial personnel	278	19.40%
Toll collectors	950	66.29%
Road service personnel	51	3.56%
Logistical personnel	154	10.75%
Total	1433	
Divided by professional title		
Senior professional title	40	2.79%
Semi-senior professional title	86	6.00%
Junior professional title	73	5.09%
Other	1234	86.11%
Total	1433	
Divided by academic qualification		
Holders of master's degree or above	22	1.54%
Graduates of regular university	176	12.28%
Graduates of junior colleges and secondary technical	642	44.80%

schools		
Other	593	41.38%
Total	1433	

71 retired employees for whom it bore expenses.

V Administrative Structure

I、Administrative Particulars

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

II、Particulars about duty performance of independent directors

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

(1).Attendance of board meetings by independent directors

Name	The times of holding of board meetings in this year	Times of attendance in person	Times of attendance by proxy	Times of absence
Wang Jian	7	7	0	0
Wei Minghai	7	7	0	0
Wang Pu	7	7	0	0
Feng Ke	7	7	0	0

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

In the report period, 4 independent directors of the Company did not make

objection to the proposals of the board of directors of the Company in the year.

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

The controlling shareholder of the Company is Guangdong Communication Group Co., Ltd. It holds 513,289,877 shares of the Company, which account for 40.83% of the total share capital of the Company. The Company has sound corporate administration structure. It has been completely independent of its controlling shareholder in respect of business, personnel, assets, organs and finance and has independent and complete business and the ability of independent operation.

1. Independent business

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

2. Complete assets

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

3. Independent personnel

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

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

4. Independent finance

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

management.

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

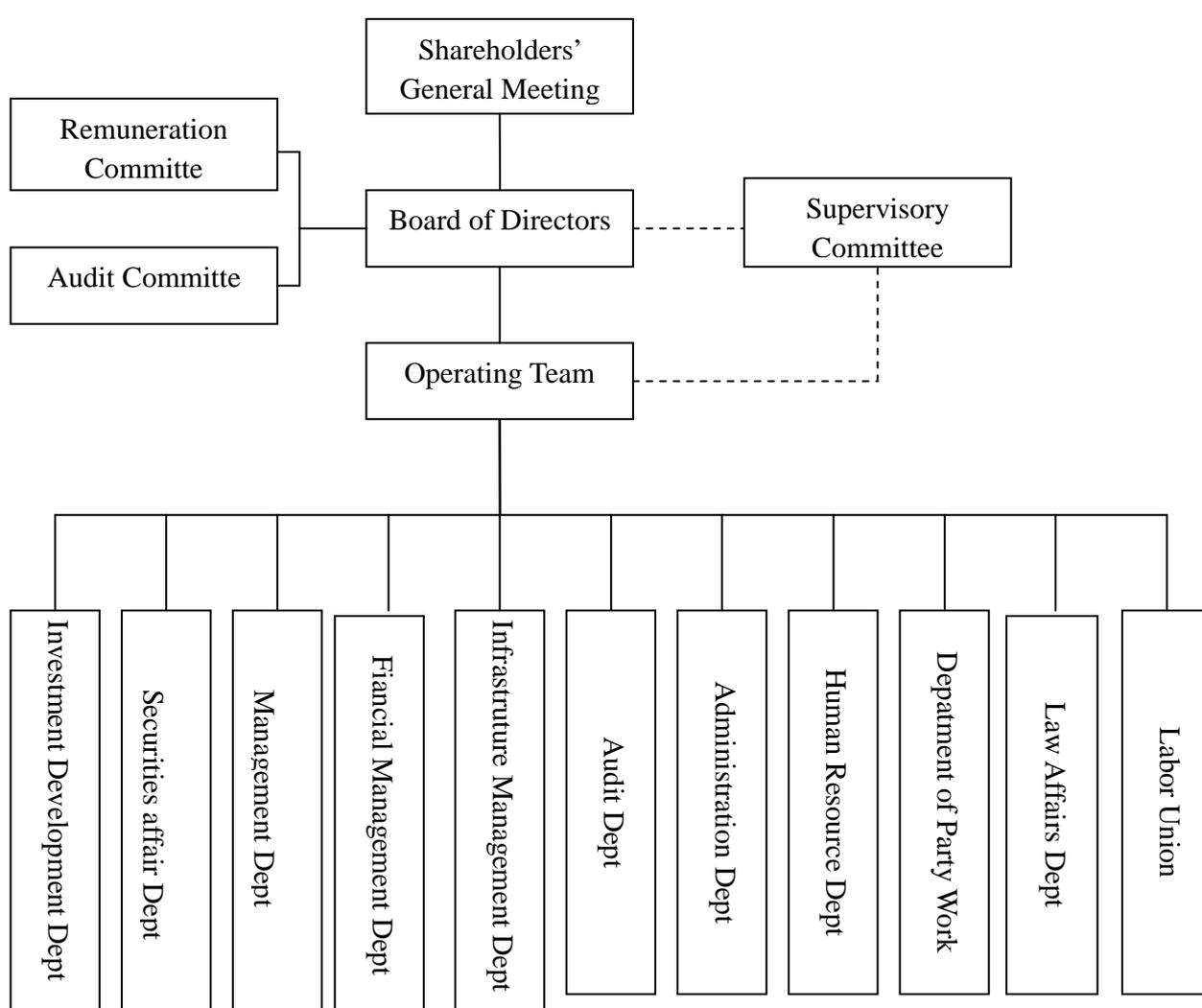
5. Independent organization

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

IV、Establishment and improvement of internal control system.

1、 Summary of internal control

(1). Structure of internal control of the company



(2.) Because the company follows the scientific, standard, basic principles, they could establish internal control management, according to actual situation of the company, in accordance with the principle of clear responsibilities and rational structure and corresponding power and responsibility, the company set up internal

operating management institution, established a set of business processes covering all aspects of management and regulations, promoted standard operations by determining business and persons according actual situation and operating according regulations, laid solid basis for the long-term sustainable development.

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

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

In the report period, Company newly established <The internal control system on depreciation reserves of all assets> and <Accountability system on annual report disclosure major errors>

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

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

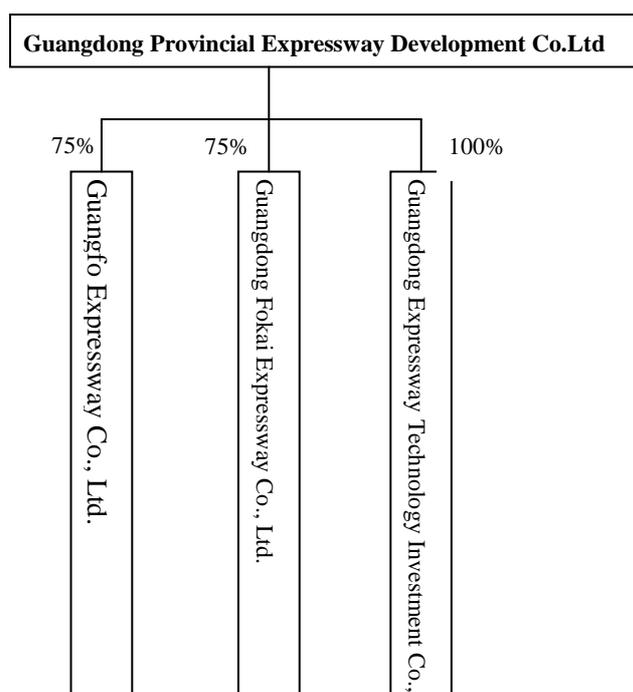
No	Name	Sex	Age	Position	Title	Education
1	Peng Xiaofang	Female	48	Minister of Supervision of Audit	Senior Accountant	Undergraduate
2	Li Haifeng	Female	37	Vice Minister of Supervision of Audit	Auditors,CIA	Undergraduate
3	Liang Liang	Male	30	Business Manager	Auditors,CIA	Undergraduate
4	Chen Ting	Female	34	Business Manager	Political engineer, Economic engineer	Graduate

(4.) General evaluation on internal control in 2010

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

2、 Critical control activities

(1.) Control structure and shareholding ratio of holding subsidiaries



(2.) Self-check of internal control

(i) Control of holding subsidiaries

The Company has set down control policies and procedures of holding subsidiaries and appointed senior management including directors, supervisors, general managers, deputy general managers or finance directors to holding subsidiaries, and it requires holding subsidiaries to annually present an annual

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

(ii) Internal control of connected transactions

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

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

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

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

The Company has no non-operational funds misappropriation by its controlling shareholders and related parties, and independent directors and supervisors of the Company quarterly refer to the fund transfers between the Company and its related parties to check whether any funds, assets and other resources of the Company are misappropriated and transferred by controlling shareholders and related parties of the

Company.

(iii) External guarantees

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

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

(iv) Use of raised funds

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

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

(v) Substantial investments

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

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

(vi). Disclosure of information

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

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

standardized the reception, on-line show and other investor relations, ensuring the fairness of information disclosure.

(III). Problems and improvement plans in key control activities

In the report period, Company had conducted self-checking on information disclosure according to <The notice of conducting information disclosure checking special campaign in listed company> issued by Guangdong regulatory bureau of China Securities Regulatory Commission. The defects existing in routine information disclosure were found, they are mainly two points as follows.

1. In company's <Management system on information disclosure matters>, it get involved in the management of inside information to a certain extent, but it did not specify the administrative organization, administrative dept. and administrator of daily works. During preparing periodic report period, it is still short of related disciplinary mechanism in corporate institutions even securities department had collected and disclosed the name list of insider according to related requirements. In order to develop inside information management system, company should stipulate special <Inside information management system>.

2. The management of our company's share and share changes from board members, supervisors and senior managements and its changes can be implemented in accordance with <The management rules of company's share and share changes of board members, supervisors and senior managements> issued by China Securities Regulatory Commission, while company did not stipulate <The management rules of company's share and share changes of board members, supervisors and senior managements>, it shall be added and stipulated.

The 11th provisional meeting of the Sixth board of directors had reviewed and approved <Inside information management system> and <The management rules of company's share and share changes of board members, supervisors and senior managements>.

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

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

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

VI. Brief Introduction of Shareholders' General Meeting

In the report period, The Company held 2 shareholders meetings, Relevant particulars are as follows:

1. The first provisional shareholders' general meeting in 2010 was held on January 6, 2010. The resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn on January 7, 2010.

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

VII. Report of the Board of Directors

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

(I.) Overall operating status in the report period

In 2010, Under the correct leadership of the board of directors, company is thoroughly applying scientific outlook on development and centering on the strategic target “Getting big, strong, excellent and solid”. innovated on development thoughts, solve development problems, highlighted the main business, and promoted the capital operation, asset operation, and operation and management reform to improve the core competitiveness of the Company continuously. The Company’s production and operation showed a good development situation.

As of December 31, 2010, The operating income and operating profit earned by the Company and the net profit for the shareholders of the Company are as follows:

Unit: RMB

	2010	2009	Increase/Decrease (%)
Business Income	1,002,219,500.20	936,882,230.17	6.97%
Business cost	518,321,042.54	478,592,799.71	8.30%
Investment income	341,515,204.47	262,930,065.41	29.89%
Business profit	507,585,956.69	441,368,699.31	15.00%
Net profit attributable to shareholders of the listed company	388,478,016.28	332,040,435.70	17.00%

The main source of the Company's operating income is the toll income of Guangfo Expressway, Fokai Expressway and Jiujiang Bridge held by the Company. With the completion of northern ring highway major maintenance project in 2009 and the completion of Guangfo expressway extension project, the tolls of Guangfo expressway got 13% recovery growth in 2010. The extension project of Fokai expressway is still in progress. Its tolls income got slight growth. Jiujiang Bridge had resumed traffic service in Jun.2009, so the growth of its tolls income in 2010 is higher comparing with the same period of previous year. On the whole, the tolls income of three road & bridge projects which holding by company are keeping stable growth status within report period.

In the report period, The investment income of company increased largely, it mainly benefits from the net profit increment of co-owned expressway company: The tolls income of Guangzhu east expressway and Guanghui expressway had got 20% increment. Yuezhao Company has got rid of the influence of national highway selling in 2009 and its profitability has resumed to normal level. The tolls income had stable growth in Mao-Zhan expressway and Jiangzhong expressway. in the meantime, they have large decrement in financial cost which improved company’s profitability.

On the other hand, the operating cost within company’s report period has increased. The main reasons are: The restoration of Jiujiang Bridge was completed & put into service in June.2009 and Guangfo expressway extension was completed & put into service at the end of 2009. The original value of expressway property has increased and traffic volume also got increased which led to the increment of our company’s accrual depreciation calculated based on traffic volume method.

(II) Main operation and operating status

The Company is an infrastructure industry, with main business in developing and operating expressway and big bridges. It is one of the main institutions of developing expressway and big bridge in Guangdong Expressway System. The expressway industry is the industry helped by government. The operating of the company is benefited from the state policy. During the reporting period, the business income from main business projects was RMB 1,002,219,500.20, operating profit RMB507,585,956.69, which mainly from business charges in expressway and big bridges, the specific structure as follows:

Unit: RMB'0000

Table of the status of main operation in terms of business line						
In terms of business line and product	Income from main operation	Cost of main operation	Rate of profit from main operation (%)	Increase/decrease of income from main operation over the previous year (%)	Increase/decrease of cost of main operation over the previous year (%)	Increase or decrease of rate of profit from main operation over the previous year (%)
Highway Transportation	98,698.20	50,867.34	48.46%	7.06%	8.13%	-0.51%
Table of the status of main operation in terms of product						
Tolls income	98,698.20	50,867.34	48.46%	7.06%	8.13%	-0.51%

Unit: RMB'0000

Major businesses distribution on Area		
Area	Income from key business	Increase/decrease of income (%)
Guangdong	99,379.73	7.19%

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

Unit: RMB

Items of Balance Sheet	Year-end balance	Year-beginning balance	Amount of changed	Proportion of changed
Prepayment	195,653,487.32	292,435,314.87	-96,781,827.55	-33.10%
Available for sale financial assets	950,400,000.00		950,400,000.00	
Long-term equity investments	2,649,867,203.64	2,813,284,533.76	-163,417,330.12	-5.81%
Fixed assets	3,782,771,159.07	4,075,251,730.31	-292,480,571.24	-7.18%
Construction-in-progress	2,573,858,108.94	1,388,953,103.98	1,184,905,004.96	85.31%
Other account payable	237,781,580.86	165,005,234.22	72,776,346.64	44.11%
Long-term loan	3,575,964,803.54	2,820,874,803.54	755,090,000.00	26.77%
Capital reserves	1,957,158,715.57	1,534,906,856.32	422,251,859.25	27.51%

Influencing factors are as follows:

1. The main reason for the decrease of Prepayment : Due to Fokai expressway extension, advance payment for materials had been deposited in the project, it leads to the decrement of account to supplier in current period end.

2 The main reason for the Increase of Available for sale financial assets: As China Everbright Bank Ltd. became listed company in Aug. 2010 and its shares held by our company are within restricted period, so our company shifted the investment on Everbright Bank from long-term equity investment to financial assets available for sale.

3.The main reason for the decrease of Long-term equity investments: For above reason, we shifted RMB 528 million of investment on Everbright Bank in current period from long-term equity investment to financial assets available for sale. The total amount of newly added investment on Ganzhou Gankang expressway Co., Ltd. and Guangdong Guangle expressway Co., Ltd. in current period is RMB 355 million.

4.The main reason for the decrease of Fixed assets: The reparations amount of reconstruction project received in current period offsets fixed asset and accrual depreciation, it caused the decrement of net fixed assets.

5.The main reason for the Increase of Construction-in-progress: In current period, Fokai express extension project has not finished yet, construction in process increased.

6. The main reason for the increase of Other account payable: Due to Fokai expressway extension, related quality warranty bond, performance guarantee bond and tender bond got increased.

7. The main reason for the increase of Long-term loan: Due to Fokai expressway extension, part of fund came from long-term loan, current capital got increased.

8.The main reason for the increase of Capital reserves: The fair value of financial assets available for sale got increased, it caused the increment of capital surplus.

Items	Report period	Same period of the previous year	Amount of changed	Proportion of changed
Operating cost	518,321,042.54	478,592,799.71	39,728,242.83	8.30%
Financial expenses	161,929,617.65	132,806,008.33	29,123,609.32	21.93%
Investment gain	341,515,204.47	262,930,065.41	78,585,139.06	29.89%
Income tax expenses	56,072,077.39	59,399,163.76	-3,327,086.37	-5.60%

Influencing factors are as follows:

1.The Main reason for the increase of operating cost: Jiujiang bridge maintenance was completed and put into service in June 2009, Guangfo expressway extension was completed and put into service at the end of 2009, the original value of highway property and traffic volume got increased, it caused the increment of our company's depreciation provision made with traffic volume method.

2.The main reason for the increase of Financial expenses: The main reason is that our company issued corporate bonds in Sept.2009, which increased the financial cost provision for corporate bonds comparing with the same period in last year.

3.The main reason for the increase of Investment gain: Due to net profit increment from cooperative enterprise and associated enterprise, our company's investment income got increased in accordance with equity method.

4.The main reason for the decrease of Income tax expenses: The cost increment in current period caused the decrement of income tax expense in current period.

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

Unit: RMB

Items	2010	2009	Amount of changed	Changed rate
Net cash flows from operating activities	590,293,828.25	225,993,127.37	364,300,700.88	161.20%
Net cash flows from investing activities	-998,010,969.84	-1,462,964,309.33	464,953,339.49	31.78%
Net cash flows from financing activities	447,857,707.05	1,108,555,425.89	-660,697,718.84	-59.60%

Influencing factors are as follows:

1. Funds raising: Funds inflow of the Company RMB 3.66 billion year in 2010.

(1) Which is mainly the toll income received by Guangfo Company and Fokai Company and toll income collected. The amount of cash received from sales of goods and rendering of services is RMB 990 million, which is mainly the toll income is RMB 280 million and RMB 705 million from Guangfo Expressway and Fokai Expressway. The amount of other received cash related to operating activities is RMB 610 million, which is mainly (1) Fokai Company: Undistributed cash toll income of RMB 170 million in liquidated account, quality assurance money, security deposit and earnest money of RMB 31.3841 million. (2) Guangfo Company: Cash of RMB 372 million received in liquidation account.

(2) The amount of cash inflows from investing activities is RMB 349 million, which is mainly cash dividend of RMB 149 million received by the parent company from Guanghui Company in the report period, investment income of RMB 113 million from Guangzhudong Expressway, RMB 60 million from Huiyan Expressway ,RMB 24.4664 million from Yuezhan Expressway and RMB 1.0188 million received from Everbright Bank .

(3) The amount of cash inflows from financing activities is RMB 1.71 billion, They are mainly the long-term loan or short-term loan borrowed from bank for Guangfo & Fokai extension project and other circulating fund needs.

2. Use of the funds.

Capital outflow in 2010 totally RMB 3620 million.

(1)The amount of cash outflows from operating activities is RMB 1010 million, which is mainly the maintenance, repair and management expenses and collected toll income paid by Guangfo Company and Fokai Company.

(2)The cash outflow in investment activities is RMB 1.347 billion, it mainly including: RMB 372 million for parent company's abroad investments, RMB 941 million for the expenses of Fokai extension project, RMB 34.69 million for the restoration project of Jiujiang Bridge. Fokai Jiujiang Bridge branch company has received reparations RMB 97.325 million from insurance company for restoration project which will be written-down in this project. RMB 57.6137 for Guangfo extension.

(3)The cash outflow in financing activities is RMB 1.263 billion, it is mainly including: RMB 125 million for distributing dividends of parent company and others are for repaying bank's loan and interests by each company.

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

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

	Volume of vehicle traffic in 2010	Year-on-year increase or decrease (%)	Toll income in 2010 (RMB'0000)	Year-on-year increase or decrease (%)
Guangfo Expressway	32,247,940	19.16%	27,676.97	13.75%
Fokai Expressway	26,203,896	-8.63%	66,624.87	2.13%
Jiujiang bridge	6,773,509	86.38%	4,532.66	70.58%
Huiyan Expressway	28,143,987	4.62%	31,392.36	3.55%
Maozhan Expressway	9,141,484	10.56%	39,549.49	11.55%
Jingzhu Expressway Guangzhu Section	35,949,532	14.96%	117,047.29	13.46%
Guangzhao Expressway	13,537,585	26.20%	28,343.53	42.41%
Guanghui Expressway	26,040,660	30.51%	151,675.01	12.62%
Jiangzhong Expressway	25,119,926	35.21%	31,753.27	24.15%
Kangda Expressway	523,583	23.39%	3,853.50	56.61%
Gankang Expressway	509,395	--	2,349.55	--

2、 Business situation of main subsidiaries and share participating companies

(1) Guangfo Expressway Co., Ltd. The Company holds 75% equity of that company. The registered capital of Guangfo Expressway Co., Ltd. was RMB0.2 billion, with main business in operating Guangfo Expressway Co., Ltd.(starts from Hengsha, Guangzhou, ends in Xiebian, Foshan. Total length 15.7 kilometers): construction, maintenance management, vehicle rescue and cleaning. For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of Guangfo Company are RMB 966,662,465.95, RMB 331,227,748.72, RMB281, 001,081.02, RMB 48,920,264.31 and RMB39,800,122.40 respectively.

(2)Guangdong Fokai Expressway Co., Ltd. The Company holds 75% equity of this company. The registered capital of the company is RMB 1.108 billion. It is engaged in operation and management of Fokai Expressway Co., Ltd., supporting salvage, maintenance and cleaning, supply of parts and components, etc. For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of Fokai Expressway Co., Ltd. are RMB 5,820,971,290.21, RMB1,735,665,974.49, RMB713,589,975.48,RMB220,379,263.54 and RMB 160,047,749.93 respectively.

(3) Guangdong Expressway Technology Investment Co., Ltd. The Company holds 95% equity of this company. The registered capital of Guangdong Expressway Technology Investment Co., Ltd. is RMB 100 million. It is engaged in investing in science and technology industries. Investment in technical industries and provision of relevant consulting services, research and development of lighting technology, energy saving and storage technology, photovoltaic technology of solar energy and production and sales of relevant products, design, production , release and agency of all kinds of domestic and foreign advertisements, construction and maintenance management of highway projects and domestic trade. (excluding illegally, or prohibited and restricted by law products) For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of Guangdong Expressway Technology Investment Co., Ltd. Are RMB 19,236,526.96, RMB13,307,320.97,RMB11,988,027.69,RMB-4,382,529.69 and RMB-4,282,958.41 respectively.

(4) Shenzhen Huiyan Expressway Co., Ltd. The Company holds one third equity of this company. The registered capital of the company is RMB 36 million. The company is engaged in the organization and management of the construction of the main line of Shenzhen section of Huiyan Expressway, its operation, management and maintenance after its completion, collection of toll and road service management, the construction management of road, bridge and culvert projects and engineering consultation..For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 557,636,814.65, RMB 519,693,516.06 , RMB 321,196,880.04, RMB214,271,512.83 and RMB163,224,341.98 respectively.

(5) Guangdong Maozhan Expressway Co., Ltd. The Company holds 20% equity of this company. The registered capital of the company is RMB 1.12 billion. The company is engaged in operation, maintenance and management of Dianbai-Zhanjiang Expressway and relevant supporting facilities. For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 519,693,516.06, RMB 666,775,889.97 , RMB 397,299,465.40, RMB50,174,495.38 and RMB39,723,900.42 respectively.

(6) Jingzhu Expressway Guangzhu Section Co., Ltd. The Company holds 20% equity of this company. The registered capital of the company is RMB 580 million. The company is engaged in the operation and management of Guangzhou-Zhuhai Expressway and provision of supporting services including fueling, salvage and supply of parts and components. For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 4,228,170,369.57, RMB 1,638,297,763.65, RMB 1,193,484,995.14, RMB670,416,269.70 and RMB 670,079,046.76 respectively.

(7) Zhaoqing Yuezhao Highway Co., Ltd. The Company holds 25% equity of this company. The registered capital of the company is RMB 818.3 million. It is engaged in the construction, operation and management of Guangzhao Expressway, old highways and their supporting facilities, service facilities and integrated projects. For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 2,343,076,720.93, RMB847,139,022.02, RMB299,927,599.45, RMB99,203,001.03 and RMB 105,992,797.99 respectively.

(8) Guangdong Guanghui Expressway Co., Ltd. The Company holds 30% equity of this company. The registered capital of the company is RMB 2.352 billion. It is engaged in the investment in and construction of Guanghui Expressway Co., Ltd. and supporting facilities, the toll collection and maintenance management of Guanghui Expressway. For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 6,220,968,974.33, RMB2,667,900,744.65, RMB1,537,997,550.88, RMB 730,900,770.50 and RMB 552,014,179.519 respectively.

(9) Guangdong Jiangzhong Expressway Co., Ltd.. The Company holds 15% equity of this company. The registered capital of Jiangzhong Co. is RMB 1.015 billion . It is engaged in investing in, constructing, operating and managing Jiangzhong Expressway Co., Ltd. and phase-II project of Jianghe Expressway and developing supporting projects. This project is currently operating earlier, Although toll fee income is growing steadily, still can not be the level of profitability. For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 2,777,752,955.16 , RMB966,689,384.98, RMB332,520,087.50 , RMB40,793,029.66 and RMB 41,369,530.36 respectively.

(10) Ganzhou Kangda Expressway Co., Ltd. The company holds 30% equity of that company. The registered capital of Kangda Company was RMB 0.6 billion , with operating scope in construction, operation and management of expressway projects; highway maintenance; Advertising; wholesale and retail of construction machinery equipments and accessories (the above-mentioned projects should be in accordance with state special provisions). this project was

established this year, toll fee income still located at a lower level. For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB1,828,340,063.68 , RMB253,454,949.33, RMB39,122,518.00 , RMB-105,557,664.82 and RMB -104,941,367.92 respectively.

(11) Ganzhou Gankang Expressway Co., Ltd. The company holds 30% equity of Gankang Company. Registered capital of Gankang Company was RMB 754 million , business scope: project of Ganzhou-dayu expressway (Maodian-Sanyi) and the construction and management of Ganjiang Highway project; earth mining and sale; highway maintenance; advertising; service facilities; building materials, decoration materials, metal materials, wholesale and retail of construction machinery and equipments and accessories (the above-mentioned projects should be in accordance with state special provisions). Two projects of the company are still under construction. For the year 2010, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB2,653,989,145.05 , RMB717,123,407.15, RMB22,016,280.00 , RMB-37,544,400.85 and RMB -37,473,259.85 respectively.

(12) Guangdong Guangle Expressway Co., Ltd. The company holds 30% equity of Guangdong Guangle Expressway Co., Ltd.. Registered capital of Guangdong Guangle Expressway Co., Ltd. was RMB 500 million , Business scope are: conducting investment, construction, operation and management on Guangle expressway and its assorted facilities.(excluding project need permit). For the year 2010, the total assets, and net assets of this Company were RMB2,638,699,419.91 and RMB 649,997,500.00 respectively. Guangle expressway is currently under construction.

II、 Forecast of the Company's future development

1. Development trend of expressway industry

The Central Economic Work Conference of 2010 has set the development of China's macro economy: The development of macro economy will focus on expanding domestic demands especially consumption demands, maintain continuity and stability of macroeconomic policies, and continue to implement the proactive fiscal policy and moderately easy monetary policy. China's economy will maintain steady and fast growth in the future. In addition, the plans for booming industries such as the automobile industry and logistics industry have been implemented gradually. This helps drive the continuous growth of vehicle populations, consumption demands and logistics market demands. Therefore, the expressway industry will have a good external environment.

Currently, Guangdong province has carried out the policy of “toll based on weight” in the Northern area of Guangdong as the trial place. This policy can control the overload of trucks effectively and reduce the damage to roads and bridges. If this policy is implemented throughout the province, it will help the operation of expressway projects of the Company.

2. Development opportunities and challenges

The general target in 2010 is: Completing business income RMB 1.036 billion, keeping the operating costs within RMB 0.578 billion, ensuring the full completion of the annual task target assigned by company's board of directors and provincial communications group.

Centering on above target, company will focus on works in below two fields in 2011.

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

Company will insist on the investment strategy of “rely on group, base on project inside the

province, give consideration to project outside the province”, keep carrying on “go out” investment strategy and put more efforts in project source development. Purchasing quality highway property project in operation and constructing new project will be carried out simultaneously. When purchasing quality highway property project in operation, the priority is buyout, secondary is equity participation. In new construction project, the priority shall be buyout on condition that project has feasible scale and controllable risk.

Actively exploring and attempting equity investment project. Enhancing the analysis and study, gradually establishing evaluation & assessment system on equity investment project, moderately develop industrial investment relevant to expressway major business, it is for creating new profit growth point for company’s future development and improving sustainable development ability of enterprise.

(2). Centering on production & operation works of company and overcoming unfavorable factors, fully completing the annual operation target of 2011.

Keep doing well in works relevant to toll collection & operation period extension after the expansion of Guangfo expressway & Fokai expressway and protecting company’s legitimate rights and interests.

Keep the good maintenance on daily operation management of each joint-stock company and holding company. Building high efficient and distinct management system, continuously improving company’s profitability, making efforts in “increasing revenue and reducing expenditure”, accountability shall be divided to each level, making full preparations for “Welcome national inspection”, ensure we can get good grade with good road condition and standardized management. Following the work progress of Guangdong provincial expressway tolls charge based on weight calculation and coordinate in relevant works. Keep doing well in “Ensure safety, ensure smooth traffic” work in golden week of 2011.

Continuously make good maintenance & management on project. Complete the audit on project maintenance plan 2011 of each joint-stock company and holding company. Enhance maintenance project technical guidance and management during maintenance implementation to Guangfo Expressway and Fokai Expressway. Strengthen safety maintenance management on bridge and culvert structures and ensure the safety operation of bridge and culvert structures. Keep supervision and coordination in Guangfo and Fokai expressway extension project according to the work responsibility of supervision team and actively coordinate all kinds of issues occurred in extension project and reduce company’s economic loss in operation caused by extension constructions.

Strengthening financial management, doing well in fund plan, actively sourcing low cost financing channel, adopting various ways of financing such as trust financing and bank loan to meet the fund needs of company’s development. Continuously strengthening fund management, improving capital utilization efficiency and reducing financial cost. Strengthening the supervision and management on key unit, key department and key fund based on financial revenue & expenditure audit.

3、The planned fund use and fund source in 2011.

Unit: RMB'00'000'000

Items	Amount
Fixed asset under acquisition and construction	16
Repay loans	10
Highway construction investment	6

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

4、 Analysis of operating risk

Macro economy aspect: the changes of the economic cycle will lead to the changes of economic activity demand for transport capacity, and further cause the change of traffic flow and fee gross. What our company runs(expressway car flow in traffic and charged for the use of the expressway) closely related to the economic vitality in Guangdong province. If effected by the international financial crisis and the slowing down domestic growth factor, expressway business may become recession and will have adverse effect to our company's profession, profit situation and financial position.

Macroeconomic policy: Rules for Highway Management regulates that: the charge period of the operating highway is determined according to principle of recovering the investment with reasonable returns, no longer than 25 years; the longest charge period of the operating highway in the central and western provinces and autonomous regions, no longer than 30 years. The company needs to conduct reasonable arrangement on the charge highway projects under operation or under construction or planning to invest, so that the projects can be well matched to each other to maintain the operating ability.

III. Particulars about investments

1、 . The proceeds raised in the reporting period are used for the following purposes

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

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

(1) . The Company signed the Contract for Share Capital Increase of Ganzhou Gankang Expressway Co., Ltd. with Ganzhou Expressway Co., Ltd. in December 2007. The Company is expected to invest RMB289.3002 million in 30% equity of Ganzhou Gankang Expressway Co., Ltd. for constructing Ganzhou-Dayu expressway (from Maodian to Sanyi section) and Ganzhou highway bridge. On January 11, 2008, the first provisional shareholders' general meeting of the Company in 2008 examined and adopted the resolution concerning this investment. The procedure of industrial and commercial registration of shareholder change of Ganzhou Gankang Expressway Co., Ltd. was completed on April 16, 2008. In the report period, The Company invested RMB61.379 million to Gankang company , As of December 31, 2010, The Company had accumulatedly increased capital RMB 226.379 million in total. In 2010, The net profit for Gankang Company is RMB-37,473,259.85.

(2) . The Company held the 15th meeting of the fifth board of directors on September 10, 2009 to review and approve the *Motion of Investing in 30% Equity of Guangzhou-Lechang Expressway Project*. The board of directors consented to invest RMB2,561.914 million in 30% equity of

Guangzhou-Lechang highway project. Total investment and capital invested by shareholders shall be the final accounts approved by the competent government authority. The board of directors authorized the management team of the Company to negotiate about and modify the contracts and articles related to the project, and deal with other matters that are not mentioned herein. The board of directors authorized the chairman to sign the related contracts. The Company held the second extraordinary general meeting of shareholders on September 28, 2009 to review and approve the preceding motion and its contents. The Company invested RMB30.9975 million to Guangle company. As of December 31, 2010, The company has invested accumulated RMB339.9975 million.

IV. Changing of main accounting policies, accounting estimations

The highway and bridge in fixed assets of our holding subsidiary companies Guangfo Expressway Co., Ltd. and Guangdong province Fokai Expressway Co., Ltd. adopted workload method for accrual depreciation. Currently, due to the difference between depreciation of estimate and actual traffic volume, the company believes that the depreciation method which the company adopted can not accurately reflect the actual highway and bridge depreciation of the Guangfo and Fokai Expressway Co., Ltd.

In order to reflect the financial situation and performance results of the company more accurate and to amortise the value of the expressways and bridges under the fixed assets more reasonable, Guangfo Expressway Co., Ltd. and Guangdong Fokai Expressway Co., Ltd. have entrusted Guangdong Highway Design Institute Co., Ltd. to re-forecast and re-evaluate the vehicle traffic volume of Guangfo expressway, Fokai expressway and G325 Jiujiang bridge, respectively; and have measured and calculated their vehicle traffic volume of the period from 2010 to the end of their operation. (Hereafter “Total Standard Vehicle Traffic Volume 2010”)

Our subsidiary holding companies, Guangfo Expressway Co., Ltd. and Guangdong Fokai Expressway Co., Ltd. (including G325 Jiujiang bridge) have applied changes in accounting estimation and used the “Total Standard Vehicle Traffic Volume 2010” as depreciation calculation base for the expressways and bridges from January 1, 2011.

According to the relevant regulations, the change of accounting estimate treatment using future applicable method, it will not retroactively adjust to disclose financial reports. Therefore, it will not affect the disclosed financial report.

Due to these changes in accounting estimates, the company expects that it may caused RMB 78,062,930.20 increment in operation cost in 2011, RMB 78,062,930.20 decrement in operating profit, RMB 19,515,732.55 decrement in Income tax, RMB 58,547,197.65 decrement in Net profit, RMB 43,910,398.24 decrement in net profit attributed to owner of parent company and RMB 14,636,799.41 decrement in minority interest. Moreover, the company expects that RMB 78,062,930.20 decrement in fixed asset at the end of 2011, RMB 78,062,930.20 decrement in Total asset, RMB 19,515,732.55 decrement in deferred income tax liabilities, RMB 19,515,732.55 decrement in total liabilities, RMB 39,031,465.10 decrement in owner’s equity belong to the parent company, RMB 19,515,732.55 decrement in minor shareholders’ equity and RMB 58,547,197.65 decrement in Total of Owners’ equity.

The company expects that the change of accounting estimate has less than 50% effect on the net profit belong to the parent company on December 31, 2011, it shall not influence the company’s breakeven properties.

V. Daily work of the Board of Directors

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

In the reporting period, the board of directors of the Company held a total of 7 meetings, and the main contents and resolutions are as follows:

1. The First meeting of the sixth board of directors was held on January 6, 2010 in the manner of On-site , The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on January 7,2010.

2. The second provisional meeting of the sixth board of directors was held in the morning on February 2, 2010 in the manner of voting by correspondence, The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on February 3, 2010.

3. The 3rd meeting of the sixth board of directors was held in the afternoon on April 20, 2010 in the manner of On-site , The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on April 22,2010.

4. The 4th provisional meeting of the sixth board of directors was held in the morning on April 26, 2010 in the manner of voting by correspondence, The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on April 27, 2010.

5. The 5th provisional meeting of the sixth board of directors was held in the afternoon on August 6, 2010 in the manner of voting by correspondence, The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on August 10, 2010.

6. The 6th provisional meeting of the sixth board of directors was held on October 22, 2010 in the manner of voting by correspondence, 11 directors were supposed to attend the meeting and all of them were actually present. The directors present at this meeting exceeded half of all directors. The meeting complied with relevant provisions of the Company Law and the Articles of Association of the Company and the Rules of Procedure of the board of directors of the Company. the meeting examined and adopted the Third quarter Report for 2009. According to relevant regulations of Shenzhen Stock Exchange, the disclosure of this meeting was exempted.

7. The 7th provisional meeting of the sixth board of directors was held in the morning on November 11, 2010 in the manner of voting by correspondence, The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on November 12, 2010.

(II) The Board of Directors implements the resolutions of the general shareholders meeting.

Implementation of the programs of profits distribution of and public reserves transferring to capital: the 2009 general shareholders meeting adopted the resolution of 2009 profit distribution: the total capital 1,257,117,748 shares as the base number, every 10 shares distributed cash dividends1.00 yuan (include tax). The profit distribution program was completed in July 2010.

(III) Audit Committee, Remuneration Committee

1. The Board of Director has an Audit Committee, composing three directors as members, two of whom are independent directors, the chairman is the independent director Wei Minghai, the summary information report as follows:

According to the Company's *Discussion Procedure Rules of the Board Audit Committee* and *Working Rules of the Annual Report of the Board Audit Committee*, as well as requirements of the China Securities Regulatory Commission (CSRC) and Shenzhen Stock Exchange on the 2010 annual report, the Audit Committee conducted a series of works for the audit of 2010. the summary information report as follows:

(1) On January 6, 2011, before the certified public accountants for annual audit accessed to the site, the Audit Commission and Chief Accountant of the CPA Firm determined through consultation the schedule of audit work of financial statements in this fiscal year.

(2) The certified public accountants audited financial statements prepared by the Company and formed their written opinions. On January 6, 2011, the certified public accountants audited financial statements submitted by the Finance Department of the Company and gave the following audit opinions: ① the Company selected and applied proper accounting policy, made reasonable accounting estimates and prepared these financial statements free of any material misstatements and omissions found; ② no major shareholders have been found to have misappropriated any funds of the Company; ③ the Company has not been found to have provided any external guarantees in violation of rules and done any abnormal connected transactions; ④ the financial statements of the Company may be submitted to the CPA Firm for annual audit.

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

(4) On February 14, 2011, the certified public accountants audited the financial statements in 2010 which were submitted by the Finance Department of the Company and on which the certified public accountants for annual audit gave their preliminary audit opinions as well as formed the following written audit opinions: ① the certified public accountants for annual audit did the audit work of financial statements of the Company in 2010 in strict accordance with the standards for audit business; ② during the preparation of annual audit report, the certified public accountants for annual audit and the Audit Commission had an effective communication, fully took the Audit Commission's advice and came to an agreement on all material respects of the annual audit. ③ the annual financial statements accompanied by the preliminary audit opinions given by the certified public accountants are relatively complete and free of any material omissions as well as fairly reflected in all material respects the financial position of the Company ended 31 December 2010 and production and operation results and cash flow of the Company in 2010.

(5) On February 21, 2011, the certified public accountants audited the financial statements in 2009 which were submitted by the Finance Department of the Company and on which the certified public accountants for annual audit gave their standard unreserved audit opinions as well as gave the following written audit opinions: the financial statements of the Company are a true, correct and complete reflection of the whole position of the Company, and the certified public accountants agree that these financial statements in 2010 which were prepared by the Company and audited by the certified public accountants for annual audit are submitted to the Board of Directors for

deliberation.

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

During the reporting period, according to the relevant laws and regulations of China Securities Regulatory Commission, Shenzhen Stock Exchange and internal control system, and "implementation rules for the salary and appraisal commission of the board of directors of the company, the salary and appraisal commission made audit on the salary disclosed by directors, supervisors and senior management, and make the following audit opinions:

The decision-making procedure of salary of directors, supervisor and senior management complied with the relevant regulations; the release of salary of directors, supervisors and senior management complied with the regulations of the salary system approved by the board of directors of the company; the salary of directors, supervisors and senior management disclosed in 2010 annual report was true and accurate.

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

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

(1) According to the audit of the Company's financial condition for 2010 by Lixin Yangcheng Certified Public Accountants in accordance with Chinese accounting standards for business enterprises, In our company's consolidated statements 2010, Parent company statement net profit is RMB 341,389,254.27, Parent company statement accumulative distribution profit is RMB 873,338,859.86. According to the actual demand of the Company's development, the Company's profit distribution preplan for 2010 is as follows:

1.10% of the net profit of the company for 2010 (RMB 341,389,254.27), i.e. RMB 34,138,925.43, is to be allocated for statutory common reserve fund.

2. The profit for 2010 is to be distributed as follows: RMB 125,711,774.80 is to be allocated as the fund for dividend distribution for 2010. with the total shares at the end of 2010, i.e., 1,257,117,748 shares, as the base, cash dividend of RMB 1.00 (including tax) is to be distributed for every 10 shares Cash Dividends of RMB125,711,774.80 are to be distributed. The remaining undistributed profits are to be carried forward to the next year. The foreign exchange translation of the cash dividends for shareholders holding B share and overseas corporate shares will be determined according to HKD:RMB bank's Middle rate quoted by People's Bank of China on the first working day after 2010 annual shareholders' general meeting makes resolution on dividend distribution.

(2) Dividend distribution of the latest three years

Unit: RMB

Year r	Cash dividend (Including Tax)	Net profit attributable to the over's of the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements	Distributable profits during the year
2009	125,711,774.80	332,040,435.70	37.86%	657,661,380.39
2008	125,711,774.80	404,911,057.09	31.05%	613,583,498.48
2007	301,708,259.52	471,275,905.42	64.02%	394,668,670.36
The proportion of accumulative cash during recent three years in latest annual average net profit (%)			137.34%	

VII、 The newspapers selected by the Company and statutory website for information disclosure

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

VIII. Report of the Supervisory Committee

I. Work of the Supervisory Committee

(I.) In the report period, the Company held 5 meetings of supervisory committee in total. The particulars of the meetings are as follows:

1. The 1st meeting of the sixth Supervisory Committee of Guangdong Provincial Expressway Development Co., Ltd. was held in Diyuan Hall on 2/F of Kaixuan Huameida Hotel, Guangzhou in the morning of January 6, 2010. The meeting examined and adopted the Proposal for Electing Chairman of the Sixth Supervisory Committee and elected Mr. Chen Chuxuan as chairman of the sixth supervisory committee of Guangdong provincial Expressway Development Co., Ltd.

2. The 2nd meeting of the sixth supervisory committee of Guangdong Provincial Expressway Development Co., Ltd. was held in the afternoon room of the Company in the morning of April 20, 2010. The meeting examined and adopted the following resolutions : (I). The meeting examined and adopted to the work report of the supervisory committee of the Company for 2009. (2) The meeting adopted to the resolution made by the 3rd meeting of the Sixth board of directors on the Proposal on Liquidation of Fixed Assets and on Drawing Preparations for Bad Account from Receivables. The supervisory committee did not find the Company's provision for bad debts in respect of accounts receivable violated relevant accounting system or regulations and held the opinion that the provision for bad debts in respect of accounts receivable embodied the accounting principle of prudence and met the requirements of relevant accounting regulations. (3) The meeting examined and adopted to the 2009 annual report of the Company and its summary. The supervisory committee held the opinion that 2009 Annual Report and its summary gave true, objective and accurate view of the Company's financial position and operating results and did not find any false record, misleading statement or material omission. (4) The meeting examined and adopted to the Company's proposal concerning final accounting report for 2009. (5) The meeting examined and adopted to the Company's proposal concerning profit distribution preplan for 2009.

(6) The meeting agreed to the proposal concerning the self-evaluation report on the Company's internal control. In the opinion of the supervisory committee, the Company seriously examined and appraised the effectiveness of the Company's internal control and made self-evaluation of internal control according to the requirements of the Guidelines for Internal Control of Listed Companies and the Company's Internal Control System. The result of evaluation objectively reflected the true status of the Company's internal control, comprehensively summarized the Company's internal control, profoundly revealed existing problems and put forward suggestions of rectification. We agreed to this report. (7) The meeting examined and adopted the Proposal for Retaining Certified Public Accountants. According to the relevant provisions, the committee advised the company changed the accountant firm timely. (8) The meeting examined and adopted the Business Report of the General Manager for 2009. (9) The meeting examined and adopted the Work Report of the Board of Directors for 2009. (10) The meeting examined and adopted the Proposal for Borrowing Entrusted Loan from Guangdong Guanghui Expressway Co., Ltd. (11) The meeting examined and adopted the proposal for formulating the Regulations of Guangdong Provincial Expressway Development Co., Ltd. on Ascertaining Responsibilities for Material Errors in Annual Report Information Disclosure. (12) The meeting examined and adopted the proposal concerning the Report on Self-evaluation of Internal Control of Guangdong Expressway Development Co., Ltd. in 2009.

3. The 3rd provisional meeting of the sixth Supervisory Committee was held in the morning on April 26, 2010 in the manner of voting by correspondence, The meeting Examining and adopting the proposal concerning the report for the First quarter of 2010, the disclosure of this meeting was

qualify . The meeting examining and adopting the proposal concerning the self –examination and analysis of information disclosure of Guangdong Provincial Expressway Development Co., Ltd.; The meeting examined and adopted the Proposal for Holding 2009 Annual Shareholders' General Meeting.

4. The 4th (provisional) meeting of the sixth supervisory committee of Guangdong Provincial Expressway Development Co., Ltd. was held in the afternoon of August 6, 2010 in the manner of voting by correspondence, The meeting examined and adopted the following resolutions: I. The meeting agreed to 2010 Semiannual Report of the Company and its summary. According to the provisions of Article 68 of the Securities Law, the supervisory committee audited 2010 semiannual report and gave the following written auditing opinions:

(1) The procedure of the preparation and examination of 2010 semiannual report complies with laws and regulations, the Articles of Association of the Company and provisions of other relevant documents. The content and format of 2010 semiannual report comply with the regulations of CSRC and Shenzhen Stock Exchange and it gives a true, accurate and complete view of the Company's financial position and operating results, corporate governance, status of business development and possible risks in the report period.

(2) The supervisory committee approved the resolution made by the 5th (provisional) meeting of the sixth board of directors of the Company on the Proposal Concerning Disposal of Fixed Assets. The supervisory committee has not found that this disposal of fixed assets violates relevant accounting system or regulations and holds the opinion that this disposal of fixed assets embodies the accounting principle of prudence and meets the requirements of relevant accounting system.

5. The 5th provisional meeting of sixth supervisor committee was held on October 22, 2010 in manner of voting by correspondence . The meeting Examining and adopting the proposal concerning the report for the third quarter of 2010, According to relevant regulations of Shenzhen Stock Exchange, the disclosure of this meeting was exempted.

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

Board of supervisors attended management working meeting for 27 times. Among them, attending office meeting 4 times, production subject meetings 8 times and other meeting 15 times.

II. Independent Opinions of the Supervisory Committee

(I) Company operations

The company had strictly complied with the requirement of Company Law, Securities Act and Company Constitution and relevant laws and regulations of China Securities Regulatory Commission, and had constantly improved the corporate governance structure.,

After checking and inspection, and did not find out company board member, manager have done any thing that is illegal, or bad for company's benefits.

(II) The financial condition of the company

The board of supervisors established internal audit system, adhered to strengthening the financial auditing supervisory work on the participating companies, controlling companies and the headquarter of the company. After the audit and inspection, no violations were found. Advise the

company strengthen internal audit work independence, pay attention to the audit committee of the board of directors to perform work reports obligation, The company should enlarge the financing dynamics, the attention of accident collocation, effectively strengthen the financial risk control, In addition, it is recommended that the company strengthens investment project analysis, with a focus on the project investment return ability.

In addition, Lixin Yangcheng Accounting Firm conducted audit on the 2010 financial report of the Company. The audit report accurately reflected financial positions and operating results of the company, the audit report was fair, objective, truthful and reliable.

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

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

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

(VI) The 8th (Provisional) meeting of the 6th supervisory Committee examined and adopted <Self-assessment report on internal control 2010> and gave opinion as follows: Company followed the requirement of <Listed company internal control guide> and our company's <Internal control system> and conducted serious audit and assessment on the effectiveness of company's internal control and made self-assessment on internal control. The assessment result is relatively objective in reflecting the real situation of company's internal control. The conclusion on company's internal control is relatively comprehensive. The disclosure on existed problem is relatively profound and rectifying advice had been given, we admit this report.

IX Important events

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

There are litigation in the reporting period:

(1) On June 30, 2008, China International Economic and Trade Arbitration Commission Shenzhen Branch made final award on the lawsuit of the dispute in the contract and additional agreement of the China-foreign constructed and operated Fozhan Expressway Dianbai (Magang) to Zhanjian (Suixi) that at the September 25, 2001: (1) The arbitral award includes ruling Southeast Asia Maofa Co., Ltd. to pay the default fine and part of expenses for handling the arbitration case and allocated expenses of each party involved in this arbitration case to the Company. In April 2005, Guangzhou Municipal Intermediate People's Court made a judgment concerning entirely auctioning Maozhan Company's stocks held by Southeast Asia Maofa Co., Ltd. and made an announcement of auction. Guangzhou Municipal Intermediate People's Court submitted this enforcement case to Guangdong Higher People's Court for jurisdiction transfer in July 2005 according to the notice of Guangdong Higher People's Court regarding liquidation of outstanding cases beyond the legal time limit of enforcement. On September 2, 2008, Yangjiang Municipal Intermediate People's Court made the following ruling: (i) canceling the seizure of 35% of Maozhan Company's stocks and incomes held by Southeast Asia Maofa Co., Ltd. as the party subject to enforcement; (ii) freezing the debts of RMB5,334,500 that are due to Maozhan Company by Southeast Asia Maofa Co., Ltd. as the party subject to enforcement, and seizing RMB5,334,500 that is due to Southeast Asia Maofa Co., Ltd. as the party subject to enforcement by Maozhan company for repayment of debts, and serving a notice of Assisting in Enforcement to Maozhan Company. In Oct.2010, we received the notice from Guangzhou Intermediate People's Court, Guangdong Higher People's Court had assigned Guangzhou Intermediate People's Court to execute this case. Original execution court Yangjiang Intermediate People's Court had transferred the case file. Currently, This enforcement case has not finally been closed yet.

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

Wang Jianji did not accept the civil award of (2007) Suizhongfamingzhong No.1057 by Guangdong Guangzhou Intermediate People's Court and applied to Guangdong Provincial Higher People's Court for retrial. On November 26, 2007, Guangdong Provincial Higher People's Court made (2007) Yegaofaliming No. 1010 award, This case entered the retrial proceedings. On September 11, 2008, Guangzhou Municipal Intermediate People's Court issued the (2008) SZFSJMZ Zi No. 66 Written Civil Ruling that the (2006) SZFLMZ Zi No. 1146 Written Civil Ruling and the (2006) YFMEC Zi No. 1708 Written Civil Ruling made by the People's Court of Yuexiu District of Guangzhou of Guangdong should be rescinded, the (2007) SZFMEZ Zi No. 1057 Paper of Civil Judgment and the (2006) YFMEC Zi No. 1708 Paper of Civil Judgment made by the

People's Court of Yuexiu District of Guangzhou of Guangdong should be rescinded and this case should be transferred to the People's Court of Xicheng District of Beijing for processing. On September 16, 2009, The case came to trial. In April 2010, the court decided in the first instance that the Defendant Wang Jianji should pay the principal of entrusted loan, i.e., RMB 8 million, and interest incurred to Guangdong High-tech. The Defendant Wang Jianji lodged an appeal against the Judgment of First Instance. The hearings for the second instance of this case was held in Beijing First Intermediate People's Court on July 15, 2010. On October 19, 2010, Guangzhou Municipal Intermediate People's Court made the final adjudication, rejected accuser's appeal and affirmed the original judgment. Currently, Beijing West District People's Court has placed this case on file for execution.

(3) On June 15, 2007 morning, the Nanguiji 035 ship owned by Yang Xiong, Foshan Nanhaiyu Ship Co., Ltd. heated Jiujiang Bridge on 325 National Road owned by the controlling company of the company, and resulted in more than 200 meters of Jiujiang Bridge collapsed. On June 19, 2007, The Ministry of Communications, the State Production Safety Supervision and Administration Commission issued the JiaoAnWeiming File [2007] No. 8 "Notification on the Guangdong"6.15 "Jiujiang Bridge Collision Accident", initially determined the causes of the accident are: the incident ship suddenly met heavy fog on the way from Foshan Gaoming to Sunde, the captain neglected looking out, did not take proper measures and deviated from the main channel, touched the 325 National Road Jiujiang Bridge the non-navigation bridge pier and caused the collapson of part of the Jiujiang bridge. The accident was an unilateral responsibility of the ship.

On July 19, 2007, Fokai Expressway Co., Ltd. applied preservation of property to Guangzhou Maritime Court. On August 22, 2007, Fokai Company officially prosecuted to Guangzhou Maritime Court, asking Foshan South Sea Shipping Company Limited and Yang Xiong to undertake the compensation 25,587,684 yuan for the loss caused by collapson of Jiujiang Bridge. On August 28, 2007, Guangzhou Maritime Court accepted the case. According to the (2007)-Canton Haifa No. 332 ruling book issued by Guangzhou Maritime Court, the proceeding of the case was suspended. After the court accepted the case, the incident investigation team of Guangdong Provincial Government had not made the final report of Jiujiang Bridge accident. The Court, on November 5, 2007, decided to suspend the proceeding. In September 2008, Jiujiang Bridge accident investigation report was officially reported and resumed the proceedings. On December 5, 2008, Guangzhou Marine Court opened a court trial to proceeded the case. Currently, Guangzhou Haizhu prosecutorial office was intend to prosecute the accident captain Shi Guide, therefore, on January 5, 2009, Guangzhou Maritime Court ruled the suspension of the case.

(3) On June 15, 2007 morning, the Nanguiji 035 ship owned by Yang Xiong, Foshan Nanhaiyu Ship Co., Ltd. heated Jiujiang Bridge on 325 National Road owned by the controlling company of the company, and resulted in more than 200 meters of Jiujiang Bridge collapsed. On June 19, 2007, The Ministry of Communications, the State Production Safety Supervision and Administration Commission issued the JiaoAnWeiming File [2007] No. 8 "Notification on the Guangdong"6.15 "Jiujiang Bridge Collision Accident", initially determined the causes of the accident are: the incident ship suddenly met heavy fog on the way from Foshan Gaoming to Sunde, the captain neglected looking out, did not take proper measures and deviated from the main channel, touched the 325 National Road Jiujiang Bridge the non-navigation bridge pier and caused the collapson of part of the Jiujiang bridge. The accident was an unilateral responsibility of the ship.

On July 19, 2007, Fokai Expressway Co., Ltd. applied preservation of property to Guangzhou Maritime Court. On August 22, 2007, Fokai Company officially prosecuted to Guangzhou Maritime Court, asking Foshan South Sea Shipping Company Limited and Yang Xiong to undertake the compensation 25,587,684 yuan for the loss caused by collapson of Jiujiang Bridge. After the court accepted the case, The Court, on November 5, 2007, decided to suspend the proceeding. In September 2008, Jiujiang Bridge accident investigation report was officially reported and resumed

the proceedings. On December 5, 2008, Guangzhou Marine Court opened a court trial to proceed the case. Currently, Guangzhou Haizhu prosecutorial office was intend to prosecute the accident captain Shi Guide, therefore, on January 5, 2009, Guangzhou Maritime Court ruled the suspension of the case. At present, no further notice related to this case has been received from the court and its hearing is still in suspense.

(4) In November of 2009, Southeast Asia Maofa Co., Ltd. claimed an administrative proceedings against Development of Foreign Trade and Economic Cooperation of Guangdong Province for rescinding the *Approval for Capital Investment of Guangdong Maozhan Expressway Co., Ltd.* [No. (2008) 425] made by Development of Foreign Trade and Economic Cooperation of Guangdong Province to People's Court of Tianhe District of Guangzhou. The Court notified the Company as a third party who will be affected by the result of the case of attending the proceedings. The case came to trial on January 18, 2010. On April 15, 2010, Guangzhou Tianhe District People's Court made (2010) Tian Fa Xing Chu Zi No.9 administration judgment and rejected the Plaintiff's claim. The Plaintiff refused to accept the judgment for the first instance and instituted an appeal. On July 5, 2010, Guangzhou Intermediate People's Court conducted court inquiry. On December 3, 2010, Guangzhou Municipal Intermediate People's Court made the final adjudication, rejected accuser's appeal and affirmed the original judgment.

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

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

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

Unit: RMB

Name of subjects held	Initial investment amount	Number held	The proportion to the equity of the company	Book value at period end	Loss and gain in the reporting period	Changes of owner's equity in the reporting period	Accounting calculation subjects	Origin of equity
601818	China Everbright Bank	528,000,000.00	0.72%	950,400,000.00	0.00	422,400,000.	Financial asset available for sale	Subscribe on 2009
Total		528,000,000.00	-	950,400,000.00	0.00	422,400,000.	-	-

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

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

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

During the reporting period, there's no acquisition, sale of assets and business combination happened in the company.

5.Major related transactions occurred during the reporting period

During the reporting period, The company had no Significant related transaction. Other daily related transactions,See Financial statement VI, Related parities and Related transaction (II) Related parities transaction

6. Important contracts and implementing

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

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

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

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

7. Commitments.

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

8. Appointment of certified public accountants

The particulars about the remuneration of certified public accountants:

Certified public accountants	2010		Number of continuous years of provision of audit services to the Company
	Financial audit expenses	Other expenses	
Guangzhou Yangcheng Certified public Accountants	RMB 850,000	RMB 2000	19 Years

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

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

10. Other Important matters

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

Date	Place	Mode	Visitor	Content of discussion and
------	-------	------	---------	---------------------------

				materials provided
April 8, 2010	The Company	Onsite investigation	Researchers of Guotai Junan Securities, Senior Researchers of China Southern fund, Researchers of Franklin Templeton Sealand Fund Management Co., Ltd.	(1) The vehicle traffic volume and toll income of the expressways held or partly held by the Company for 2010; (2) Status of main operation for 2010; (3) The difficulties confronted by the Company and countermeasures;(4)The Company's investment (5) The implementation status of the Company's business plan. (6) Future developmental strategy of the company .
April 21, 2010	The Company	Onsite investigation	Hachiman Capital Singapore Fund Manager	
November 11, 2010	The Company	Onsite investigation	Senior manager of Research Dept of CITIC Securities Co., Ltd.	
November 18, 2010	The Company	Onsite investigation	Analyst of Research Dept of CICC	

X. Financial Report



**立信羊城会计师
事务所有限公司**

BDO CHINA GUANGDONG
Shu Lun Pan CPAs Co., Ltd.

中国广州市天河区林和西路9号耀
中广场B座11楼

11/F, Tower B China Shine Plaza
9 Linhe Road West,
Tianhe District, Guangzhou China

邮政编码
Postal code 510610

电话
Telephone: (8620) 38396233

传真
Facsimile: (8620) 38396216

网址
<http://www.ycpa.com>

The File YCZD No.: (2011)20541

SZXBB No.: 020201102000882

Auditors' Report

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

We audited accompanying financial statements of Guangdong Provincial Expressway Development Co., Ltd. (hereinafter referred to as "the Company"), including Consolidation and parent Company balance sheet on December 31, 2010, Consolidation and parent Company profit statement, Consolidation and parent Company cash flow statement for the year 2010 and Consolidation and parent Company statement of change in shareholders' equity and the notes to financial statements.

I. Responsibilities of the executives on the financial statement

Preparation of financial statements in accordance with the Accounting Standards for Business Enterprises and Accounting Regulations for Business Enterprises is the responsibility of the management of the Company. Such responsibility includes: (1) design, implementation and maintenance of internal control related to the preparation of financial statements so that financial statements are free from material misstatement caused by fraudulent practices or errors; (2) selection and application of proper accounting policies; (3) making reasonable accounting estimate.

II. Responsibility of the CPA

We are responsible for expressing opinions on financial statements based on our audit. We conducted audit in accordance with the audit criteria for Chinese certified public accountants. The audit criteria for Chinese certified public accountants require us to abide by professional ethics, plan and conduct audit to obtain reasonable assurance as to whether financial statements are free from

material misstatement.

Audit involves carrying out audit procedure to obtain the audit evidences about the amounts and disclosure of financial statements. The selected audit procedure relies on the judgment of certified public accountants, including the appraisal of risk of material misstatement of financial statements caused by fraudulent practices or errors. While appraising risks, we considered the internal control related to the preparation of financial statements to design proper audit procedure but the purpose is not to express an opinion on the effectiveness of internal control. The audit also includes the appraisal of suitability of accounting policies selected by the management, the reasonableness of accounting estimate and the overall presentation of financial statements.

We believe that the audit evidences obtained by us are full and appropriate and provide a basis for expressing audit opinion.

III. Auditors' opinion

In our opinion, the financial statements of the Company have been prepared in accordance with the provisions of Accounting Standards for Business Enterprises and Accounting Regulations for Business Enterprises and give a fair view, in all material aspects, of the financial position of the Company on December 31,2010 and its operating results and cash flow for the year 2010.

Lixin Yangcheng Certified public Accountants

Chinese C.P.A.: Zhang Ning

Chinese C.P.A.: Xiong Wei

Guangdong , China

March 4, 2011

Balance sheet

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

December 31, 2010

Unit: RMB

Items	At the end of term		Beginning of term	
	Consolidated	Parent Company	Consolidated	Parent Company
Current asset:				
Monetary fund	258,881,333.75	179,597,767.35	218,754,995.03	113,474,208.24
Settlement provision				
Outgoing call loan				
Trading financial assets				
Bill receivable				
Account receivable	18,043,508.27		11,873,742.02	
Prepayments	195,653,487.32		292,435,314.87	
Insurance receivable				
Reinsurance receivable				
Provisions of Reinsurance contracts receivable				
Interest receivable				531,000.00
Dividend receivable		19,662,486.37		
Other account receivable	31,363,602.07	4,079,305.90	31,395,116.40	3,397,319.61
Repurchasing of financial assets				
Inventories	279,948.92		220,142.91	
Non-current asset due in 1 year				
Other current asset				400,000,000.00
Total of current assets	504,221,880.33	203,339,559.62	554,679,311.23	517,402,527.85
Non-current assets:				
Loans and payment on other's behalf disbursed				
Disposable financial asset	950,400,000.00	950,400,000.00		
Expired investment in possess				
Long-term receivable				
Long term share equity investment	2,649,867,203.64	4,017,933,273.16	2,813,284,533.76	3,928,018,103.28
Property investment	6,005,251.48	5,753,113.23	6,508,675.44	6,217,326.63
Fixed assets	3,782,771,159.07	5,983,727.98	4,075,251,730.31	4,333,177.25
Construction in progress	2,573,858,108.94		1,388,953,103.98	
Engineering material				
Fixed asset disposal				
Production physical assets				
Gas & petrol				
Intangible assets	59,244,651.25		66,342,785.41	
R & D petrol				
Goodwill				
Long-germ expenses to be amortized	95,827.54		156,350.15	
Deferred income tax asset			10,000,000.00	
Other non-current asset				
Total of non-current assets	10,022,242,201.92	4,980,070,114.37	8,360,497,179.05	3,938,568,607.16

Total of assets	10,526,464,082.25	5,183,409,673.99	8,915,176,490.28	4,455,971,135.01
Current liabilities				
Short-term loans	500,000,000.00	200,000,000.00	654,000,000.00	100,000,000.00
Loan from Central Bank				
Deposit received and hold for others				
Call loan received				
Trade off financial liabilities				
Bill payable				
Account payable	121,223,271.87		159,018,048.20	
Prepayment	6,441,245.88		7,456,276.76	
Selling of repurchased financial assets				
Fees and commissions receivable				
Employees' wage payable	949,773.92	133,219.71	4,765,766.41	3,744,813.81
Tax payable	1,702,514.30	521,312.74	4,159,074.15	335,875.55
Interest Payable	17,571,390.99	11,333,333.33	16,523,915.41	11,373,158.33
Dividend Payable	18,997,256.40	12,443,094.27	13,205,176.58	13,205,176.58
Other account payable	237,781,580.86	2,234,014.32	165,005,234.22	2,586,897.36
Reinsurance fee payable				
Insurance contract provision				
Entrusted trading of securities				
Entrusted selling of securities				
Non-current liability due in 1 year	327,000,000.00		150,000,000.00	
Other current liability		70,804,209.27		79,010,228.67
Total of current liability	1,231,667,034.22	297,469,183.64	1,174,133,491.73	210,256,150.30
Non-current liabilities:				
Long-term loan	3,575,964,803.54		2,820,874,803.54	
Bond payable	791,524,406.75	791,524,406.75	789,376,380.58	789,376,380.58
Long-term payable	2,022,210.11	2,022,210.11	2,022,210.11	2,022,210.11
Special payable				
Expected liabilities				
Deferred income tax liability	125,310,513.48		115,352,612.14	
Other non-current liabilities				
Total of non-current liabilities	4,494,821,933.88	793,546,616.86	3,727,626,006.37	791,398,590.69
Total of liability	5,726,488,968.10	1,091,015,800.50	4,901,759,498.10	1,001,654,740.99
Owners' equity				
Share capital	1,257,117,748.00	1,257,117,748.00	1,257,117,748.00	1,257,117,748.00
Capital reserves	1,957,158,715.57	1,957,306,856.32	1,534,906,856.32	1,534,906,856.32
Less: Shares in stock				
Special reserves				
Surplus reserves	164,481,109.54	164,481,109.54	130,342,184.11	130,342,184.11
Common risk provision				
Undistributed profit	904,494,101.24	713,488,159.63	675,866,785.19	531,949,605.59
Different of foreign currency translation				
Total of owner's equity	4,283,251,674.35	4,092,393,873.49	3,598,233,573.62	3,454,316,394.02

belong to the parent company				
Minor shareholders' equity	516,723,439.80		415,183,418.56	
Total of owners' equity	4,799,975,114.15	4,092,393,873.49	4,013,416,992.18	3,454,316,394.02
Total of liabilities and owners' equity	10,526,464,082.25	5,183,409,673.99	8,915,176,490.28	4,455,971,135.01

Profit statement

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

January-December 2010

Unit: RMB

Items	Current term		Same period last year	
	Consolidated	Parent Company	Consolidated	Parent Company
I.Total business income	1,002,219,500.20	7,681,393.90	936,882,230.17	2,228,651.40
Incl: Business income	1,002,219,500.20	7,681,393.90	936,882,230.17	2,228,651.40
Interest income				
Insurance fee earned				
Fee and commission received				
II.Total business cost	836,148,747.98	102,945,599.84	758,443,596.27	66,197,227.54
Incl: Business cost	518,321,042.54	464,213.40	478,592,799.71	38,684.45
Interest expense				
Fee and commission paid				
Insurance discharge payment				
Net claim amount paid				
Net insurance policy reserves provided				
Insurance policy dividend paid				
Reinsurance expenses				
Business tax and surcharge	35,370,398.64	392,199.10	31,430,038.72	111,432.57
Sales expense				
Administrative expense	120,532,985.43	55,208,927.34	111,194,112.67	52,056,516.90
Financial expenses	161,929,617.65	46,880,260.00	132,806,008.33	13,984,293.62
Asset impairment loss	-5,296.28		4,420,636.84	6,300.00
Add: Gains from change of fair value ("-" for loss)				
Investment gain ("-" for loss)	341,515,204.47	436,555,003.03	262,930,065.41	448,278,426.70
Incl: Investment gains from affiliates	340,496,439.38	340,496,439.38	255,813,994.98	256,116,747.77
Gains from currency exchange ("-" for loss)				
III. Operational profit ("-" for loss)	507,585,956.69	341,290,797.09	441,368,699.31	384,309,850.56
Add: Non-Business income	18,648,532.91	343,210.70	12,764,620.91	57,925.00
Less: Non-Business expenses	31,830,082.58	244,753.52	17,909,401.94	160,951.75
Incl: loss from disposal of non-current assets	30,188,971.42	78,663.00	13,861,176.63	20,830.22
IV. Gross profit ("-" for loss)	494,404,407.02	341,389,254.27	436,223,918.28	384,206,823.81
Less: Income tax expenses	56,072,077.39		59,399,163.76	

V.Net profit (“-” for net loss)	438,332,329.63	341,389,254.27	376,824,754.52	384,206,823.81
Net profit attributable to the owners of parent company	388,478,016.28	341,389,254.27	332,040,435.70	384,206,823.81
Minor shareholders' equity	49,854,313.35		44,784,318.82	
VI. Earnings per share:				
(i) Basic earnings per share	0.31	0.27	0.26	0.31
(ii) Diluted earnings per share	0.31	0.27	0.26	0.31
VII. Other comprehensive income	422,400,000.00	422,400,000.00		
VIII. Total comprehensive income	860,732,329.63	763,789,254.27	376,824,754.52	384,206,823.81
Total comprehensive income attributable to the owner of the parent company	810,878,016.28		332,040,435.70	
Total comprehensive income attributable minority shareholders	49,854,313.35	763,789,254.27	44,784,318.82	384,206,823.81

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

Cash Flow statement

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

January-December 2010

Unit: RMB

Item	Current term		Same period last year	
	Consolidated	Parent Company	Consolidated	Parent Company
I.Net cash flow form business operation				
Cash received from sales of products and providing of services	990,235,949.22	247,086.40	936,868,734.52	800.00
Net increase of customer deposits and capital kept for brother company				
Net increase of loans from central bank				
Net increase of inter bank loans from other financial bodies				
Cash received against original insurance contract				
Net cash received from reinsurance business				
Net increase of client deposit and investment				
Net increase of trade financial asset disposal				
Cash received as interest, processing fee, and commission				

Net increase of inter bank fund received				
Net increase of repurchasing business				
Tax returned				
Other cash received from business operation	609,873,672.49	920,431,302.48	596,186,847.32	1,366,590,193.32
Subtotal of cash inflow from business activities	1,600,109,621.71	920,678,388.88	1,533,055,581.84	1,366,590,993.32
Cash paid for purchasing of merchandise and services	174,334,538.71		242,161,036.54	
Net increase of client trade and advance				
Net increase of savings in central bank and brother company				
Cash paid for original contract claim				
Cash paid for interest, processing fee and commission				
Cash paid for policy dividend				
Cash paid to staffs or paid for staffs	143,537,459.33	35,991,026.33	132,401,627.64	35,913,197.38
Taxes paid	78,965,618.48	548,640.34	86,321,147.42	221,327.60
Other cash paid for business activities	612,978,176.94	950,367,769.37	846,178,642.87	1,400,379,684.01
Subtotal of cash outflow from business activities	1,009,815,793.46	986,907,436.04	1,307,062,454.47	1,436,514,208.99
Cash flow generated by business operation, net	590,293,828.25	-66,229,047.16	225,993,127.37	-69,923,215.67
II. Cash flow generated by investing				
Cash received from investment retrieving			797,000.00	
Cash received as investment gains	348,309,034.59	358,833,846.78	275,492,492.94	456,557,952.95
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	803,747.70	308,300.00	287,320.00	56,120.00
Net cash received from disposal of subsidiaries or other operational units				
Other investment related cash received		407,955,707.50		1,441,665.00
Subtotal of cash inflow due to investment activities	349,112,782.29	767,097,854.28	276,576,812.94	458,055,737.95
Cash paid for construction of fixed assets, intangible assets and other long-term assets	974,827,252.13	2,817,849.00	1,117,038,593.83	783,441.00
Cash paid at investment	372,296,500.00	559,856,500.00	622,500,000.00	675,030,000.00
Net increase of loan against pledge				

Net cash received from subsidiaries and other operational units				
Other cash paid for investment activities			2,528.44	400,000,000.00
Subtotal of cash outflow due to investment activities	1,347,123,752.13	562,674,349.00	1,739,541,122.27	1,075,813,441.00
Net cash flow generated by investment	-998,010,969.84	204,423,505.28	-1,462,964,309.33	-617,757,703.05
III. Cash flow generated by financing				
Cash received as investment	62,520,000.00		17,510,000.00	
Incl: Cash received as investment from minor shareholders	62,520,000.00		17,510,000.00	
Cash received as loans	1,648,210,000.00	200,000,000.00	2,455,350,000.00	190,000,000.00
Cash received from bond placing				788,800,000.00
Other financing –related cash received				
Subtotal of cash inflow from financing activities	1,710,730,000.00	200,000,000.00	2,472,860,000.00	978,800,000.00
Cash to repay debts	870,120,000.00	100,000,000.00	980,000,000.00	90,000,000.00
Cash paid as dividend, profit, or interests	392,752,292.95	172,056,672.27	384,304,574.11	128,839,938.36
Incl: Dividend and profit paid by subsidiaries to minor shareholders	3,508,270.73		62,613,607.91	
Other financing –related cash received				
Subtotal of cash outflow due to financing activities	1,262,872,292.95	272,056,672.27	1,364,304,574.11	218,839,938.36
Net cash flow generated by financing	447,857,707.05	-72,056,672.27	1,108,555,425.89	759,960,061.64
IV. Influence of exchange rate alternation on cash and cash equivalents	-14,226.74	-14,226.74	-491.57	-491.57
V. Net increase of cash and cash equivalents	40,126,338.72	66,123,559.11	-128,416,247.64	72,278,651.35
Add: Balance of cash and cash equivalents at the beginning of term	218,754,995.03	113,474,208.24	347,171,242.67	41,195,556.89
VI. Balance of cash and cash equivalents at the end of term	258,881,333.75	179,597,767.35	218,754,995.03	113,474,208.24

Consolidated Statement on Change in Owners' Equity

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

Year 2010

Unit: RMB

Items	Amount of the current term										Amount of last year											
	Owners' Equity attributable to Parent Company									Minor shareh olders equity	Total of owner s' equity	Owners' Equity attributable to Parent Company									Minor shareh olders equity	Total of owner s' equity
	Practi cal capital collect ed	Capita l reserv es	Less: Shares in stock	Specia lized reserv e	Surplu s reserv es	Com mon risk provis ion	Attrib utable profit	Other	Practi cal capital collect ed			Capita l reserv es	Less: Shares in stock	Specia lized reserv e	Surplu s reserv es	Com mon risk provis ion	Attrib utable profit	Other				
I.Balance at the end of last year	1,257,117,748.00	1,534,906,856.32			130,342,184.11		675,866,785.19		415,183,418.56	4,013,416,992.18	1,257,117,748.00	1,534,906,856.32			91,921,501.73		507,958,806.67		416,942,992.71	3,808,847,905.43		
Add: Change of accounting policy																						
Correcting of previous errors																						
Other																						
II.Balance at the beginning of current year	1,257,117,748.00	1,534,906,856.32			130,342,184.11		675,866,785.19		415,183,418.56	4,013,416,992.18	1,257,117,748.00	1,534,906,856.32			91,921,501.73		507,958,806.67		416,942,992.71	3,808,847,905.43		
III.Changed in the current year		422,251,859.25			34,138,925.43		228,627,316.05		101,540,021.24	786,558,121.97					38,420,682.38		167,907,978.52		-1,759,574.15	204,569,086.75		
(I) Net profit							388,4		49,85	438,3							332,0		44,78	376,8		

						78,01 6.28		4,313. 35	32,32 9.63						40,43 5.70		4,318. 82	24,75 4.52
(II) Other misc.income		422,4 00,00 0.00							422,4 00,00 0.00									
Total of (I) and (II)		422,4 00,00 0.00				388,4 78,01 6.28		49,85 4,313. 35	860,7 32,32 9.63						332,0 40,43 5.70		44,78 4,318. 82	376,8 24,75 4.52
(III) Investment or decreasing of capital by owners		-148,1 40.75						83,36 5,640. 75	83,21 7,500. 00								17,51 0,000. 00	17,51 0,000. 00
1. Capital inputted by owners								84,13 7,500. 00	84,13 7,500. 00								17,51 0,000. 00	17,51 0,000. 00
2. Amount of shares paid and accounted as owners' equity																		
3. Other		-148,1 40.75						-771,8 59.25	-920,0 00.00									
(IV) Profit allotment				34,13 8,925. 43		-159,8 50,70 0.23		-31,67 9,932. 86	-157,3 91,70 7.66				38,42 0,682. 38		-164,1 32,45 7.18		-64,05 3,892. 97	-189,7 65,66 7.77
1.Providing of surplus reserves				34,13 8,925. 43		-34,13 8,925. 43							38,42 0,682. 38		-38,42 0,682. 38			
2. Common risk provision						-125,7 11,77 4.80		-31,67 9,932. 86	-157,3 91,70 7.66						-125,7 11,77 4.80		-64,05 3,892. 97	-189,7 65,66 7.77

3. Allotment to the owners (or shareholders)																				
4. Other																				
(V) Internal transferring of owners' equity																				
1. Capitalizing of capital reserves (or to capital shares)																				
2. Capitalizing of surplus reserves (or to capital shares)																				
3. Making up losses by surplus reserves.																				
4. Other																				
(VI) Special reserves																				
1. Provided this year																				
2. Used this term																				
3. Other																				
IV. Balance at the end of this term	1,257,117,748.00	1,957,158,715.57			164,481,109.54	904,494,101.24	516,723,439.80	4,799,975,114.15	1,257,117,748.00	1,534,906,856.32			130,342,184.11	675,866,785.19		415,183,418.56	4,013,416,992.18			

Parent Company Statement on Change in Owners' Equity

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

Items	Year 2010								Unit: RMB							
	Amount of the current term								Amount of last year							
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
I. Balance at the end of last year	1,257,17,748.00	1,534,906,856.32			130,342,184.11		531,949,605.59	3,454,316,394.02	1,257,17,748.00	1,534,906,856.32			91,921,501.73		311,875,238.96	3,195,821,345.01
Add: Change of accounting policy																
Correcting of previous errors																
Other																
II. Balance at the beginning of current year	1,257,17,748.00	1,534,906,856.32			130,342,184.11		531,949,605.59	3,454,316,394.02	1,257,17,748.00	1,534,906,856.32			91,921,501.73		311,875,238.96	3,195,821,345.01
III. Changed in the current year		422,400,000.00			34,138,925.43		181,538,554.04	638,077,479.47					38,420,682.38		220,074,366.63	258,495,049.01
(I) Net profit							341,389,254.27	341,389,254.27							384,206,823.81	384,206,823.81
(II) Other misc.income		422,400,000.00						422,400,000.00								

Total of (I) and (II)		422,400,000.00				341,389,254.27	763,789,254.27							384,206,823.81	384,206,823.81
(III) Investment or decreasing of capital by owners															
1. Capital inputted by owners															
2. Amount of shares paid and accounted as owners' equity															
3. Other															
(IV) Profit allotment					34,138,925.43	-159,850,700.23	-125,711,774.80						38,420,682.38	-164,132,457.18	-125,711,774.80
1. Providing of surplus reserves					34,138,925.43	-34,138,925.43							38,420,682.38	-38,420,682.38	
2. Common risk provision															
3. Allotment to the owners (or shareholders)						-125,711,774.80	-125,711,774.80							-125,711,774.80	-125,711,774.80
4. Other															
(V) Internal transferring of owners' equity															
1. Capitalizing of capital reserves (or to capital shares)															

2. Capitalizing of surplus reserves (or to capital shares)																	
3. Making up losses by surplus reserves.																	
4. Other																	
(VI) Special reserves																	
1. Provided this year																	
2. Used this term																	
3. Other																	
IV. Balance at the end of this term	1,257,17,748.00	1,957,306,856.32			164,481,109.54		713,488,159.63	4,092,393,873.49	1,257,17,748.00	1,534,906,856.32			130,342,184.11		531,949,605.59		3,454,316,394.02

Guangdong Provincial Expressway Development Co., Ltd.

Notes to the Financial Statements of 2010

(Referring to notes to consolidated financial statements unless separately stated.
Currency: RMB)

I. Company Profile

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

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

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

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

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

5. The Company distributed dividends and capitalized capital common reserve for the year 1996 in the following manner: The Company paid 1.7 bonus shares for each 10 shares and capitalized capital common reserve on 3.3-for-10 basis.
6. Pursuant to the approval of China Securities Regulatory Committee (CSRC) with ZJFZ (1997) No. 486 and No. 487 document, the Company issued 100 million public shares (A shares) at the price of RMB 5.41 in term of “payable in full on application, pro-rate placing and subject to refund” with the par value of each share being RMB 1 in January 1998.
7. In accordance with the Resolutions of the 1999 Shareholders’ General Meeting of the Company and pursuant to the approval of Guangzhou Securities Regulatory Office under CSRC with GZZJH (2000) No. 99 and that of CSRC with ZJGSZ (2000) No. 98, the Company offered 3 Rights for every 10 shares of 764.256249 million shares at the price of RMB 11 per Right. 73,822,250 ordinary shares were actually placed to all
8. Pursuant to the reply of the General Office of the People’s Government of Guangdong Province with YBH (2000) No. 574 document, the state-owned shares were transferred to Guangdong Communication Group Co., Ltd. (Group Co.) for holding and management without compensation.
9. Pursuant to the approval of Shenzhen Stock Exchange, 53.0205 million staff shares of the Company (132,722 shares held by directors, supervisors and senior executives are temporarily frozen) were listed on February 5, 2001. As of December 31, 2010, the quantity of the shares subject to sale restriction held by senior executives is 198,857.
10. In accordance with the resolutions of 2000 annual shareholders’ general meeting, the Company capitalized capital common reserve into 419,039,249 shares on 5-for-10 basis with the total share capital as of the end of 2000, i.e., 838,078,499 shares as base. The date of stock right registration was May 21, 2001. The ex-right date was May 22, 2001.
11. On March 8, 2004, As approved by China Securities Regulatory Commission by document Zheng-Jian-Gong-Si-Zi [2003]No.3, the 45,000,000 non-negotiable foreign shares were placed in Shenzhen Stock
12. On December 21, 2005, the Company's plan for share holding structure reform was voted through at the shareholders' meeting concerning A shares. On January 26 2006, The Ministry of Commerce of PRC issued “The approval on share converting of Guangdong Provincial Expressway Development Co., Ltd.” to approve the share equity relocation and transformation. On October 9 2006, according to the “Circular about implementing of share equity relocation and relative trading” issued by Shenzhen Stock Exchange, the abbreviation ID of the Company’s A shares was restored from “G-Expressway” “Expressway A”.
13. As of December 31, 2010, Registration capital :RMB1,257,117,748, Legal representative: Zhou Yuming, Registration place: No.85, Baiyun Road, Guangzhou, Headquarters Office: No.85, Baiyun Road, Guangzhou., The company has set up: Investment Development Dept, Security Affairs Department, Management Department, Financial Management Department, Base

construction Department, Audit and Supervise Department, Affairs Department, Personnel Department, Party Work Department, Law affairs Department and Labour union etc.

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

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

16. Guangdong Communication Group Co., Ltd. is the largest shareholder of the Company. legal representative: Zhu Xiaoling. Date of establishment: June 23, 2000. As of December 31, 2010, Registered capital: RMB 26.8 billion. It is a solely state-owned limited company. Business scope: equity management, organization of asset reorganization and optimized allocation, raising funds by means including mortgage, transfer of property rights and joint stock system transformation, project investment, operation and management, traffic infrastructure construction, highway and railway project operation and relevant industries, technological development, application, consultation and services, highway and railway passenger and cargo transport, ship industry, relevant overseas businesses (if the above mentioned business scope requires licenses to operate, then operation licenses are required) ..

II. Principal accounting policies, accounting estimates and early errors

(1) Basis for Preparing the Financial Statements

The company prepares the financial statements on the basis of a continuous operation, the actual transactions, "Accounting Standards for Enterprises – Basic Standards", other accounting standards & related regulations.

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

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

(3)Fiscal Year

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

(4) Standard currency for bookkeeping

The Company takes RMB as the standard currency for bookkeeping.

(5) Accountings for Business Combinations under the Same Control & Business

Combinations not under the Same Control

1. Business Combinations under the Same Control

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

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

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

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

2. Business Combinations not under the Same Control

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

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

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

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

(6) Methods for Preparing the Consolidated Financial Statements

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

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

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

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

If the current losses of a subsidiary's minority shareholders exceed their ownership interests gained at the beginning of the subsidiary, and there are no articles or agreements declaring that the minority shareholders should be obligated to bear all of these, the exceeded part shall be offset against the ownership interests of the company. If there are articles or agreements declaring that the minority shareholders should bear all of these, the exceeded part shall be offset against the interests of the minority shareholders.

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

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

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

(7) Recognition Standard of Cash & Cash Equivalents

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

(8) Foreign Currency Transaction

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

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

(9) Financial tools

1. Categories of financial Tools

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

2. Recognition and measurement of financial tools

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

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

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

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

(2) Investment hold till expiration

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

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

changed in the predictable holding period or applicable shorter period.

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

If the company sells or reclassifies large-amount due investments before the expired date (large amount refers to comparing with the amount before the selling or reclassifying the investments), the company will reclassify the rest of the investments as financial assets for sale, and in the current accounting period or within two complete accounting years, no financial assets will be classified as holding due assets, except for the following situations: the sale date or reclassification date is close to the expired date of the investment (such as three months before the expired), and the change of interest rate has no significant influence on the fair value of the investment; after all the initial principal is mostly recovered according to periodic payments or repay in advance regulated in the contract, the rest part will be sold or reclassified; the sale and reclassification is caused by the independent events which are uncontrollable and unexpected and will not happen any more.

(3) Account receivable

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

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

(4) Saleable financial assets

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

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

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

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

(5) Other financial liabilities

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

3. Recognition and measurement basis of financial asset transposition

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

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

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

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

- ① Book value of the confirmed part;
- ② All fair values of financial assets and financial liabilities are recognized with reference to the price in the active market.

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

4.the conditions to stopping the financial liabilities

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

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

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

5. Recognition basis of financial assets and financial liabilities

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

6. Impairment provision for financial assets

① Impairment provision for financial assets for sale:

If the fair value of financial assets for sale greatly drops at the end of the period, or after considering all the relevant factors and expecting decrease trend is non-temporary, the impairment should be confirmed, and the accumulative loss formed by the decrease of fair value of owner's equity originally included should be transferred out altogether and confirmed as impairment loss.

② Holding the impairment provision of expired investments:

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

(10) Accounts Receivable

1. Recognition Standard and Counting & Drawing Method of Bad Debt Reserves for the Accounts Receivable Whose Single Amount Is Significant

Recognition standard of the accounts receivable whose single amount is significant: the accounts receivable whose single amount is over RMB 1 million & accounts for over 10% of the accounts receivable amount.

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

2. Recognition Basis and Counting & Drawing Method of Bad Debt Reserves for the Accounts Receivable Whose Single Amount Is not Significant but Whose Portfolio Risk Is Significant after Being Grouped by Credit Risk Features

Recognition basis of credit risk feature portfolio: the accounts receivable under 5 years of age which are not significant without any business connections any more.

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

3. Counting & Drawing Method of Bad Debt Reserves for the Other Accounts Receivable besides

Those Whose Single Amount Is Significant & Those Whose Single Amount Is not Significant but Whose Portfolio Risk Is Significant after Being Grouped by Credit Risk Features
The company adopts the account receivable aging analysis method for the bad debt reserves for the other accounts receivable besides those whose single amount is significant & those whose single amount is not significant but whose portfolio risk is significant after being grouped by credit risk features.

Based on the actual loss ratio of the anterior-periods receivable accounts with similar credit risks, with combination of actual situations, the company recognizes the following proportions of bad debt reserves:

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

The counting & drawing of bad debt reserves shall be based on the ending balance of the accounts receivable after the deduction of the incomings & outgoings between the subsidiaries within the scope of consolidated report forms.

(11) Inventories

1. Inventories class

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

2. Valuation method of inventory issued

The company calculates the prices of its inventories according to the weighted averages method or the first-in first-out method.

3. Recognition Basis of Inventories' Net Realizable Values and Counting &

Drawing Method of Obsolete Inventory Reserves

After taking stock at the end of the period, the company sets up or adjusts the obsolete inventory reserves according to the lower of the two indexes – the inventory costs or the inventories' net realizable values.

In normal production & management, the net realizable values of the merchandise inventories including finished goods, inventory goods, etc. which are directly for sale shall be recognized by deducting the estimated selling expenses & relevant taxes from the estimated selling price of the inventories. In normal production & management, the net realizable values of the material inventories which need to be processed shall be recognized by deducting the estimated processing costs, the estimated selling expenses & relevant taxes from the estimated selling price of the finished goods which have been made of the materials. The net realizable values of the inventories for carrying out sales contracts or service contracts shall be calculated based on the contract prices.

If the inventory number is greater than the ordering amount of the sales contract, the net values of the extra inventories shall be calculated based on the common selling prices.

4. Inventory System

Adopts the Perpetual Inventory System

5. Amortizing Method for Low-Value Consumables

The low-value consumables shall be based on the one-off amortization method.

(12) Long-term equity investment

1. Initial measurement

(1) Long-term equity investment formed by Consolidation

For Consolidation of enterprise under common control, merger cost is determined on equity combination basis. For equity investment paid by the Company in terms of cash, non-monetary asset, undertaking of debts, or issuing of equity securities, the initial cost will be the booking value of the long-term investment provided by the enterprise to be merged at the day of consolidation. The differences between the initial investment cost of long-term investment and cash paid, the non-monetary asset transferred out or book value of debt undertaken and the total face value of shares placed, is used to adjust the capital reserves. When the capital reserve is not enough to cover the adjustment, the retained gains will be adjusted. All direct expenses attached to the Consolidation are included in the gain/loss account of the current term.

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

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

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

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

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

The non-monetary asset exchange for a commercial real income and assets or the fair value other assets can be reliably measured, the initial investment cost should be determined according to long-term equity investment exchanged through the non-monetary asset exchange, unless there is evidence showing that for the fair value of assets is more reliable; the non-monetary asset

exchange which does not meet the above premises, the book value of the exchanged assets to and the relevant fees and taxes to be paid should be the initial investment cost of the long-term equity investment.

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

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

(1) Follow-up measurement

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

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

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

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

(2) Recognition of Profits or Losses

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

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

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

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

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

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

(4) Test Method for Impairment and Counting & Drawing Method for Impairment

Reserves

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

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

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

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

(13) Commissioned loan

Commissioned loan should be accounted according to actual commissioned loan amount. Account receivable interest rate according to the interest rate stipulated in commissioned loan. Make overall inspection on the principal of commissioned loan on the balance sheet date, if there is evidence showing that the principal of commissioned loan is higher than the recoverable amount, impairment provision should be accounted on the commissioned loan.

(14) Investment Real Estates

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

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

(15) Fixed asset

1.Fixed assets standard

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

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

2. Categories of fixed assets

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

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

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

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

Depreciation ages and ratios of fixed assets:

Type	Service life	Predicted retained value rate	Annual depreciation rate
Highway and Bridge			
Including : Guangfo Expressway	28 years	0%	Working flow basis
Fokai Expressway	30 years	0%	Working flow basis
Jiujiang Bridge	19 years	0%	Working flow basis
House Building	20-30 years	3%—10%	3.17%-4.75%

Type	Service life	Predicted retained value rate	Annual depreciation rate
Highway and Bridge			
Machine Equipment	10 years	3%—10%	9%-9.6%
Transportation Equipment	5-8 years	3%—10%	11.88%-19%
Electric Equipment and other equipment	5-15 years	3%—10%	6.33%-19.4%

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

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

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

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

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

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

Where there is any evidence indicating a possible impairment of a fixed asset, the company shall, on the basis of a single fixed asset, estimate the recoverable amount. Where it is difficult to do so, it shall determine the recoverable amount of the group fixed assets on the basis of the fixed asset group to which the fixed asset belongs.

(16) Calculation of Construction-in-process

1. Calculation of Construction-in-process

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

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

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

according to the actual cost, but the depreciation which has originally been counted & drawn shall not be adjusted.

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

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

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

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

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

Where there is any evidence indicating a possible impairment of a construction-in-process, the company shall, on the basis of a single construction-in-process, estimate the recoverable amount. Where it is difficult to do so, it shall determine the recoverable amount of the group constructions-in-process on the basis of the construction-in-process group to which the construction-in-process belongs.

(17) Loan expenses

1. Recognition principles for capitalizing of loan expenses

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

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

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

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

2. Duration of capitalization of Loan costs

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

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

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

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

.3 Capitalization Suspension Period

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

4. Calculation of the amount of capitalization of Loan costs

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

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

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

(18) Intangible assets

1. The valuation methods of intangible assets

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

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

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

The entry value of the non-monetary assets exchanged into by the non-monetary assets are determined on the basis of the fair value of the assets exchanged out if the exchange of non-monetary assets has commercial nature and the assets exchanged into or out can be reliably

measured, unless there is authentic evidence indicating that the fair value of assets exchanged into are more reliable; if the non-monetary assets that cannot meet the above prerequisite use the book value of the assets exchanged out and relevant taxes payable as the cost of the non-monetary assets, the profit and loss is not confirmed.

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

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

(2) Subsequent measurement

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

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

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

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

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

When the recoverable amount of intangible assets is below their book value, the book value of intangible assets is written down to the recoverable amount and the amount written down is confirmed as the loss of depreciation of value of intangible assets and is charged to the current profit and loss, while the corresponding provision for the depreciation of value of intangible assets is made.

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

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

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

(19) Long-term amortizable expenses

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

(20) Bond payable

1. Valuation of payable bonds

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

2. Amortization method for bond premium or discount

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

(21) Income

The incomes of the company mainly include: selling products, providing labor services.

1. The income from goods sale should be confirmed when meeting the following conditions: The company had transferred the ownership of the goods to the buyer, and the company did not retain the continuing management right relating to ownership right, and did not control the goods sold; the economic interests relating to transaction will go into the company; the company can reliably measure the related revenue and costs.

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

The service started and completed in the same accounting year should be confirmed upon the completion of labor income. If the beginning and completion of the service belongs to different accounting year, when the results of providing service transaction can be reliably estimated, on the balance sheet date, the company should confirm the relevant service income according to the completion percentage. When all the following conditions can be met, the results of the transaction can reliably estimated:

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

(22) Government subsidies

1.Type analyse

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

2.The methods of accounting treatment

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

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

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

1. References for confirmation of deferred income tax assets

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

2. The confirmation basis of deferred income tax liabilities

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

(24) Changing of main accounting policies, accounting estimations

1. Changing of main accounting policies

No changing of accounting estimations in report term.

2. Changing of Major accounting estimations

No changing of accounting estimations in report term.

(25) Correcting of accounting errors in the prior period

No changing of accounting errors in the prior period

III. Taxation

(I) Turnover tax and surcharges

1. Turnover tax

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

2. Urban Maintenance and construction Tax

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

2. Urban Maintenance and construction Tax

Calculated and paid at 7% or 5% of the turnover tax. Foreign invested enterprise under the Company is exempted from urban maintenance and construction tax according to the regulations from January-November 2010. The Urban Maintenance and construction Tax was calculated and paid from December, 2010.

3. Education surcharges

Calculated and paid at 3% of the turnover tax. Foreign invested enterprise under the Company is exempted from urban maintenance and construction tax according to the regulations from January-November 2010. The Education surcharges Tax was calculated and paid from December,2010.

4.Defend expense

Calculated and paid at 0.1% or 0.13% of the turnover tax.

3. .Education surcharges

Calculated and paid at 3% of the turnover tax. Foreign invested enterprise under the Company is exempted from education surcharges according to the regulations.

(II) Enterprise income tax

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

According to “Provisional Regulations of Enterprise Income Tax of PRC”, Guangfo Expressway Co., Ltd. pays enterprise income tax. As approved by Guangzhou Tax Bureau Foreign Division with Shui-Wai-Fa[1993]1669, Guangfo Expressway Co., Ltd. pays enterprise income tax at 22% in 2010.

According to “Provisional Regulations of Enterprise Income Tax of PRC”, Fokai Expressway Co., Ltd. pays enterprise income tax at 25%.

According to “Provisional Regulations of Enterprise Income Tax of PRC”, Guangdong Expressway Technology Investment Co., Ltd. pays enterprise income tax at 25%.

IV. Enterprise Consolidated and Consolidated Financial Statement

(I) Information of subsidiaries

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

Name of subsidiary	Type	Registered address	Business nature	Registered capital	Operating scope	The year end's actual amount of capital investment	Balance of other essentially constituting net investment in subsidiary	Equity holding percent age	Voting power (%)	Whether consolidate financial state ment	Minority shareholders' equity	Amount deduct from minority shareholders' equity	The balance between current losses assumed by minority shareholders' deducted from owners' equity belongs to parent company and the minority shareholders' attributable share of owners' equity at the opening balance
Guangdong Expressway Technology Investment Co., Ltd.	Holdings subsidiaries	4/F, Expressway Building No.83 Baiyun, Yuexiu, Guangzhou	Limited liability Company (Corporation wholly owned foreign-invested enterprises)	100,000,000.00	Investment in technical industries and provision of relevant consulting services, research and development of lighting technology of City and Road, energy saving and storage technology, photovoltaic technology of solar energy and production and sales of relevant	95,920,000.00		100	100	Yes			

Name of subsidiary	Type	Registered address	Business nature	Registered capital	Operating scope	The year end's actual amount of capital investment	Balance of other essentially constituting net investment in subsidiary	Equity holding percent age	Voting power (%)	Whether consolidate financial state ment	Minority shareholders' equity	Amount deduct from minority shareholders' equity	The balance between current losses assumed by minority shareholders' deducted from owners' equity belongs to parent company and the minority shareholders' attributable share of owners' equity at the opening balance
					products, design, production, release and agency of all kinds of domestic and foreign advertisements, construction and maintenance management of highway projects and domestic trade. (excluding gold, silver, motor vehicles and dangerous chemicals)								

2.The Subsidiary through business combination under the same control

Name of subsidiary	Type	Registered address	Business nature	Registered capital	Operating scope	The year end's actual amount of capital investment	Balance of other essentially constituting net investment in subsidiary	Equity holding percentage	Voting power (%)	Whether consolidated financial statement	Minority shareholders' equity	Amount deduct from minority shareholders' equity	The balance between current losses assumed by minority shareholders' deducted from owners' equity belongs to parent company and the minority shareholders' attributable share of owners' equity at the opening balance
Guangfo Expressway Co., Ltd.	Holdings	West Shabei, Guangzhou	Limited Liability Company (Taiwan, Hongkong and Macao in cooperation)	200,000,000.00	Construction, tolling, maintenance and management of Guangfo Expressway, automobile fueling, Form Hengsha Guangzhou to Foshan xiebian , A total length of 15.7 km, salvage, maintenance and cleaning up.	242,151,386.98		75	75	Yes	82,806,946.17		
Guangdong Fokai Expressway Co., Ltd.	Holdings	No.83 Baiyun Road, Yuxiu, Guangzhou	Limited Liability Company	1,108,000,000.00	Operation and management of Fokai Expressway and its supporting facilities, automobile salvage, maintenance and cleaning, supply of automobile parts and components, maintenance and management of Jiujiang Bridge of Guangzhan Highway. Auto rescue and repair (operated by	1,832,220,495.45		75	75	Yes	433,916,493.63		

Name of subsidiary	Type	Registered address	Business nature	Registered capital	Operating scope	The year end's actual amount of capital investment	Balance of other essentially constituting net investment in subsidiary	Equity holding percentage	Voting power (%)	Whether consolidated financial statement	Minority shareholders' equity	Amount deduct from minority shareholders' equity	The balance between current losses assumed by minority shareholders' deducted from owners' equity belongs to parent company and the minority shareholders' attributable share of owners' equity at the opening balance
					subsidiaries). Sales of industrial capital goods (excluding gold, silver, motor vehicles and dangerous chemicals), construction materials, department goods, needles, textiles, metals, cross-powers.								

3.The Subsidiaries through business combinations not under the same control

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

Name of subsidiary	Type	Registered address	Business nature	Registered capital	Operating scope	The year end's actual amount of capital investment	Balance of other essentially constituting net investment in subsidiary	Equity holding percentage	Voting power (%)	Whether consolidated financial statement	Minority shareholders' equity	Amount deduct from minority shareholders' equity	The balance between current losses assumed by minority shareholders' deducted from owners' equity belongs to parent company and the minority shareholders' attributable share of owners' equity at the opening balance
Guangzhou Putian Zhongzhi	Owned subsidiary of a subsidiary	2011, 2012 Room, No.201 Huangpu West Road, Tianhe District, Guangzhou	Limited Liability Company	5,000,000.00	Research and development of electronic products and technical service. Wholesale trade.	1.00	3,000,000.00	60	60	No			

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

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

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

1. There is no business entities that are subsidiaries newly taken into the consolidation range, that have specific purpose subjects or that are entrusted with operation or by leasing forming the controlling power in the current

2. The business entities that are not taken into the consolidation range any longer, that have specific purpose subjects or that are entrusted with operation or by leasing forming the controlling power in the current.

V. Notes to the major items of consolidated financial statement

(I) Monetary Capital

Items	Amount in year-end			Amount in year-begin		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
Cash						
RMB			111,423.87			331,104.12
HKD						
Subtotal			111,423.87			331,104.12
Bank deposit						
RMB			257,900,441.00			217,935,978.14
HKD	483,639.87	0.8509	411,543.67	483,566.25	0.8805	425,770.41
Subtotal			258,311,984.67			218,361,748.55
Other currency						
RMB			457,925.21			62,142.36
HKD						
Subtotal			457,925.21			62,142.36
Total			258,881,333.75			218,754,995.03

Which restricted the monetary funds as follows:

Items	Amount in year-end	Amount in year-begin
Tolls clearing account funds	9,915,030.01	2,674,425.87
Total	9,915,030.01	2,674,425.87

(2) Account receivable

1.Type analyse.

Type	Amount in year-end				Amount in year-begin			
	Book Balance		Bad debt povision		Book Balance		Bad debt povision	
	Amount	Proportio(%)	Amount	Proportio(%)	Amount	Proportio(%)	Amount	Proportio(%)
Individually significant accounts receivable	16,217,857.15	89.77			11,082,228.16	93.12		
Account receivable which are not individually significant but are assessed at high risk level through credit risk combination								
Other non-material receivables	1,847,702.58	10.23	22,051.46	100.00	819,314.35	6.88	27,800.49	100.00
Total	18,065,559.73	100.00	22,051.46	100.00	11,901,542.51	100.00	27,800.49	100.00

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

3. There is no provision for bad debts in full or the provision for bad debts is much high while the debts have been fully recovered or reversed, or no recovery or reversal of a large proportion of accounts receivable in the current.

4. There is no recovery of accounts receivable through restructuring in the current.

5. There is no accounts receivable that were written off in the current.

6. There was no account receivable due from shareholders with more than 5% (including 5%)

of the voting shres of the company.

7. The top 5 arrearage in accounts receivable

Name	Relationship with the Company	Amount	Aging	Proportion to total accounts receivalbe(%)
Guangdong Union Electric toll Co., Ltd.	No relationship	16,217,857.15	Within 1 year	89.77
Guangzhou Zhongqiu advertising Co., Ltd.	No relationship	494,016.61	Within 1 year	2.73
Zhaoqing Yuezhao Highway Co., Ltd.	Joint venture	364,558.00	Within 1 year	2.02
Guangdong Maozhan Expressway Co., Ltd.	Affiliated company	314,688.00	Within 1 year	1.74
Guangdong Yuzhan Expressway Co.,Ltd.	Controlled by the same parent company	285,876.00	Within 1 year	1.58
Total		17,676,995.76		97.84

8. The situation on the accounts receivable from the affiliated parties

Name	Relationship with the Company	Amount	Aging	Proportion to total accounts receivable(%)
Zhaoqing Yuezhao Highway Co., Ltd.	Joint venture	364,558.00	Within 1 year	2.02
Guangdong Maozhan Expressway Co., Ltd.	Affiliated company	314,688.00	Within 1 year	1.74
Guangdong Yuzhan Expressway Co.,Ltd.	Controlled by the same parent company	285,876.00	Within 1 year	1.58
Guangdong Lulutong Co.,Ltd.	Controlled by the same parent company	18,004.85	2-3 years	0.10
Total		983,126.85		5.44

9. There is no accounts receivable that have been terminated to confirm in the current.

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

(3) Prepayment

1. Age analysis

Age	Balance in year-end		Balance in year-begin	
	Amount	Proportion	Amount	Proportion
Within 1 year	61,848,782.42	31.61	292,135,576.87	99.90
1—2 years	133,634,966.90	68.30	299,738.00	0.10
2—3 years	169,738.00	0.09		
Over 3 years				
Total	195,653,487.32	100.00	292,435,314.87	100.00

2. The top five companies according to the Prepayment

Name	Relationship with the Company	Amount	Time	Reasons for pending accounts
Guangdong Changda Highway Engineering Co., Ltd.	Controlled by the same parent company	101,793,950.60	Within 2 year	Pending accounts
Guangdong Guanyueluqiao Co., Ltd.	Controlled by the same parent company	37,878,217.00	Within 2 year	Pending accounts
China Railway 12 Bureau Group Co., Ltd	No relationship	23,121,693.00	1-2 years	Pending accounts
Guangdong Jingtong Highway Engineering Construction Group Co., Ltd.	No relationship	9,204,514.00	1-2 years	Pending accounts
Jilin Great wall Highway Bridge Construction Co., Ltd.	No relationship	8,497,071.00	1-2 years	Pending accounts
Total		180,495,445.60		

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

4. Prepayment from related parties

Name	Relationship with the Company	Amount	Proportion (%)
Guangdong Changda Highway Engineering Co., Ltd.	Guangdong Communication Development Co., Ltd.	101,793,950.60	52.03
Guangdong Guanyueluqiao Co., Ltd.	Guangdong Communication Development Co., Ltd.	37,878,217.00	19.36
Guangdong Communication Development Co., Ltd.	Guangdong Communication Development Co., Ltd.	393,449.80	0.20
Guangdong Hualu Communication Technology Co., Ltd.	Guangdong Communication Development Co., Ltd.	200,000.00	0.10
Total		140,265,617.40	71.69

(4) Interest receivable

Items	Amount at year beginning	Increase at this period	Decrease at this period	Amount at period end	Reasons for not being recovered	Whether the relevant funds have signs for impairment
1. The dividends receivable with account age less than one year		348,309,034.59	348,309,034.59			
Of which: the dividend of Shenzhen Huiyan Expressway Co., Ltd. in 2009.		60,000,000.00	60,000,000.00			
The dividend of Jungzhu Expressway Guangzhu station in 2009		113,459,045.51	113,459,045.51			
The dividend of Guangdong Guanghui Expressway Co., Ltd. in the second half year of 2009 and Jan - Sep, 2010		149,367,646.67	149,367,646.67			
The dividend of Zhaoqing Yuezhao Highway Co., Ltd. in 2007 and 2009		24,463,577.32	24,463,577.32			
China Everbright Bank Co., Ltd.		1,018,765.09	1,018,765.09			
2. The dividends receivable with account age more than one year						
Total		348,309,034.59	348,309,034.59			

(5) Other receivable

1.Type analyse:

Type	Amount in year-end				Amount in year-begin			
	Book Balance		Bad debt povision		Book Balance		Bad debt povision	
	Amount	Proportio(%)	Amount	Proportio(%)	Amount	Proportio(%)	Amount	Proportio(%)
Individually significant accounts receivable	66,794,504.78	66.92	66,794,504.78	97.58	66,794,504.78	66.90	66,794,504.78	97.58
Account receivable which are not individually significant but are assessed at high risk level through credit risk combination								
Other non-material receivables	33,023,192.56	33.08	1,659,590.49	2.42	33,054,254.14	33.10	1,659,137.74	2.42
Total	99,817,697.34	100.00	68,454,095.27	100.00	99,848,758.92	100.00	68,453,642.52	100.00

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

Other receivables	Book balance	Amount of bad debts	Proportion (%)	Reasons
Kunlun Securities Co., Ltd.	50,973,424.87	50,973,424.87	100.00%	Notes 1
Beijing Gelin Enze	12,220,079.91	12,220,079.91	100.00%	Notes 2
Guangzhou Putian Zhongzhi	3,601,000.00	3,601,000.00	100.00%	Notes 3
Total	66,794,504.78	66,794,504.78		

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

2. GuangDong Expressway technology investment Co, Ltd should charge Beijing Green EnZhe Organic fertilizer Co, Ltd for RMB 12,220,079.91. Eight millions of it was entrust loan, three millions was temporary borrowing, the rest of it was advance money for another. Beijing Green

EnZe Organic fertilizer Co, Ltd's operating status was bad and had already ceased producing, Accordingly, the controlling subsidiary of the company Guangdong Gaoshu Investment Co., Ltd. accounted full provision for bad debt RMB 12,220,079.91 Provision .

3. The amount of other accounts receivable by Guangdong Express Technology Investment Co., Ltd., a controlled subsidiary of the Company, from Guangzhou Putian Zhongzhi Technology Industrial Co., Ltd. is RMB 3,601,000.00. RMB 3,301,000.00 is loan for temporary turnover and the balance of RMB 300,000.00 is the advanced payment for bankruptcy liquidation. As Guangzhou Putian Zhongzhi Technology Industrial Co., Ltd. entered bankruptcy liquidation procedure in June 2009, intrabrand elimination was no longer carried out. Guangdong Express Technology Investment Co., Ltd.,full provision of RMB 3,601,000.00 for bad debts in respect of this sum of money.

3. There is no provision for bad debts in full or the provision for bad debts is much high while the debts have been fully recovered or reversed, or no recovery or reversal of a large proportion of accounts receivable in the current. There is no recovery of accounts receivable through restructuring in the current report period.

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

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

6. The top five companies in the amount of other receivables and the large amount of other nature and content of receivables at the ending.

Name	Relationship with the Company	Amount	Aging	The proportion of the total of other receivables (%)	Nature or content
Kunlun Securities Co.,Ltd	The subsidiary of the Company holds its 5.74% stake of Kunlun	50,973,424.87	Over 5 years	51.07	See "V(5)2,Notes 1.
Beijing Gelin Enze	Joint venture	12,220,079.91	2-5 years	12.24	See "V(5)2,Notes 2.
The Land Resource Office of Foshan,Chancheng Branch	No relationship	7,366,300.00	1-2 years	7.38	Guarantee deposit
Guangzhou Putian Zhongzhi	The controlling grandson company	3,601,000.00	2-5 years	3.61	See "V(5)2,Notes 3.
Li Jing	Cashier of subsidiary company	2,355,000.00	Within 1 year	2.36	spare changes
Total		76,515,804.78		76.66	

7.The accounts receivable from the Related parties

Name	Relationship with the Company	Relationship with the Company	The proportion of the total of other receivables (%)
Beijing Gelin Enze	Joint venture	12,220,079.91	12.24
Guangzhou Putian Zhongzhi	The controlling grandson company	3,601,000.00	3.61
Guangdong Guanghui Expressway Co., Ltd.	Joint venture	500,000.00	0.50
Zhaoqing Yuezhao Highway Co., Ltd.	Joint venture	384,491.50	0.39
Guangdong Gaoda Property Development Co., Ltd.	controlled by the same parent company	91,500.00	0.09
Guangdong Kaiyang Exspressway Co.,Ltd.	controlled by the same parent company	44,479.00	0.04
Guangdong Shanfen Expressway Co.,Ltd.	controlled by the same parent company	24,486.00	0.02
Guangdong Zhanjiang Bay Bridge Co., Ltd.	controlled by the same parent company	13,404.86	0.01
Xinyue Communication Investment Co., Ltd.	controlled by the same parent company	2,158.60	0.00
Guangdong Tongyi Expressway Sservice Area Co., Ltd.	controlled by the same parent company	329.51	0.00
Guangdong Xintai Expressway Co., Ltd.	controlled by the same parent company	272.43	0.00
Total		16,882,201.81	16.90

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

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

(6) Inventory

1.Type analyse

Items	Balance in year-end			Balance in year-begin		
	Book balance	Bad debt povision	Book Value	Book balance	Bad debt povision	Book Value
Rew materials	279,948.92		279,948.92	73,932.41		73,932.41
Other				146,210.50		146,210.50
Total	279,948.92		279,948.92	220,142.91		220,142.91

2. Inventory and inventory depreciation reserves

Type	Balance in year-begin	Increase in the current period	Decrease in the current period		Balance in year-end
			Transferred back	Reselling	
Rew materials					
Other					
Total					

(7) Financial assets available for sale**1. Financial assets available for sale**

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

2 Existing restricted circulation period of Financial assets available for sale

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

(8) Information of Joint venture and Associated Enterprise

Name	Type	Registered place	Legal Representative	Property	Register capital	Proportion	Voting proportion	End total assets	End total Liabilities	End total net assets	Total current revenues	Current net profit
1. Joint venture												
1. Guangdong Guanghui Expressway	Limited liability	Guangzhou	Liu Gangliang	Expressway Management	2,351,678,000.00	30%	30%	6,220,968,974.33	3,553,068,229.68	2,667,900,744.65	1,537,997,550.88	552,014,179.51
2. Zhaoqing Yuezhao Highway Co., Ltd.	Limited liability	Zhaoqing, Guangdong	Wang Jiachen	Expressway Management	818,300,000.00	25%	25%	2,343,076,720.93	1,495,937,698.91	847,139,022.02	299,927,599.45	105,992,797.99
3. Beijing Gelin Enze	Limited liability	Beijing	Wang Jianji	Organic fertilizer production and sell	20,000,000.00	35%	35%	25,925,805.89	16,707,626.85	9,218,179.04		
2. Affiliated company												
1. Shenzhen Huiyan Expressway	Limited liability	Shenzhen, Guangdong	Xu Xiaoyang	Expressway Management	36,000,000.00	33.33%	33.33%	557,636,814.65	37,943,298.59	519,693,516.06	321,196,880.04	163,224,341.98
2. Guangdong Maozhan Expressway Co., Ltd.	Limited liability	Guangzhou, Guangdong	Li Jinfeng	Expressway Management	1,120,000,000.00	20%	20%	2,691,683,359.87	2,024,907,469.90	666,775,889.97	397,299,465.40	39,723,900.42
3. Jingzhu Expressway	Limited liability	Guangzhou, Guangdong	Lu Yaxing	Expressway Management	580,000,000.00	20%	20%	4,228,170,369.57	2,589,872,605.92	1,638,297,763.65	1,193,484,995.14	670,079,046.76

Name	Type	Registered place	Legal Representative	Property	Register capital	Proportion	Voting proportion	End total assets	End total Liabilities	End total net assets	Total current revenues	Current net profit
Guangzhu												
4.Guangdong Jiangzhong Expressway Co., Ltd.	Limited liability	Guangzhou, Guangdong	Lu Yaxing	Expressway Management	1,045,000,000.00	15%	15%	2,777,752,955.16	1,811,063,570.18	966,689,384.98	332,520,087.50	41,369,530.36
5.Ganzhou Kangda Expressway	Limited liability	Ganzhou, Jiangxi	Yao Diming	Expressway Management	600,000,000.00	30%	30%	1,828,340,063.68	1,574,885,114.35	253,454,949.33	39,122,518.00	-104,941,367.92
6.Ganzhou Gankang Expressway	Limited liability	Ganzhou, Jiangxi	Liu Zequan	Expressway Management	700,000,000.00	30%	30%	2,653,989,145.05	1,936,865,737.90	717,123,407.15	22,016,280.00	-37,473,259.85
7.Guangdong Guangle Expressway	Limited liability	Guangzhou, Guangdong	Li Jinfeng	Expressway Management	500,000,000.00	30%	30%	2,638,699,419.91	1,988,701,919.91	649,997,500.00		

(9) Long-term equity investment

1. Long-term equity investment

Name	Account method	Initial amount	Balance in year-begin	Increase/decrease	Balance in year-end	Shareholding percentage(%)	Voting percentage (%)	Instruction	Impairment provision	Current provision	Current cash dividend
Guangdong Guanghui Expressway Co., Ltd.	Equity method	705,503,400.00	784,133,616.22	16,236,607.18	800,370,223.40	30%	30%				149,367,646.67
Zhaoqing Yuezhao Highway Co., Ltd.	Equity method	183,690,616.22	225,653,566.64	1,308,990.22	226,962,556.86	25%	25%				24,463,577.32
Beijing Gelin Enze	Equity method	6,614,483.90				35%	35%				
Shenzhen Huiyan Expressway	Equity method	14,024,586.42	195,764,733.87	-7,013,565.13	188,751,168.74	33.33%	33.33%				60,000,000.00
Guangdong Maozhan Expressway	Equity method	224,000,000.00	125,410,397.91	7,944,780.08	133,355,177.99	20%	20%				
Jingzhu Expressway Guanzhu	Equity method	66,779,449.38	464,974,371.27	12,824,278.12	477,798,649.39	20%	20%				113,459,045.51
Guangdong Jiangzhong Expressway Co., Ltd.	Equity method	156,750,000.00	138,797,978.21	6,205,429.55	145,003,407.76	15%	15%				
Ganzhou Kangda Expressway	Equity method	165,820,322.53	155,323,069.64	-33,058,372.18	122,264,697.46	30%	30%				
Ganzhou Gankang Expressway Co., Ltd.	Equity method	226,379,000.00	165,000,000.00	50,137,022.04	215,137,022.04	30%	30%				
Guangdong Guangle Expressway	Equity method	339,997,500.00	30,000,000.00	309,997,500.00	339,997,500.00	30%	30%				
Subtotal		2,089,559,358.45	2,285,057,733.76	364,582,669.88	2,649,640,403.64						347,290,269.50
Huazheng Assets Management Co. Ltd.(Notes 1)	Cost method	1,620,000.00	1,620,000.00		1,620,000.00	0.54%	0.54%		1,393,200.00		
Huaxia Securities Co., Ltd.(Notes 2)	Cost method	5,400,000.00	5,400,000.00		5,400,000.00	0.27%	0.27%		5,400,000.00		
Kunlun Securities Co., Ltd.(Notes 3)	Cost method	30,000,000.00	30,000,000.00		30,000,000.00	5.74%	5.74%		30,000,000.00		
Guangzhou Putian Zhongzhi(Notes 4)	Cost method	785,536.35	785,536.35		785,536.35	60%	60%		785,536.35		
China Everbright Bank	Cost method	528,000,000.00	528,000,000.00	-528,000,000.00		0.72%	0.72%				1,018,765.09

Subtotal		565,805,536.35	565,805,536.35	-528,000,000.00	37,805,536.35				37,578,736.35		1,018,765.09
Total		2,655,364,894.80	2,850,863,270.11	-163,417,330.12	2,687,445,939.99				37,578,736.35		348,309,034.59

Notes 1 According to De Wei Ping Gu Zi 2005 No. 88 Appraisal Report issued by Beijing Dewei Appraisal Co., Ltd. As the June 30, 2005, the amount of net assets of Huazheng Asset Management Co., Ltd. in book was RMB 279.132 million and the appraised value was RMB - 2299.5486 million ,On October 14, 2005, Jianyin CITIC Asset Management Co., Ltd. issued the Letter of Soliciting Opinions on Equity Assignment to the Company. Jianyin CITIC Asset Management Co., Ltd. was willing to pay the price of not more than RMB 42 million to acquire 100% equity of Huazheng Asset Management Co., Ltd. and solicited the Company's opinions. The Company replied on December 5, 2005, abandoning the preemptive right under the same conditions. The Company made provision of RMB 1.3932 million for impairment in respect of this long-term equity investment of RMB 1.62 million.

Notes 2. The owner's equity of Huaxia Securities Co., Ltd. was negative and it entered liquidation procedure in December 2005. The Company made full provision for impairment in respect of this long-term equity investment of RMB 5.4 million.

Notes 3. The owner's equity of Kunlun Securities Co., Ltd. was negative and it entered liquidation procedure in October 2005. Guangdong Express Technology Investment Co., Ltd., a controlled subsidiary of the Company, made full provision for impairment in respect of its long-term equity investment of RMB 30 million in Kunlun Securities Co., Ltd.

Notes 4. Guangzhou Putian Zhongzhi Technology Industrial Co., Ltd. entered bankruptcy liquidation procedure in June 2009.

On November 30, 2009, Guangdong Province Guangzhou Municipal Intermediate People's Court adjudicated the termination of bankruptcy liquidation procedure of Guangzhou putianzhongzhi Technology Co., Ltd. Till the report date, the commercial registration cancellation procedures of Guangzhou putianzhongzhi Technology Co., Ltd. is in processing.

Guangzhou Putian Zhongzhi Technology Industrial Co., Ltd. entered bankruptcy liquidation procedure in June 2009. Guangdong Express Technology Investment Co., Ltd., a controlled subsidiary of the Company, made full provision for impairment in respect of long-term equity investment in Guangzhou Putian Zhongzhi Technology Industrial Co., Ltd.

Notes 5: On Augut 2010, China Everbright Bank Ltd. became listed company and its shares held by our company are within restricted period, so our company transferred the reflection of long term investment on Everbright Bank from term equity investment to financial assets available for sale. The variable parts of ending fair value will be counted in contributed surplus.

(10) Investment real estate

1. measured by the cost of investment real estate

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
-------	-----------------------	-------------------------	-------------------------	---------------------

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
1. original price	12,664,698.25			12,664,698.25
1.Hoses and building	12,664,698.25			12,664,698.25
2.Land use right				
II. Accumulated depreciation	6,156,022.81	503,423.96		6,659,446.77
1.Hoses and building	6,156,022.81	503,423.96		6,659,446.77
2.Land use right				
III. Net value	6,508,675.44		503,423.96	6,005,251.48
1.Hoses and building	6,508,675.44		503,423.96	6,005,251.48
2.Land use right				
IV. Impairment prvision				
1.Hoses and building				
2.Land use right				
V.Total of book value	6,508,675.44		503,423.96	6,005,251.48
1.Hoses and building	6,508,675.44		503,423.96	6,005,251.48
2.Land use right				

Notes 1:The current depreciation and the amortized amount in the investment real estate is RMB 503,423.96.

Notes 2: The amont of the current impairment in the investment real estate is RMB 0.00.

(11) Fixed assets

1. Fixed assets

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
I.Total of Original price of fixed assets	5,780,744,650.11	90,454,909.99	172,399,400.79	5,698,800,159.31
Including : Guangfo Expressway	1,385,589,775.94	43,524,233.63		1,429,114,009.57
Fokai Expressway	3,630,421,541.96		49,089,275.19	3,581,332,266.77
Jiujiang Bridge	322,353,099.76	8,129,296.79	97,325,000.00	233,157,396.55
House and Building	178,587,489.55	11,937,275.17	4,222,717.49	186,302,047.23
Machine equipment	21,308,088.84	183,333.00	5,340,711.14	16,150,710.70
Transportation Equipment	46,186,918.10	5,202,909.00	6,911,299.60	44,478,527.50
Electricity equipment and other	196,297,735.96	21,477,862.40	9,510,397.37	208,265,200.99
II. Total of Accumulated	1,705,492,919.80	238,637,063.38	28,100,982.94	1,916,029,000.24

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
depreciation				
including : Guangfo Expressway	483,827,728.77	74,485,927.15		558,313,655.92
Fokai Expressway	915,017,695.34	119,365,212.02	11,212,840.02	1,023,170,067.34
Jiujiang Bridge	59,276,529.15	16,150,068.50		75,426,597.65
House and Building	70,266,508.49	8,026,531.08	1,887,562.56	70,266,508.49
Machine equipment	9,412,549.58	1,027,148.87	20,573.45	9,412,549.58
Transportation Equipment	35,253,754.01	2,767,367.45	6,446,834.86	35,253,754.01
Electricity equipment and other	132,438,154.46	16,814,808.31	8,533,172.05	132,438,154.46
III. Total net book value of fixed assets	4,075,251,730.31			3,782,771,159.07
including : Guangfo Expressway	901,762,047.17			870,800,353.65
Fokai Expressway	2,715,403,846.62			2,558,162,199.43
Jiujiang Bridge	263,076,570.61			157,730,798.90
House and Building	108,320,981.06			109,896,570.22
Machine equipment	11,895,539.26			5,731,585.70
Transportation Equipment	10,933,164.09			12,904,240.90
Electricity equipment and other	63,859,581.50			67,545,410.27
IV. Total of Accumulated depreciation				
including : Guangfo Expressway				
Fokai Expressway				
Jiujiang Bridge				
House and Building				
Machine equipment				
Transportation Equipment				
V. Total book value of fixed assets	4,075,251,730.31			3,782,771,159.07
including : Guangfo Expressway	901,762,047.17			870,800,353.65
Fokai Expressway	2,715,403,846.62			2,558,162,199.43
Jiujiang Bridge	263,076,570.61			157,730,798.90

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
House and Building	108,320,981.06			109,896,570.22
Machine equipment	11,895,539.26			5,731,585.70
Transportation Equipment	10,933,164.09			12,904,240.90
Electricity equipment and other	63,859,581.50			67,545,410.27

Notes 1: The current depreciation amount is RMB238,637,063.38.

Notes 2: The original price of projects under construction transferred to fixed assets is RMB 67,306,631.45 .

(12) Construction on process

1. Construction on process

Items	Balance in year-begin			Balance in year-end		
	Book balance	Impairment provision	Book Value	Book Balance	Impairment provision	Book Value
1. The period between Xiebian to Sanbao extension project of the Fokai	2,556,319,785.55		2,556,319,785.55	1,361,879,924.46		1,361,879,924.46
2. The comprehensive maintenance base project of the Gonghe toll station in the Fokai Expressway				11,595,384.17		11,595,384.17
3. The Jiujiang Bridge specific construction project	16,639,683.00		16,639,683.00	10,018,262.00		10,018,262.00
4. The Electrical improvement project of the Gonghe toll station in the Fokai Expressway				3,060,666.00		3,060,666.00
5. Other project	898,640.39		898,640.39	2,398,867.35		2,398,867.35
Total	2,573,858,108.94		2,573,858,108.94	1,388,953,103.98		1,388,953,103.98

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

Items	Budget (RMB'00 00)	Balance in year-begin	Increase at this period	Transfer to fixed assets	Other losses	Enginee ring input account	Prog ress of work	Capitalisati on of interest accumulate	Including: Current amount of capitalizati	Capitalisa tion of interest ratio (%)	Source of funds	Balance in year-end	Rem arks
1. The period between Xiebian to Sanbao extension project of the Fokai	400,200.00	1,361,879,924.46	1,194,439,861.09			63.88	62.64	201,090,271.83	101,990,025.79	5.31	Self fund, Loan	2,556,319,785.55	
2. The comprehensive maintenance base project of the Gonghe toll station in the Fokai Expressway	1,090.86	11,595,384.17		11,595,384.17		100.00	100.00				Self fund		
3. The Jiujiang Bridge specific construction project	2,319.08	10,018,262.00	6,621,421.00			71.75	70.00				Self fund	16,639,683.00	

Items	Budget (RMB'00 00)	Balance in year-begin	Increase at this period	Transfer to fixed assets	Other losses	Enginee ring input account	Prog ress of work	Capitalisati on of interest accumulate	Including: Current amount of capitalizati	Capitalisa tion of interest ratio (%)	Source of funds	Balance in year-end	Rem arks
4. The Electrical improvement project of the Gonghe toll station in the Fokai Expressway	371.00	3,060,666.00		3,060,666.00		100.00	100.00				Self fund		
5. G325 Jiujiang Bridge Repair project			8,129,296.79	8,129,296.79		100.00	100.00				Self fund,loan		
6.Guangfo Extension project	37,369.28		39,820,480.97	39,820,480.97		100.00	100.00				Self fund,loan		
7.Other project		2,398,867.35	3,537,188.27	4,700,803.52	336,611.71						Self fund	898,640.39	
Total		1,388,953,103.98	1,252,548,248.12	67,306,631.45	336,611.71			201,090,271.83	101,990,025.79			2,573,858,108.94	

(13) Intangible assets

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
I.Total cost	137,877,961.00	448,692.73		138,326,653.73
Jiujiang Bridge management right	66,917,573.76			66,917,573.76
Jiujiang Land Use right	68,402,029.24			68,402,029.24
File Management software	200,000.00			200,000.00
Toll simulation training and testingsystem	180,000.00			180,000.00
Highways vehicle wireless video surveillance system software	69,000.00			69,000.00
Office automation system software	480,000.00			480,000.00
Toll system upgrade software	317,700.00			317,700.00
Yayao use right	1,311,658.00			1,311,658.00
Guangfo Expressway Network Integrated management system administration		200,000.00		200,000.00
OA Office system		248,692.73		248,692.73
II.Total of accumulative amortized	71,535,175.59	7,546,826.89		79,082,002.48
Jiujiang Bridge management right	35,219,760.00	3,521,976.00		38,741,736.00
Jiujiang Land Use right	36,001,080.00	3,600,108.00		39,601,188.00
File Management software	43,333.29	39,999.96		83,333.25
Toll simulation training and testingsystem	90,300.00	36,000.00		126,300.00
Highways vehicle wireless video surveillance system software	3,450.00	13,800.00		17,250.00
Office automation system software	8,000.00	96,000.00		104,000.00
Toll system upgrade software	5,295.00	63,540.00		68,835.00
Yayao use right	163,957.30	151,345.20		315,302.50
Guangfo Expressway Network Integrated management system administration		3,333.33		3,333.33
OA Office system		20,724.40		20,724.40
III.Total lbook value of intangible assets	66,342,785.41	448,692.73	7,546,826.89	59,244,651.25
Jiujiang Bridge management right	31,697,813.76		3,521,976.00	28,175,837.76
Jiujiang Land Use right	32,400,949.24		3,600,108.00	28,800,841.24
File Management software	156,666.71		39,999.96	116,666.75
Toll simulation training and testingsystem	89,700.00		36,000.00	53,700.00
Highways vehicle wireless video surveillance system software	65,550.00		13,800.00	51,750.00

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
Office automation system software	472,000.00		96,000.00	376,000.00
Toll system upgrade software	312,405.00		63,540.00	248,865.00
Yayao use right	1,147,700.70		151,345.20	996,355.50
Guangfo Expressway Network Integrated management system administration		200,000.00	3,333.33	196,666.67
OA Office system		248,692.73	20,724.40	227,968.33
IV. Total impairment provision				
Jiujiang Bridge management right				
Jiujiang Land Use right				
File Management software				
Toll simulation training and testingsystem				
Highways vehicle wireless video surveillance system software				
Office automation system software				
Toll system upgrade software				
Yayao use right				
Guangfo Expressway Network Integrated management system administration				
OA Office system				
V. Book value Total of intangible assets	66,342,785.41	448,692.73	7,546,826.89	59,244,651.25
Jiujiang Bridge management right	31,697,813.76		3,521,976.00	28,175,837.76
Jiujiang Land Use right	32,400,949.24		3,600,108.00	28,800,841.24
File Management software	156,666.71		39,999.96	116,666.75
Toll simulation training and testingsystem	89,700.00		36,000.00	53,700.00
Highways vehicle wireless video surveillance system software	65,550.00		13,800.00	51,750.00
Office automation system software	472,000.00		96,000.00	376,000.00
Toll system upgrade software	312,405.00		63,540.00	248,865.00
Yayao use right	1,147,700.70		151,345.20	996,355.50
Guangfo Expressway Network Integrated management system administration		200,000.00	3,333.33	196,666.67
OA Office system		248,692.73	20,724.40	227,968.33

Current amortization of RMB 7,546,826.89.

(14) long term amortize expenses

Items	Original amount	Balance in year-begin	Increase in this period	Amortized expenses	Accumulative amortized	Balance in year-end	Surplus Amortize term
Property insurance	181,567.92	156,350.15		60,522.61	85,740.38	95,827.54	19 months
Total	181,567.92	156,350.15		60,522.61	85,740.38	95,827.54	

(15) Deferred income tax assets and deferred income tax liability

1. Confirmed the deferred income tax assets

Items	Balance in year-end	Balance in year-begin
Deferred income tax assets		
Loss of clearing unapproved fixed assets		10,000,000.00
Subtotal		10,000,000.00
Deferred income tax liability		
Timing difference between accounting and tax	125,310,513.48	115,352,612.14
Subtotal	125,310,513.48	115,352,612.14

2. Unconfirmed deferred income tax assets

Items	Balance in year-end	Balance in year-begin
Impairment of assets prepares to deduct timing differences	26,513,720.77	26,515,044.84
Subtotal	26,513,720.77	26,515,044.84

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

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

Items	Balance in year-end
Timing difference between accumulated depreciation	-501,242,053.92
Total	-501,242,053.92

(16) Provision for depreciation of assets

Items	Provision for depreciation of	Increase in this period	Decreased amount in current period	Balance in year-end
-------	-------------------------------	-------------------------	------------------------------------	---------------------

			Switch back	Switch cancellati on	
I.Provision for bad debts	68,481,443.01	15,703.72	21,000.00		68,476,146.73
II.Provision for falling price of inventory					
III.Provision for devaluation of financial asset available for sales					
IV.Provision for devaluation of held-to maturity investment					
V.Provision for devaluation of long-term equity investment	37,578,736.35				37,578,736.35
VI.Provision for devaluation of investing property					
VII.Provision for devaluation of fixed assets					
VIII.Provision for devaluation of engineering materials					
IX.Provision for devaluation of construction in progress					
X.Provision for devaluation Of productive biological asset					
Including: Provision for devaluation of mature productive biological asset					
XI. Provision for devaluation of oil asset					
XII. Provision for devaluation of intangible asset					
XIII. Provision for devaluation of goodwill					
XIV.Other					
Total	106,060,179.36	15,703.72	21,000.00		106,054,883.08

(17) Short -tem loan

1. Short -tem loan

Items	Balance in year-end	Balance in year-begin
Pledge loan		
Mortgage loan		
Guarantee loan		
Credit loan	500,000,000.00	654,000,000.00
Total	500,000,000.00	654,000,000.00

(18) Account payable

1.Agie analyse

Items	Balance in year-end	Balance in year-begin
Within 1 year	73,287,003.82	143,699,450.12
1—2 years	34,208,006.87	12,208.00

2—3 years		
Over 3 years	13,728,261.18	15,306,390.08
Total	121,223,271.87	159,018,048.20

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

Name	Balance in year-end	Balance in year-begin
Guangdong Changda Highway Engineering Co., Ltd.	16,130,760.92	47,471,604.22
Guangdong Guanyueluqiao Co., Ltd.	14,387,350.00	19,468,667.00
Guangdong Expressway Co., Ltd.	13,855,418.78	13,728,261.18
Guangdong Communication Development Company	8,623,866.82	10,377,100.80
Xinyue Communication Investemnt Co., Ltd.	4,096,611.29	1,516,312.54
Guangdong Shipping planning and design institute	3,120,686.90	
Guangdong Guanghui Expressway Co.,Ltd.	1,787,500.00	
Guangdong Hualu communication Technology Co., Ltd.	763,409.00	1,618,891.00
Guangdong East Thinking Management Technology Development Co., Ltd.	207,804.00	207,804.00
Guangdong Xintai Expressway Co., Ltd.	146,527.06	
Guangzhou Putian Zhongzhi Technology Investry Co., Ltd.	99,447.00	99,447.00
Guangdong Yuzhan Expressway Co., Ltd.	93,083.24	
Guangdong West Coast Expressway Trading Co., Ltd.	74,631.77	
Guangdong Jingtong Enginneering Construction Group Co., Ltd.		1,624,000.00
Subtotal	63,387,096.78	96,112,087.74

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

Debtor	Amount	<u>Not return</u> <u>cause</u>	Remark
Foshan Nanhai Village Office, Nanhai Land Bureau	16,536,796.43	Not settlement	Expansion project on schedule paragraph provisional estimate
Guangdong Expressway Co., Ltd.	13,855,418.78	Not settlement	Account payable of Xiebian Project and expansion project
Guangdong Communication Development Company	8,623,866.82	Not settlement	Expansion project on schedule paragraph provisional estimate
Beijing Gongke Feida Communication Development Co., Ltd.	4,164,229.00	Not settlement	Expansion project on schedule paragraph provisional estimate
Xinyue Communication Investemnt	4,096,611.29	Not	Expansion project on schedule

Co., Ltd.		settlement	paragraph provisional estimate
-----------	--	------------	--------------------------------

(19) Advance account**1.Age analyse**

Items	Balance in year-end	Balance in year-begin
Within 1 year	5,445,178.76	7,456,276.76
1—2 years	996,067.12	
2—3 years		
Over 3 years		
Total	6,441,245.88	7,456,276.76

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

Name	Balance in year-end	Balance in year-begin
Zhaoqing Yuezhao Highway Co., Ltd.		189,865.00
Guangdong Expressway Co., Ltd.	996,067.12	1,599,744.16
Total	996,067.12	1,789,609.16

(20) Payable Employee wage**1. Payable Employee wage**

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
1.wage,bonuds,subsidy	4,097,648.73	88,434,407.62	92,066,992.86	465,063.49
2.Employee welfare		6,574,683.37	6,574,683.37	
3.Security insurance	27,118.50	21,288,606.65	21,288,606.65	27,118.50
Of which: 1. Medical insurance		6,958,261.76	6,958,261.76	
2. Basic old-age insurance		8,579,918.70	8,579,918.70	
3. Annuity Payment		5,011,428.56	5,011,428.56	
4.Unemployment insurance		197,616.62	197,616.62	
5. Work injury insurance		318,082.75	318,082.75	
6. Maternity insurance	27,118.50	223,298.26	223,298.26	27,118.50
4. Housing fund	144,785.74	11,637,846.00	11,615,600.00	167,031.74
5.Termination Welfare				
6. Other	496,213.44	11,142,052.18	11,347,705.43	290,560.19
Including: Labour union outlay and Employee Education outlay	357,424.08	2,954,515.32	3,035,718.19	276,221.21
Non-Money Welfare		5,418,158.88	5,418,158.88	
Other	138,789.36	2,769,377.98	2,893,828.36	14,338.98

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
Total	4,765,766.41	139,077,595.82	142,893,588.31	949,773.92

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

(21) Payable tax

Items	Balance in year-end	Balance in year-begin
Business tax	2,686,929.09	3,740,410.54
City construction tax	125,448.26	141,248.61
Education subjion	76,643.60	83,758.04
Enterprise income tax	-6,281,178.61	-1,956,560.00
Property tax	235,692.60	233,964.60
Land use tax	1,105,444.00	763,404.00
Individual income tax	2,970,668.57	1,034,862.67
Defend expense	71,544.34	117,985.69
Stamp tax	711,322.45	
Total	1,702,514.30	4,159,074.15

(22) Interest payable

Items	Balance in year-end	Balance in year-begin
Pay the interest for long-term loans by installments.	5,648,877.66	4,408,684.58
Interet of company bonds	11,333,333.33	11,333,333.33
Payable interest for short-term borrowings	589,180.00	781,897.50
Total	17,571,390.99	16,523,915.41

(23) Dividend payable

Amount	Balance in year-end	Balance in year-begin	Cause
Dividends for shareholders of A-share and B-share of	12,443,094.27	13,205,176.58	Securities business department of ICBC Foshan did

Amount	Balance in year-end	Balance in year-begin	Cause
Guangdong Expressway			not receive dividends
Zhujiang Basic Construction Investment Co., Ltd.	6,554,162.13		
Total	18,997,256.40	13,205,176.58	

(23) Other payable**1.Age analyse**

Items	Balance in year-end	Balance in year-begin
Within 1 year	151,278,057.13	154,991,038.02
1—2 years	81,890,086.77	5,852,476.58
2—3 years	1,012,270.06	628,754.39
Over 3 years	3,601,166.90	3,532,965.23
Total	237,781,580.86	165,005,234.22

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

Name	Balance in year-end	Balance in year-begin
Guangdong Changda Highway Engineering Co., Ltd.	67,265,709.58	41,268,881.04
Guangdong Expressway Co., Ltd.	41,859,802.55	20,500,371.33
Guangdong Guanyue Luqiao Co., Ltd.	20,703,516.68	16,845,528.02
Guangdong Communication Development Company	3,548,934.87	3,238,970.95
Xinyue Communication Investment	1,070,615.35	1,783,873.10
Guangdong Shipping planning and design Institute	819,552.00	549,279.00
Guangdong Hualu communication Technology Co., Ltd.	272,754.50	173,633.50
Guangzhou Putian Zhongzhi	170,923.84	170,923.84
Guangdong Tongyi Expressway Services Area Co., Ltd.	160,000.00	
Guangdong Xinlu Advertising Co., Ltd.	30,000.00	30,000.00
Guangzhou Xinruan Computer Technology Co., Ltd.	27,500.00	59,100.00

Name	Balance in year-end	Balance in year-begin
Guangdong West Coast Expressway Trading Co., Ltd.	9,006.18	
Guangzhou Xinyue Asphalt Co., Ltd.	3,100.00	
Guangdong Jingtong Engineering Construction Group Co., Ltd.		6,408,067.00
Shenzhen Huiyan Expressway Co., Ltd.		34,989.00
Guangdong East Thinking Management Technology Development Co., Ltd.		3,097.00
Total	135,941,415.55	91,066,713.78

3. High balance Other payable over 1 year has listed below

Name	Amount	Aging	Not Refund cause
Guangdong Changda Engineering Co., Ltd.	67,265,709.58	Within 2 years	Project Quality guarantees/Bid Guarantees/Performance Guarantee
Guangdong Expressway Co., Ltd.	41,859,802.55	Within 3 years	Project Management
Guangdong Guanyue Luqiao Co., Ltd.	20,703,516.68	Within 2 years	Project Quality guarantees/Bid Guarantees/Performance Guarantee
Guangdong Jingtong Engineering Construction Group Co., Ltd.	12,851,963.00	Within 2 years	Project Quality guarantees/Bid Guarantees/Performance Guarantee
Zhongtie No.12 Bureau Group Co., Ltd.	11,631,564.00	Within 2 years	Project Quality guarantees /Performance Guarantee
Zhongtie No.23 Bureau Group Co., Ltd.	6,119,815.50	Within 2 years	Project Quality guarantees /Performance Guarantee
Guangdong Nengda High Maintenance Co., Ltd.	5,656,614.92	Within 2 years	Project Quality guarantees/Bid Guarantees/Performance Guarantee
Jilin Great wall Highway Bridge construction Co., Ltd.	5,466,305.00	Within 2 years	Project Quality guarantees/Performance Guarantee
Guangdong Communication Development Company	3,548,934.87	Within 2 years	Project Quality guarantees/Bid Guarantees/Performance Guarantee
Guangdong Xinyue Communication Investment Co., Ltd.	1,070,615.35	Within 2 years	Project Quality guarantees/deposit
Securities business department of ICBC Foshan	987,638.55	Over 3 yares	Not receive
Guangdong Shipping planning and design Institute	819,552.00	Within 2 years	Quality guarantees

Freedom Law firm	500,000.00	Over 3 yares	Litigation fees
Total	178,482,032.00		

4.Large amount of other payyables

Name	Amount	Content	Remark
Guangdong Changda Engineering Co., Ltd.	67,265,709.58	Project account	Project Quality guarantees/Bid Guarantees/Performance Gruarantee
Guangdong Expressway Co., Ltd.	41,859,802.55	Project account	Project management
Guangdong Guanyue Luqiao Co., Ltd.	20,703,516.68	Project account	Project Quality guarantees/Bid Guarantees/Performance Gruarantee
Guangdong Jingtong Engineering Consturction Group Co., Ltd.	12,851,963.00	Project account	Project Quality guarantees/Bid Guarantees/Performance Gruarantee
Zhongtie No.12 Bureau Group Co., Ltd.	11,631,564.00	Project account	Project Quality guarantees /Performance Gruarantee
Zhongtie No.23 Bureau Group Co., Ltd.	6,119,815.50	Project account	Project Quality guarantees /Performance Gruarantee
Guangdong Nengda High Maintenance Co., Ltd.	5,656,614.92	Project account	Project Quality guarantees/Bid Guarantees/Performance Gruarantee
Jilin Great wall Highway Bridge construction Co., Ltd.	5,466,305.00	Project account	Project Quality guarantees /Performance Gruarantee
Guangdong Communication Development Company	3,548,934.87	Project account	Project Quality guarantees/Bid Guarantees/Performance Gruarantee
Guangxi Highway & Bridge Engineering Corporation	1,620,000.00	Project account	Project Quality guarantees/Proje ct drawings pladge
Total	176,724,226.10		

(25) Non-current liability due in 1 year

Items	Balance in year-end	Balance in year-begin
Long-term loan	327,000,000.00	150,000,000.00
Bond payable		

Items	Balance in year-end	Balance in year-begin
Long-term payable		
Total	327,000,000.00	150,000,000.00

1. Long-term loan due in 1 year

Items	Balance in year-end	Balance in year-begin
Pledoe Loan		
Mortgage loan		
Guarantee loan		
Credit loan	327,000,000.00	150,000,000.00
Total	327,000,000.00	150,000,000.00

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

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

Unit	Date of commencement of loan	Loan termination date	Currency	Interest rate	Balance in year-end	Balance in year-begin
Industrial Bank Co., Ltd. Guangzhou Tianhe North Branch	2004-12-15	2011-11-27	RMB	5.346%	100,000,000.00	
SPD Bank, Jiefang Road Branch	2008	2011	RMB	4.860%	70,000,000.00	
China Merchants Bank . Baiyun Road Branch	2008-1-10	2011-1-9	RMB	4.860%	60,000,000.00	
China Merchants Bank . Guangzhou World trade building Branch	2006-5-11	2011-5-11	RMB	5.184%	50,000,000.00	
ICBC. Guangzhou Fangchun Branch	2008-6-27	2011-6-16	RMB	4.860%	47,000,000.00	
China Merchants Bank . Guangzhou World trade building Branch	2008-4-24	2010-4-24	RMB	6.804%		100,000,000.00
China Merchants Bank . Guangzhou World trade building Branch	2005-6-30	2010-6-30	RMB	6.237%		50,000,000.00
Total					327,000,000.00	150,000,000.00

(26) Long-term loan

1. Type analyse

Items	Balance in year-end	Balance in year-begin
Pledge Loan		
Mortgage loan		
Guarantee loan		
Credit loan	3,575,964,803.54	2,820,874,803.54
Total	3,575,964,803.54	2,820,874,803.54

2. The top five of long-term loans

Unit	Date of commencement of loan	Loan termination date	Currency	Interest rate	Balance in year-end	Balance in year-begin
Construction Bank, Guangzhou Liwan Branch	2003-12-29	2013-9-28	RMB	5.346%	578,324,803.54	578,324,803.54
China Merchants Bank, Guangzhou World Trade Building Branch	2008	2023	RMB	5.346%	300,000,000.00	300,000,000.00
Communications Bank, Foshan Branch	2008	2015	RMB	5.346%	300,000,000.00	300,000,000.00
ICBC, Guangzhou Second Branch	2009-12-16	2023-10-31	RMB	5.346%	300,000,000.00	30,000,000.00
Construction Bank, Guangzhou Liwan Branch	2010-2-5	2020-1-31	RMB	5.346%	254,210,000.00	
Total					1,732,534,803.54	1,208,324,803.54

(27) Bonds payable

Name	Par Value	Date of Issued	Bonds term	Issued amount	Interest payable in year-beginning	Interest payable in this period	Interest paid in this period	Interest payable in year-end	Balance in year-end
09 Guangdong	100.00	2009-9-21	5 years	0.8 billion	11,333,333.33	40,800,000.00	40,800,000.00	11,333,333.33	791,524,406.75
Total					11,333,333.33	40,800,000.00	40,800,000.00	11,333,333.33	791,524,406.75

(28) Long-term payable

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

(29) Capital stocks

Items	Balance in year-begin		Changed (+, -)					Balance in year-end	
	Amount	Proportion %	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Amount	Proportion %
1.Shares with conditional subscription									
1.State-owned shares	409,246,518	32.55				663,617	663,617	409,910,135	32.60
2.State –owned legal person shares	23,468,541	1.87				-1,166,564	-1,166,564	22,301,977	1.77
3.Other domestic shares	11,173,716	0.89				-2,809,264	-2,809,264	8,364,452	0.67
Including:									
Domestic non-state owned legal person shares	9,390,193	0.75				-1,554,712	-1,554,712	7,835,481	0.62
Domestic natural person shares	1,783,523	0.14				-1,254,552	-1,254,552	528,971	0.04
Executives shares									
(4). Foreign shares									
Including:									
Foreign legal person shares									
Domestic natural person shares	202,615	0.02				-3,758	-3,758	198,857	0.02
Total Shares with conditional subscription	444,091,390	35.33				-3,315,969	-3,315,969	440,775,421	35.06
2.Shares with unconditional subscription									
(1). Common shares in RMB	464,276,358	36.93				3,315,969	3,315,969	467,592,327	37.20
(2).foreign shares in domestic market	348,750,000	27.74						348,750,000	27.74
(3).Foreign shares in overseas market									
(4)other									
Total Shares with unconditional subscription	813,026,358	64.67				3,315,969	3,315,969	816,342,327	64.94
3. Total of capital shares	1,257,117,748	100						1,257,117,748	100

Notes: (1) In the report period, 90 State –owned legal person shareholders and Domestic natural person

shares repaid 663,617 shares to Guangdong Communication Group Co., Ltd. as consideration. 533,498 state legal person shares and 130,119 domestic natural person shares were converted into state shares, were still the shares with limited sale conditions.

(2) In the report period, 633,066 State –owned legal person shares subject to sale restriction , 835,754 domestic legal person shares subject to sale restriction and 1,843,391 domestic natural person shares, were listed for trading and converted into shares not subject to sale restriction on March 16, 2010, September 14, 2010 and November 24, 2010.

(3) In the report period, senior executive of the Company sold 3,758 "senior executive shares".

(30) Capital reserves

Items	Balance in year-begin	<u>Increase in this period</u>	<u>Decrease in this period</u>	Balance in year-end
Share capital premium	1,534,759,970.60			1,534,759,970.60
Other capital reserves	146,885.72	422,400,000.00	148,140.75	422,398,744.97
Total	1,534,906,856.32	422,400,000.00	148,140.75	1,957,158,715.57

Notes 1: See “V(9) 1, Notes 5.

2.The company acquired 5% interest of Guangdong Expressway Technology Co., Ltd. On May 28, 2010, Lastly obtained long-term Equity investment on stocks capitalized cost and calculated the difference of identity net assets portion from the beginning of consolidation under lastly shareholding ratio, adjust consolidation financial statement's capital reserve.

(31) Surplus reserves

Items	Balance in year-begin	<u>Increase in this period</u>	<u>Decrease in this period</u>	Balance in year-end
Statutory Surplus reserves	130,342,184.11	34,138,925.43		164,481,109.54
Statutory commonweal fund				
Repertory fund				
Enterprise Development fund				
Other Surplus reserves				
Total	130,342,184.11	34,138,925.43		164,481,109.54

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

(32) Retained profit

Items	Amount	Extraction or distribution of the ratio
Retained profit at the beginning of current year	675,866,785.19	
Add: Net profit attributable to the owners of parent company	388,478,016.28	
Less : Withdrawing statutory surplus public reserve	34,138,925.43	
Withdrawing statutory Discretionary surplus public reserve		
Common stock dividend payable	125,711,774.80	RMB 1.00 is to be paid for every 10 shares (Including tax)
Transferring into capital		
Retained profit at the end of this term	904,494,101.24	

(33) Operating income and operating cost

Items	Report period		Same period of the previous year	
	Income	Cost	Income	Cost
Main operation	993,797,335.17	515,145,693.94	927,118,534.26	475,341,536.39
Other operation	8,422,165.03	3,175,348.60	9,763,695.91	3,251,263.32
Total	1,002,219,500.20	518,321,042.54	936,882,230.17	478,592,799.71

1.Main operating (Industry)

Items	Report period		Same period of the previous year	
	Income for main operation	Cost for main operation	Income for main operation	Cost for main operation
(1)Highway Transportation	986,981,956.52	508,673,354.43	921,927,750.00	470,448,367.99
(2) Other	6,815,378.65	6,472,339.51	5,190,784.26	4,893,168.40
Total	993,797,335.17	515,145,693.94	927,118,534.26	475,341,536.39

2.Main operating (Product)

Items	Report period		Same period of the previous year	
	Income for main operation	Cost for main operation	Income for main operation	Cost for main operation
(1) Toll income	986,981,956.52	508,673,354.43	921,927,750.00	470,448,367.99
(2) Other	6,815,378.65	6,472,339.51	5,190,784.26	4,893,168.40
Total	993,797,335.17	515,145,693.94	927,118,534.26	475,341,536.39

3. Main operating (Area)

Items	Report period	Same period of the previous year
-------	---------------	----------------------------------

	Income for main operation	Cost for main operation	Income for main operation	Cost for main operation
Guangfo Expressway	276,478,742.16	174,997,308.73	243,312,572.00	111,852,418.58
Fokai Expressway	665,176,839.36	300,369,254.60	652,313,056.00	332,438,140.37
Jiujiang Bridge	45,326,375.00	33,306,791.10	26,302,122.00	26,157,809.04
Other	6,815,378.65	6,472,339.51	5,190,784.26	4,893,168.40
Total	993,797,335.17	515,145,693.94	927,118,534.26	475,341,536.39

4. The revenue of our company's main business is transport tolls; it is inapplicable for the top 5 clients' operating income.

(34) Business tax and subjoin

Items	Report period	Same period of the previous year	Standard
Business tax	31,711,711.77	29,209,707.74	3%、5%
Urban construction tax	1,647,884.35	1,504,694.25	7%
Education surcharge	708,512.40	646,650.51	3%
Other	1,302,290.12	68,986.22	
Total	35,370,398.64	31,430,038.72	

(35) Management expenses

Items	Report period	Same period of the previous year
Total Management expenses	120,532,985.43	111,194,112.67
Management expenses rate	12.03%	11.87%

(36) Financial Expenses

Items	Report period	Same period of the previous year
Interest expense	163,549,517.54	133,859,090.75
Less:Interest income	1,638,076.34	1,801,631.74
Exchange Income and loss	-206,073.81	491.57
Other	224,250.26	748,057.75
Total	161,929,617.65	132,806,008.33

(37) Investment income

1. Investment income

Items	Report period	Same period of the previous year
-------	---------------	----------------------------------

Items	Report period	Same period of the previous year
Long-term equity investment income by costing	1,018,765.09	
Long-term equity investment income by equity method	340,496,439.38	255,813,994.98
Dispose the investment income from the long-term equity investments		7,116,070.43
Hold the investment income which gained from the transactional financial assets		
Gain the investment income from the held-to-maturity investment		
Hold the investment income during from available-for-sale financial assets		
Dispose the investment income from the transactional financial assets		
Dispose the investment income from the held-to-maturity investment		
Dispose the investment income from the available-for-sale financial assets		
Other		
Total	341,515,204.47	262,930,065.41

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

Unit	Report period	Same period of the previous year	Reason to increase or decrease
China Everbright Bank Co.,Ltd.	1,018,765.09		Received interest investment dividends
Total	1,018,765.09		

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

Unit	Report period	Same period of the previous year	Reason to increase or decrease
Guangdong Guanghui Expressway Co., Ltd.	165,604,253.85	135,906,869.88	Increase in net profit affiliated company
Jingzhu Expressway Guangzhu	126,283,323.63	102,860,733.88	Increase in net profit affiliated company
Shenzhen Huiyan Expressway	52,986,434.87	57,138,938.95	Increase in net profit affiliated company
Ganzhou Kangda Expressway	-33,058,372.18	-37,152,015.37	Decrease in net loss affiliated company
Zhaoqing Yuezhao Highway	25,772,567.54	-5,678,559.22	Increase in net profit affiliated company
Guangdong Maozhan Expressway Co., Ltd.	7,944,780.08	2,956,547.30	Increase in net profit affiliated company
Guangdong Jiangzhong Expressway	6,205,429.55	84,232.35	Increase in net profit affiliated company
Guangzhou Xinlu		-302,752.79	transfer of shares on previous year
Ganzhou Gankang Expressway	-11,241,977.96		Joint venture is open to traffic in the report

Unit	Report period	Same period of the previous year	Reason to increase or decrease period
Total	340,496,439.38	255,813,994.98	

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

Unit	Report period	Same period of the previous year	Reason to increase or decrease
Guangzhou Xinlu		28,932.90	previous year equity transfer
Guangzhou Putian Zhongzhi		7,087,137.53	Previous year Liquidation
Total		7,116,070.43	

5. There were no significant limits on investment income of the Company.

(38) Loss for depreciation of assets

Items	Report period	Same period of the previous year
1. Loss for bad debts	-5,296.28	3,635,100.49
2. Loss for falling price of Inventory		
3. Loss for devaluation of financial asset available for sales		
4. Loss for devaluation of held-to maturity investment		
5. Loss for devaluation of long-term equity investment		785,536.35
6. Loss for devaluation of investing property		
7. loss for devaluation of fixed assets		
8. loss for devaluation of engineering materials		
9. loss for devaluation of construction in progress		
10. loss for devaluation Of productive biological asset		
11. loss for devaluation of oil asset		
12. loss for devaluation of intangible		

Items	Report period	Same period of the previous year
asset		
13. loss for devaluation of goodwill		
14. other		
Total	-5,296.28	4,420,636.84

(39) Non-operation income**1. Non-operation income**

Items	Report period	Same period of the previous year
1. Total profits of non-current assets disposal	14,885,432.20	254,984.00
Including : Fixed asset disposal profits	14,885,432.20	254,984.00
Intangible asset disposal profits		
Debt restructuring profits		
Non-monetary assets exchange profit		
Donation income		
Government Subsidy	150,000.00	200,000.00
Check income		
Road permits claims income	1,866,585.01	1,643,161.08
Insurance claims income		
Other	1,746,515.70	10,666,475.83
Total	18,648,532.91	12,764,620.91

2. Governmental subsidy details

Items	Report period	Same period of the previous year	Explanation
Big tax-payer rewards	50,000.00		Our company had received the big tax-payer rewards from Guangzhou Baiyun District People's Government
Energy-saving subsidy project	100,000.00	200,000.00	The appropriation for science and technology related item of Guangdong Communication Dept

(40) Non-Operation expense

Items	Report period	Same period of the previous year
1.Total of non-current asset Disposition loss	30,188,971.42	13,861,176.63

Items	Report period	Same period of the previous year
Incl: loss of fixed assets disposition	30,188,971.42	13,861,176.63
Loss of Intangible assets disposition		
Debt restructuring loss		
External donor expenditure		
Donations for public welfare spending		
Special loss		
Check loss		
Fines and late fees expenses	190,525.51	811,825.96
Other	1,450,585.65	3,236,399.35
Total	31,830,082.58	17,909,401.94

(41) Income tax expenses

Items	Report period	Same period of the previous year
The current income tax calculated by the tax law and the relevant regulations	36,114,176.05	44,697,044.54
Adjustment of Deferred income tax	19,957,901.34	14,702,119.22
Total	56,072,077.39	59,399,163.76

(42) Calculation of Basic earnings per share and Diluted earnings per share

Profit of the report period		Earnings per share	
		Basic earnings per share	Diluted gains per share
2010	Net profit attributable to the Company's shareholders with ordinary shares	0.31	0.31
	Net profit attributable to the company's shareholders with ordinary shares after deductiong extraordinary gains or losses	0.31	0.31
2009	Net profit attributable to the company's shareholders with ordinary shares	0.26	0.26
	Net profit attributable to the company's shareholders with ordinary shares after	0.26	0.26

Profit of the report period	Earnings per share	
	Basic earnings per share	Diluted gains per share
deductiong extraordinary gains or losses		

Earnings per share-basis

Earnings per share-basis = $P0 \div S$

$S = S0 + S1 + Si \times Mi \div M0 - Sj \times Mj \div M0 - Sk$

Of which: P refers to net profit attributable to shareholders holding ordinary shares or net profit attributable to shareholders holding ordinary shares after deducting non-recurring gains and losses; S weighted average number of ordinary shares issued out; S0 refers to total number of shares at the period-begin; S1 refers to the number of shares increased due to transferring capital reserve into share capital or dividend distribution of shares during the report period; Si refers to the number of shares incueased due to issuance of new shares or debt for equity swap during the report period; Sj refers to the number of shares decreased due to stock repurchase during the report period; Sk refers to the number of split-share during the report period; M0 refers to the number of months during the report period; Mi refers to the number of months from the next month to the end of the report period for increase of shares; Mj refers to the number of months from the next month to the end of the report period for decrease of shares.

Earnings per share-diluted

EPS-diluted = $[P + (\text{Potential diluted interests of ordinary shares recognized as expense} - \text{Transfer fee}) \times (1 - \text{income tax rate})] / (S0 + S1 + Si \times Mi \div M0 - Sj \times Mj \div M0 - Sk + \text{weighted average amount of ordinary shares increased due to warrant, share options, convertible bond.})$

Of which A: P refers to net profit attributable to shareholders holding ordinary shares or net profit attributable to shareholders holding ordinary shares after deducting non-recurring gains and losses; The Company shall consider all influence on potential diluted interests of ordinary shares when

the company calculated diluted earnings per share, till to minimum diluted EPS .

(43) Other comprehensive income

Items	Amount of current period	Amount of previous period
1. Loss amount produced by sellable financial assets	422,400,000.00	
Less: Income tax infection produced by sellable financial assets		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Subtotal	422,400,000.00	
2. The enjoyed share in other comprehensive income of other invested unit according to equity method		
Less: Income tax infection produced from the enjoyed share in other comprehensive income of other invested unit according to equity method		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Subtotal		
3. Benefit (Or loss) amount produced from cash flow		
Less: Income tax infection produced from cash flow hedging instruments		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Transferred to the adjustment of initial confirmation amount of items at hedged period		
Subtotal		
4. Translating difference in foreign currency financial reports		
Less: Net amount that transferred into profit and loss at current period in disposed overseas business		
Subtotal		
5. Other		
Less: Taxation infection arising from reckoning other comprehensive income		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period.		
Subtotal		
Total	422,400,000.00	

(44) Note Cash flow statement

1. Other cash received from business operation

Items	Report period
Newwork received toll income	542,681,743.20
Quality Guarantee Fund, Deposit	34,321,475.32
Interest income	1,638,076.34
Other	31,232,377.63
Total	609,873,672.49

2. Other cash paid for business activities

Items	Report period
Newwork received toll income	554,831,665.72
Management expense	29,898,617.45
Other	28,247,893.77
Total	612,978,176.94

(45) Supplement Information of Cash flow statement

1. Supplement Information of Cash flow statement

Supplement Information	Report period	Same period of the previous year
I.Adjusting net profit to net cash flow in operating activities		
Net profit	438,332,329.63	376,824,754.52
Add: Asset devaluation reserve provided	-5,296.28	4,420,636.84
Fixed assets depreciation,Oil and gas depreciation, Produce matter depreciation	239,140,487.34	186,910,472.92
Amortization of intangible assets	7,546,826.89	7,412,119.59
Amortization of long-term expenses to be amortized	60,522.61	456,311.08
The loss from the disposal of fixed assets, intangible assets and other long-term assets	680,361.47	13,445,270.03
Loss from scrapping of fixed assets	14,623,177.75	160,922.60
Loss from fair change		
Financial expenses	163,549,517.54	133,859,090.75
Investment loss	-341,515,204.47	-262,930,065.41
decrease of deferred tax assets	10,000,000.00	967,868.43
Increase of deferred tax Liabilities	9,957,901.34	13,734,250.79
Decrease of inventories	-59,806.01	185,568.61

Supplement Information	Report period	Same period of the previous year
Decrease of operating accounts receivable	6,374,935.21	-213,210,224.07
Increase of operating accounts payable	41,608,075.23	-36,243,849.31
Other		
Net cash flow generated from operating activities	590,293,828.25	225,993,127.37
II. Investment and financing activities not involving cash receipts and expenditure	—	—
Transferring debts to capital		
Convertible corporate bond to mature within one year		
Leasing fixed assets through financing		
III. Net increase of cash and cash equivalent		
Balance of cash at the end of the period	258,881,333.75	218,754,995.03
Less: Balance of cash at the beginning of the period	218,754,995.03	347,171,242.67
Add: Balance of cash equivalent at the end of the period		
Less: Balance of cash equivalent at the beginning of the period		
Net increase of cash and cash equivalent	40,126,338.72	-128,416,247.64

2. Relevant information of subsidiaries and other business units obtained or disposed in current period

Items	Report period	Same period of the previous year
I. Relevant information on obtaining subsidiaries and other business units		
1. Price on obtaining subsidiaries and other business units		
2. Cash and cash equivalents paid for obtaining subsidiaries and other business units		
Less : Cash and cash equivalents held by subsidiaries and other business units		
3. Net cash paid by obtaining subsidiaries and other business units		
4. Net assets from obtaining subsidiaries		
Current assets		
Non- Current assets		
Current Liabilities		
Non- Current Liabilities		
II. Relevant information on disposing subsidiaries and other business units		

Items	Report period	Same period of the previous year
1. Price on disposing subsidiaries and other business units		
2. Cash and cash equivalents received by disposing subsidiaries and other business units		
Less : Cash and cash equivalents held by subsidiaries and other business units		
3. Net cash received by disposing subsidiaries and other business units		
4. Net assets by disposing subsidiaries		
Current assets		
Non- Current assets		
Current Liabilities		
Non- Current Liabilities		

3. Composition of cash and cash equivalents:

Items	Balance in year-end	Balance in year-begin
I. Cash	258,881,333.75	218,754,995.03
Incl: Stock cash	111,423.87	331,104.12
Bank deposits which can be used at any time	248,396,954.66	215,687,322.68
Other monetary funds which can be used at any time	457,925.21	62,142.36
Money kept in central bank which can be used		
Money deposited in same industry		
Money separated in same industry	258,881,333.75	218,754,995.03
II. Cash equivalent	9,915,030.01	2,674,425.87
Incl : Bond investment due in three months		
III. Balance of cash equivalent at the end of the period		
Incl: Parent company and subsidiaries in the group used the limited ash and cash equivalents		

Notes: Ending cash and cash equivalents balance include the clearing account fund of use-restricted tolls were RMB 9,915,030.01.

VI. Related parties and related transactions

1. Related parties

(1).Particulars about the parent company of the Company

Name	Related parties	Type	Registered address	Legal representative	Nature	Registered capital	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio	The ultimate controlling party of the Company	Organization Code
Guangdong communication Group Co., Ltd	Parent Company	State owned Co., Ltd.	No. 27, Baiyun Road, Yuxiu District, Guangzhou.	Zhu Xiaoling	Equity management, traffic infrastructure construction and railway project operation	2,680,000	40.83%	42.60%	Guangdong communication Group Co., Ltd	723838552

Guangdong Communication Group Co., Ltd. is the largest shareholder of the Company. legal representative: Zhu Xiaoling. Date of establishment: June 23, 2000. As of June 30, 2010, Registered capital: RMB 26.8 billion. It is a solely state-owned limited company. Business scope: equity management, organization of asset reorganization and optimized allocation, raising funds by means including mortgage, transfer of property rights and joint stock system transformation, project investment, operation and management, traffic infrastructure construction, highway and railway project operation and relevant industries, technological development, application, consultation and services, highway and railway passenger and cargo transport, ship industry, relevant overseas businesses (if the above mentioned business scope requires licenses to operate, then operation licenses are required) .

2.Particulars of the subsidiaries

Name	Related parties	Type	Registered address	Legal representative	Nature	Registered capital	The subsidiaries of the Company's share holding ratio	The subsidiaries of the Company's vote ratio	Organization Code
Guangfo Expressway Co., Ltd.	Subsidiary	Limited liability Company(Taiwan, Hong Kong and Macao and in cooperation)	Shabei West,Guangzhou	Zhou Yuming	Expressway Management	20,000	75%	75%	61740143-7
Fokai Expressway Co., Ltd.	Subsidiary	Limited liability Company	No.83, Baiyun Road, Yuexiu District ,Guangzhou	Li Xiyuan	Expressway Management	110,800	75%	75%	23112431-8
Guangdong Expressway Technology Investment Co., Ltd.	Wholly-Owned subsidiary	Limited liability Company (Foreign-invested enterprises and domestic joint)	4/F,Guangdong Expressway Building, No.85, Baiyun Road, Yuexiu District, Guangzhou	Xiao Laijiu	Investment in technical industries and provision of relevant consulting services	10,000	100%	100%	73145698-4

3. Information of Joint venture and Affiliated company

Name	Type	Registered addresses	Legal representative	Nature	Registered capital	Held share proportion(%)	Voting proportion(%)	End total assets	End total liabilities	End total net assets	Total current revenues	Current net profit	Related parties	orgabuzat uib code
I. Joint venture														
1.Guangdong Guanghui Expressway Co., Ltd.	Limited liability Company	Guangzhou, Guangdong	Liu Gangliang	Expressway Management	2,351,678,000.00	30	30	6,220,968,974.33	3,553,068,229.68	2,667,900,744.65	1,537,997,550.88	552,014,179.51	Joint venture	70768541-0
2. Zhaoqing Yuezhao Highway Co., Ltd.	Limited liability Company(Taiwan, Hong Kong and Macao and in cooperation)	Zhaoqing, Guangdong	Wang Jiachen	Expressway Management	818,300,000.00	25	25	2,343,076,720.93	1,495,937,698.91	847,139,022.02	299,927,599.45	105,992,797.99	Joint venture	70815700-3
3.Beijing Gelin Enze	Limited liability Company	Beijing	Wang Jianji	Organic fertilizer production and sell	20,000,000.00	35	35	25,925,805.89	16,707,626.85	9,218,179.04			Joint venture	75941162-2
II. Affiliated company														
1.Shenzhen Huiyan Expressway Co., Ltd.	Limited liability Company	Shenzhen, Guangdong	Xu Xiaoyang	Expressway Management	36,000,000.00	33.33	33.33	557,636,814.65	37,943,298.59	519,693,516.06	321,196,880.04	163,224,341.98	Affiliated company	19220379-2

Name	Type	Registered addresses	Legal representative	Nature	Registered capital	Held share proportion(%)	Voting proportion(%)	End total assets	End total liabilities	End total net assets	Total current revenues	Current net profit	Related parties	orgabuzat uib code
													pany	
2.Guangdong Maozhan Expressway Co., Ltd.	Limited liability Company	Guangzhou, Guangdong	Li Jinfeng	Expressway Management	1,120,000,000.00	20	20	2,691,683,359.87	2,024,907,469.90	666,775,889.97	397,299,465.40	39,723,900.42	Affiliated company	70766863-7
3. Jingzhu Expressway Guanzhu	Limited liability Company(Taiwan, Hong Kong and Macao and in cooperation)	Guangzhou, Guangdong	Lu Yaxing	Expressway Management	580,000,000.00	20	20	4,228,170,369.57	2,589,872,605.92	1,638,297,763.65	1,193,484,995.14	670,079,046.76	Affiliated company	61740144-5
4.Guangdong Jiangzhong Expressway Co., Ltd.	Limited liability Company	Guangzhou, Guangdong	Lu Yaxing	Expressway Management	1,045,000,000.00	15	15	2,777,752,955.16	1,811,063,570.18	966,689,384.98	332,520,087.50	41,369,530.36	Affiliated company	74296235-6
5.Ganzhou Kangda Expressway	Other Limited liability Company	Ganzhou, Jiangxi	Yao Diming	Expressway Management	600,000,000.00	30	30	1,828,340,063.68	1,574,885,114.35	253,454,949.33	39,122,518.00	-104,941,367.92	Affiliated company	77239039-5

Name	Type	Registered addresses	Legal representative	Nature	Registered capital	Held share proportion(%)	Voting proportion(%)	End total assets	End total liabilities	End total net assets	Total current revenues	Current net profit	Related parties	orgabuzat uib code
	ny												pany	
6.Ganzhou Gankang Expressway Co., Ltd.	Limited liability Company (State-owned holding)	Ganzhou, Jiangxi	Li Zequan	Expressway Management	700,000,000.00	30	30	2,653,989,145.05	1,936,865,737.90	717,123,407.15	22,016,280.00	-37,473,259.85	Affiliated company	79946719-6
7.Guangdong Guangle Expressway Co., Ltd.	Limited liability Company (Foreign-invested enterprises and domestic joint ventures)	Guangzhou, Guangdong	Li Jinfeng	Expressway Management	500,000,000.00	30	30	2,638,699,419.91	1,988,701,919.91	649,997,500.00			Affiliated company	69693015-X

4. Other Related parties

Name	Relation with the Company	Organization Code
Guangdong Expressway Co., Ltd.	Fully owned subsidiary of the parent company	190330413
Guangdong Nanyue Logistics Co., Ltd.	Fully owned subsidiary of the parent company	719285123
Guangdong Changda highway Co., Ltd.	Fully owned subsidiary of the parent company	190334510
Guangdong Guanyue Luqiao Co., Ltd.	Fully owned subsidiary of the parent company	231129768
Guangdong Hualu communication Technology Co., Ltd.	Fully owned subsidiary of the parent company	736195293
Guangdong Shipping Planning and Design Institute	Fully owned subsidiary of the parent company	45585776-4
Guangdong Xinyue Communication Investment Co., Ltd.	Fully owned Grandson Company of the parent company	707656521
Guangdong Gaoda Property Development Co., Ltd.	Fully owned Grandson Company of the parent company	707685592
Guangdong East Thinking Management Technology Development Co., Ltd.	Fully owned Grandson Company of the parent company	724762107
Guangzhou Xinruan Computer Technology Co., Ltd.	Fully owned Grandson Company of the parent company	725017352
Guangdong Communication Development Company	Fully owned Grandson Company of the parent company	190324937
Guangdong Tongyi Expressway Services Area Co., Ltd.	Fully owned Grandson Company of the parent company	724795996
Guangdong Communication Development Company	Fully owned Grandson Company of the parent company	231125505
Guangdong Tongyi Expressway Services Area Co., Ltd.	Fully owned Grandson Company of the parent company	74083612-9
Guangdong Xinlu Adverting Co., Ltd.	Fully owned Grandson Company of the parent company	74707234-4
Xinyue Co, Ltd.	Fully owned subsidiary of the parent company	Everseas enterprises
Guangzhou Xinyue Asphalt Co., Ltd.	Fully owned Grandson Company of the parent company	714289942
Guangdong Highway Construction Co.,Ltd.	Fully owned subsidiary of the parent company	190335177
Guangzhou Putian Zhongzhi	Fully owned Grandson Company of the parent company	71243167-7

Name	Relation with the Company	Organization Code
Guangdong Zhaoyang Expressway Co.,Ltd.	Fully owned Grandson Company of the parent company	681314303
Guangdong Kaiyang Expressway Co., Ltd.	Fully owned Grandson Company of the parent company	712226008
Guangdong Yuzhan Expressway Co., Ltd.	Fully owned Grandson Company of the parent company	752877577
Guangdong West Coast Expressway Trading Co., Ltd.	Fully owned Grandson Company of the parent company	737563043
Guangdong Xintai Expressway Co., Ltd.	Fully owned Grandson Company of the parent company	707969173
Guangdong Shanfen Expressway Co., Ltd.	Fully owned Grandson Company of the parent company	71933918-7

(II) Related transactions.

1. The transactions among the subsidiaries that have controlling relations and have been incorporated into the consolidated accounting statements of the Company and the transactions among the parent companies and subsidiaries have been offset.

2 Related transactions on purchasing goods and receiving services

Related parties	Types of related transactions	Content of related transaction	Pricing principle of related transactions	Number happened in current period		Number happened in last period	
				Amount (RMB)	Proportion (%)	Amount (RMB)	Proportion (%)
1. Operating costs							
Guangdong Changda highway Co., Ltd.	Receiving labor	Project fund	Market price	69,411,705.00	13.39	71,246,045.85	14.89
Guangdong Guanyue Luqiao Co., Ltd.	Receiving labor	Project fund	Market price	20,663,380.40	3.99	10,166,348.10	2.12
Guangdong Hualu communication Technology Co., Ltd.	Receiving labor	Project fund	Market price	5,530,290.60	1.07	4,813,791.42	1.01
Guangdong Communication Development Company	Receiving labor	Project fund	Market price	126,187.00	0.02	3,142,660.93	0.66
Guangdong Xinyue Communication Investment Co., Ltd.	Receiving labor	Project fund	Market price	729,440.00	0.14	2,077,021.00	0.43
Guangdong Xinyue Communication	Receiving labor	Project fund	Market price			1,385,698.00	0.29

Related parties	Types of related transactions	Content of related transaction	Pricing principle of related transactions	Number happened in current period		Number happened in last period	
				Amount (RMB)	Proportion (%)	Amount (RMB)	Proportion (%)
Investment Co., Ltd.							
Guangzhou Xinruan Computer Technology Co., Ltd.	Receiving labor	Project fund	Market price	704,250.00	0.14	1,352,010.20	0.28
Guangdong East Thinking Management Technology Development Co., Ltd.	Receiving labor	Project fund	Market price	100,000.00	0.02	100,000.00	0.02
Guangdong Guanghui Expressway Co., Ltd.	Receiving labor	Project fund	Market price	1,787,500.00	0.34		
Guangdong Shipping Planning and Design Institute	Receiving labor	Project fund	Market price	3,390,959.90	0.65		
Xinyue Co., Ltd.	Receiving labor	Project fund	Market price	2,057,876.00	0.40		
Subtotal of Operating costs				104,501,588.90	20.16	94,283,575.50	19.70
2. Management expenses							
Guangdong Gaoda Property	Water steam and other	Rent and property management , water and		2,436,644.49	2.02	2,095,619.52	1.88

Related parties	Types of related transactions	Content of related transaction	Pricing principle of related transactions	Number happened in current period		Number happened in last period	
				Amount (RMB)	Proportion (%)	Amount (RMB)	Proportion (%)
Development Co., Ltd.	utility costs(purchase)	electricity					
Subtotal of Management expenses				2,436,644.49	2.02	2,095,619.52	1.88
3.Financial Expenses							
Guangdong Communication Group Co., Ltd.	Receiving labor	Fund Management system service fee		180,000.00	0.11		
Subtotal of financial expenses				180,000.00	0.11		
4.Non-operating expenses							
Guangdong Communication Development Company	Receiving labor	Project fund	Market price	30,671.86	0.10		
Guangdong Xinyue Communication Investment Co., Ltd.	Receiving labor	Project fund	Market price	90,000.00	0.28		
Subtotal of Non-operating expenses				120,671.86	0.38		
5. Construction on process							

Related parties	Types of related transactions	Content of related transaction	Pricing principle of related transactions	Number happened in current period		Number happened in last period	
				Amount (RMB)	Proportion (%)	Amount (RMB)	Proportion (%)
Guangdong Changda highway Co., Ltd.	Receiving labor	Project fund	Market price	320,398,498.44	25.58	161,287,882.00	14.51
Guangdong Jingtong Engineering Construction Group Co., Ltd.	Receiving labor	Project fund	Market price			67,205,273.00	6.04
Guangdong Guanyue Luqiao Co., Ltd.	Receiving labor	Project fund	Market price	102,756,999.00	8.20	28,043,249.00	2.52
Guangzhou Xinyue Asphalt Co., Ltd.	Receiving labor	Project fund	Market price			10,000,000.00	0.90
Guangdong Hualu communication Technology Co., Ltd.	Receiving labor	Project fund	Market price	6,546,061.69	0.52	2,991,655.00	0.27
Guangdong Xinyue Communication Investment Co., Ltd.	Receiving labor	Project fund	Market price	1,443,230.00	0.12	916,712.64	0.08
Guangdong Expressway Co., Ltd.	Receiving labor	Commissioned the construction management fees, Advance the interest	Market price			26,688,858.13	2.40

Related parties	Types of related transactions	Content of related transaction	Pricing principle of related transactions	Number happened in current period		Number happened in last period	
				Amount (RMB)	Proportion (%)	Amount (RMB)	Proportion (%)
Guangdong Highway Construction Co., Ltd.	Receiving labor	Project fund	Market price	10,038,485.60	0.80		
Guangdong Zhaoyang Expressway Co., Ltd.	Receiving labor	Tender notice advance and royalties	Market price	45,586.00			
Subtotal of Construction on process				441,228,860.73	35.22	297,133,629.77	26.72
6.Fixed assets							
Guangdong Guanyue Luqiao Co., Ltd.	Receiving labor	Project fund	Market price	15,077,900.30	16.67	71,468,583.00	8.45
Guangdong Communication Development Company	Receiving labor	Project fund	Market price	1,834,293.00	2.03	18,582,649.70	2.20
Guangdong Nanyue Logistics Co., Ltd.	Purchase of materials	Materials	Market price	3,703,752.66	4.09	7,901,391.81	0.93
Guangdong Xinyue Communication Investment Co., Ltd.	Receiving labor	Project fund	Market price	201,800.00	0.22	6,962,798.00	0.82

Related parties	Types of related transactions	Content of related transaction	Pricing principle of related transactions	Number happened in current period		Number happened in last period	
				Amount (RMB)	Proportion (%)	Amount (RMB)	Proportion (%)
Guangdong Expressway Co., Ltd.	Receiving labor	interest and mandatory construction management fee	Market price	2,104,018.35	2.33	2,214,754.55	0.26
Guangdong Hualu communication Technology Co., Ltd.	Receiving labor	Project fund	Market price	313,595.60	0.35	1,170,151.64	0.14
Guangdong East Thinking Management Technology Development Co., Ltd.	Receiving labor	Project fund	Market price			207,804.00	0.02
Guangzhou Xinruan Computer Technology Co., Ltd.	Receiving labor	Project fund	Market price	127,000.00	0.14	70,000.00	0.01
Guangzhou Xinruan Computer Technology Co., Ltd.	Receiving labor	Project fund	Market price			54,790,930.56	6.48
Xinyue Co., Ltd.	Receiving labor	Project fund	Market price	194,396.10	0.21		
Subtotal of Fixed assets				23,556,756.01	26.04	163,369,063.26	19.31

Related parties	Types of related transactions	Content of related transaction	Pricing principle of related transactions	Number happened in current period		Number happened in last period	
				Amount (RMB)	Proportion (%)	Amount (RMB)	Proportion (%)
7.Intangible assets							
Guangzhou Xinruan Computer Technology Co., Ltd.	Receiving labor	Project fund	Market price			480,000.00	55.38
Guangdong Xinyue Communication Investment Co., Ltd.	Receiving labor	Project fund	Market price			317,700.00	36.66
Subtotal of Intangible assets						797,700.00	92.04
Total				572,024,521.99		557,679,588.05	

2. Related transactions on sale goods and receiving services

Related parties	Types of related transactions	Content of related transaction	Pricing principle of related transactions	Number happened in current period		Number happened in last period	
				Amount (RMB)	Proportion (%)	Amount (RMB)	Proportion (%)
Zhaoqing Yuezhao Highway Co., Ltd.	Receiving labor	Project fund	Market price	1,174,274.00	0.12	910,100.00	0.10
Zhanjiang Bay Bridge Co., Ltd.	Receiving labor	Project fund	Market price			268,089.16	0.03
Guangdong Expressway Co., Ltd.	Provides the right to use the premises	Land rent	Market price			301,838.52	0.03
Guangdong Guanyue Luqiao Co., Ltd.	Provides the right to use the premises	Land rent	Market price	135,860.00	0.01		
Guangdong Guanghui Expressway Co., Ltd.	Receiving labor	Project fund	Market price	311,058.34	0.03		
Guangdong Changda highway Co., Ltd.	Receiving labor	Purchase of bidding documents	Market price	2,000.00	0.00		
Guangdong Maozhan Expressway Co., Ltd.	Receiving labor	Project fund	Market price	314,688.00	0.03		
Guangdong Kaiyang Expressway Co., Ltd.	Receiving labor	Project fund	Market price	889,584.00	0.09		
Guangdong Yuzhan Expressway Co., Ltd.	Receiving labor	Project fund	Market price	285,876.00	0.03		
Xinyue Co., Ltd.	Receiving labor	Project fund	Market price	1,000.00			
Guangdong West Coast Expressway Trading Co., Ltd.	Receiving labor	Project fund	Market price	489,713.00	0.05		
Total				3,604,053.34	0.36	1,480,027.68	0.16

4. Other Relationships Transactions

(1) The 3rd meeting of the sixth board of directors of the Company was held on

April 22, 2010, The meeting examined and adopted the Proposal for Borrowing Entrusted Loan from Guangdong Guanghui Expressway Co., Ltd. ,The Company was approved to apply to Guanghui Company for an entrusted loan. The amount of loan is RMB One Hundred and Five Million Only (RMB 105,000,000.00) and the term of loan is half a year. The interest rate of loan is the loan rate quoted by People's Bank of China in the same period at 10% discount. The principal and interest of loan will be repaid in lump sum on the maturity day. After expiration of the loan, the Company may renew the entrusted loan contract with Guanghui Company with loan term and loan interest rate remaining unchanged. As of December 31, 2010, The Company has not borrowed the above-mentioned entrusted loan from Guangdong Guanghui Expressway Co., Ltd.

(2) Our controlled subsidiary company Guang-fo highway Co., Ltd. is building an extension for the section from yayao to xiebian. May 20, 2005, Guang-fo highway Co., Ltd. and Guangdong province highway Co., Ltd. had signed 《the agreement of construction and management entrustment in Guang-fo highway extension project for the section from yayao to xiebie》 in Guangzhou. This agreement and its complementary agreement had been approved and made effective by the resolutions of the 2nd provisional shareholders' meeting held by our company in Feb. of 2008. According to above agreement, Guang-fo highway Co., Ltd. will entrust the construction and management of Guang-fo highway extension project for the section from yayao to xiebie to Guangdong province highway Co., Ltd. and will pay the construction & management Fee of entrustment., Our controlled subsidiary company Guang-fo highway Co., Ltd. should pay construction & management Fee of entrustment to Guangdong Expressway Co., Ltd. This extension project has been finished and was commissioning in December 23, 2009. As of December 31, 2010, Guangfo Expressway expansion project has not been completed budget of the project.

(3) Our controlled subsidiary company Guangdong province fo-kai highway Co., Ltd. is planning to carry out expansion & reconstruction for the section from xiebian to sanbao. On May 20, 2005, Guangdong province fo-kai highway Co., Ltd. and Guangdong province highway Co., Ltd. had signed 《the agreement of construction and management entrustment in fo-kai highway extension project for the section from xiebian to sanbao》. This agreement and its complementary agreement had been approved and made effective by the resolutions of the 2nd provisional shareholders' meeting held by our company in Feb. of 2008. According to the above agreement, Guangdong province fo-kai highway Co., Ltd. will entrust the construction and management of fo-kai highway extension project for the section from xiebian to sanbao to Guangdong province highway Co., Ltd. and Guangdong province fo-kai highway Co., Ltd. will pay the construction &

management Fee of entrustment to Guangdong province highway Co.,Ltd.

(4) On June 15, 2007, The 325 Jiujiang Bridge collapsed for “Yueguijii 035” collision owned by the controlling subsidiary of the company Guangdong Fokai Expressway Company and the un-collapsed part has serious damage in structure. One of the shareholders of Guangdong Fokai Expressway Company, Guangdong Provincial Expressway Company, established National Road 325 Jiujiang Bridge Restoration Project Office on June 18,2007, responsible for the repair works of Jiujiang Bridge and related management work. The restoration has been finished and was open in June 10, 2009.As of December 31, 2010, The final restoration is not complete.

5. Payables and receivables of the related party

Name	Related party	Amount at year end	Amount at year beginning
Account receivable	Guangdong Lulutong Co., Ltd.	18,004.85	18,004.85
	Guangdong Zhanjiang Bay Bridge Co., Ltd.		19,756.00
	Guangdong Maozhan Expressway Co.,Ltd.	314,688.00	
	Guangdong Yuzhan Expressway Co., Ltd.	285,876.00	
	Zhaoqing Yuezhao Highway Co., Ltd.	364,558.00	
	Subtotal	983,126.85	37,760.85
Prepayment	Guangdong Guanyue Luqiao Co., Ltd.	37,878,217.00	29,487,527.00
	Guangdong Changda Highway Engineering Co., Ltd.	101,793,950.60	100,633,122.60
	Guangdong Nanyue Logistucs Co., Ltd.		70,456,772.62
	Guangdong Jingtong Highway Engineering Comapny		28,958,024.00
	Guangdong Communication Development Company	393,449.80	
	Guangdong Hualu communication Technology Co., Ltd.	200,000.00	
	Subtotal	140,265,617.40	229,535,446.22
Other receivable	Guangdong Guanghui Expressway Co., Ltd.	500,000.00	500,000.00
	Xinyue Communication Investment Co., Ltd.	2,158.60	2,158.60
	Guangdong Gaoda Preperty Development Co., Ltd.	91,500.00	91,500.00
	Beijing Gelin Enze	12,220,079.91	12,220,079.91
	Guangdong Tongyi Expressway Services Area Co., Ltd.	329.51	38,044.18
	Zhaoqing Yuezhao Highway Co., Ltd.	384,491.50	250,000.00
	Guangzhou Putian Zhongzhi	3,601,000.00	3,601,000.00
	Guangdong Zhanjiang Bay Bridge Co., Ltd.	13,404.86	11,428.86
	Guangdong Kaiyang Expressway Co.,Ltd.	44,479.00	

Name	Related party	Amount at year end	Amount at year beginning
	Guangdong Xintai Expressway Co., Ltd.	272.43	
	Guangdong Shanfen Expressway Co., Ltd.	24,486.00	
	Subtotal	16,882,201.81	16,714,211.55
Account payable	Guangdong Changda highway Co., Ltd.	16,130,760.92	47,471,604.22
	Guangdong Jingtong Engineering Construction Group Co., Ltd.		1,624,000.00
	Guangdong Guanyue Luqiao Co., Ltd.	14,387,350.00	19,468,667.00
	Guangdong Expressway Co., Ltd.	13,855,418.78	13,728,261.18
	Guangdong Communication Development Co., Ltd.	8,623,866.82	10,377,100.80
	Guangdong Hualu communication Technology Co., Ltd.	763,409.00	1,618,891.00
	Guangdong Guanghui Expressway Co., Ltd.	1,787,500.00	
	Guangdong East Thinking Management Technology Development Co., Ltd.	207,804.00	207,804.00
	Xinyue Communication Investment Co., Ltd.	4,096,611.29	1,516,312.54
	Guangzhou Putian Zhongzhi	99,447.00	99,447.00
	Guangdong Shipping Planning and Design Institute	3,120,686.90	
	Guangdong Xintai Expressway Co., Ltd.	146,527.06	
	Guangdong Yuzhan Expressway Co., Ltd.	93,083.24	
	Guangdong West Coast Expressway Trading Co., Ltd.	74,631.77	
	Subtotal	63,387,096.78	96,112,087.74
Advance account	Zhaoqing Yuezhao Highway Company		189,865.00
	Guangdong Expressway Co., Ltd.	996,067.12	1,599,744.16
	Subtotal	996,067.12	1,789,609.16
Other payable	Guangdong Changda highway Co., Ltd.	67,265,709.58	41,268,881.04
	Guangdong Expressway Co., Ltd.	41,859,802.55	20,500,371.33
	Guangdong Guanyue Luqiao Co., Ltd.	20,703,516.68	16,845,528.02
	Guangdong Jingtong Engineering Construction Group Co., Ltd.		6,408,067.00
	Guangdong Communication Development Company	3,548,934.87	3,238,970.95
	Xinyue Communication Investment Co., Ltd.	1,070,615.35	1,783,873.10
	Guangdong Shipping Planning and Design Institute	819,552.00	549,279.00
	Guangdong Hualu communication Technology Co., Ltd.	272,754.50	173,633.50

Name	Related party	Amount at year end	Amount at year beginning
	Guangzhou Putian Zhongzhi	170,923.84	170,923.84
	Guangzhou Xinruan Computer Technology Co., Ltd.	27,500.00	59,100.00
	Shenzhen Huiyan Expressway Co., Ltd.		34,989.00
	Guangdong Xinlu Adverting Co., Ltd.	30,000.00	30,000.00
	Guangdong East Thinking Management Technology Development Co., Ltd.		3,097.00
	Guangdong Tongyi Expressway Services Area Co., Ltd.	160,000.00	
	Guangdong West Coast Expressway Trading Co., Ltd.	9,006.18	
	Guangzhou Xinyue Asphalt Co., Ltd.	3,100.00	
	Subtotal	135,941,415.55	91,066,713.78

VII. Contingency

(1) Pending aciton or arbitrationformative or indebted

There is no event happened in this accounting period.

(2) The contingent liabilities formed by the debt guarantee provided by related parties and other units

There is no event happened in this accounting period.

(3) Other Events

There is no event happened in this accounting period.

VIII. Commitment events .

(I) The foreign investment contracts which had signed but not fulfilled or not completely fulfilled and the related financial expenditure.

1. The controlling Subsidiary of the Company Fokai Expressway Co., Ltd is expanding the construction of Yayao Xiebian Yayao – Xiebian. On May 22, 2007, Guangdong Development & Reform Commission issued Gaijiaoyun [2007] No.1119 File, the Official Reply to the approval of the project of Guangdong Xiebian-Sanbao Highway Expansion Construction from State Development and Reform Commission: Approved the expansion project of Xiebian- Sanbao Highway, with the investment of the project for 3.71 billion Yuan, of which: the capital 1.47 billion Yuan by the Guangdong Fokai Expressway Co., Ltd, the remaining funds 2.24 billion Yuan by loans from domestic banks. On April 3, 2008, State Highway Traffic Department released TAC [2008]No. 16th, <Reply to the preliminary design of the road expansion project from Xiebian to Sanbao>: the total budget approved as RMB 4,002,409,114.00, total construction period of the project is (since the date of opening) four years.

2. The Company held the second provisional Shareholders' General meeting on September 28, 2009 , The meeting examined and adopted to review and approve the *Motion of Investing in 30% Equity of Guangzhou-Lechang Expressway Project*. The board of directors consented to invest RMB2,561.914 million in 30% equity of Guangzhou-Lechang highway project. Total investment and capital invested by shareholders shall be the final accounts approved by the competent government authority. As of December 31, 2010, The company has invested accumulated RMB 339.9975 million.

3. On September 18, 1998, the company signed the Contract on Cooperative Construction & Operation of JingZhu Expressway (Tangtang-Taihe) with Guangdong Road & Bridge Construction & Development Company, Dajian Industrial Co., Ltd, Guangdong Communications Department and the Office of Introduction of Foreign Capital, the four parties, and cooperated to establish Jingzhu(Tangtang –Taihe) Expressway Co., Ltd, and cooperated to construct, operate, manage the Jingzhu expressway and its supporting facilities. The total investment of the first phase of the project is about 2600.00 million Yuan, the registered capital of the first phase of the cooperation company is 910 million Yuan. The capital proportion of the Company is 25%, the investment amount 227.50 million Yuan. This contract is awaiting approval from the relevant Government Department. As of December 31, 2010, the fund of the Company has not invested yet.

4. In May 2000, the Company signed the Contract on Construction & operation of the Expressway of Jingzhu Major Route Xiaotang-Gantang, and cooperated to establish Guangdong Jingzhu North Expressway Co., Ltd to construct and operate the expressway of Jingzhu Major Route Xiaotang-Gantang. The total investment of the project is 5657million Yuan, the registered capital 566.70 million Yuan. The capital of the project(including the registered capital)is 35% of the general investment, namely 1,979.95 million Yuan, the investment proportion of the Company 10%. The capital other project shall be paid according to the investment proportion. The investment amount of the project of the company is 1,979.95 million Yuan. Guangdong Expressway Co., Ltd is responsible for the construction of the project. This contract is awaiting approval from the relevant Government. As of December 31, 2010, Department. the fund of the Company has not invested yet.

(II)Contingent liability formed by providing debt guarantee to other unit and its influence on finance

The controlling subsidiary of the company Guangdong Expressway Technology Investment Co., Ltd. signed the <Guanghui Expressway Advertising Leasing Contract> and related supplementary agreements with Guangdong Guanghui Expressway Co., Ltd., Guangdong Expressway Technology Investment Co., Ltd. leased advertisement position from Guangdong Guanghui Expressway Co., Ltd. the total rental fee reduced to 25.20 million Yuan, the leasing period from July 1, 2006 to June 30, 2016.

IX. Events Occurring After the Balance Sheet Date.

(1) The important events statement after balance sheet date

1. The Eighth (provisional) meeting of the sixth board of directors of Guangdong Provincial Expressway Development Co., Ltd. was held on January 7, 2011 (Friday). The meeting examined and adopted the Proposal for Extending Entrusted Loan to Guangfo Expressway Co., Ltd. and approved the Company to extend entrusted loan of RMB 60 million with a term of 6 months to Guangfo Expressway Co., Ltd., a controlled subsidiary. The interest rate of the entrusted loan is the interest rate of the loans with the same class extended by People's Bank in the same period at a discount of 10%. The loan will be extended in lump sum and can be repaid in advance as required. The meeting also authorized the management of the Company to carry out concrete matters.

2. On December 27, 2007, "Contract on Capital Increase and Shares Enlargement of Ganzhou Gankang Expressway Co., Ltd." and "Contract on Joint Capital of Ganzhou Gankang Expressway Co., Ltd." are be signed by our company and Ganzhou Company. We are one of shareholders of Gankang company through the method of the capital contribution subscribed with holding 30% equity, and 70% hold by Ganzhou Company. According to the agreement and essential spirit in Clause and other provisions of "Contract on Joint Capital of Ganzhou Gankang Expressway Co., Ltd.", we will invest, operate and obtain the corresponding income by Gankang company, based on the project of "Ganzhou Ganjiang Highway Bridge" gaining and owning the long-term treatment of project-set of independent charge business. At present, the relevant approval procedures are being checked according to law with the bridge to be "without stations and free of charge" depending on the relative documents of Ganzhou People's Government. Thus,

according to the relevant agreement of "Contract on Capital Increase and Shares Enlargement of Ganzhou Gankang Expressway Co., Ltd." through friendly consultations, the parties jointly decide to entirely stripping the project of "Ganzhong Ganjing Highway Bridge" from Ganzhou Company, and then Gankang company will never involve in the investment and operation of the project.

On January 15, 2011, Our company has signed < Stripping Agreement of Ganjiang Road Bridge Project> with Ganzhou gankang expressway Co., Ltd. and Ganzhou expressway Co., Ltd. Ganzhou Gankang expressway Co., Ltd. will strip whole "Ganzhou City Ganjiang Road Bridge Project" and transfer it to Ganzhou expressway Co., Ltd. which will take over its related employees. Ganzhou expressway Co., Ltd. shall pay RMB 505,192,521.84 and related interests occurred in payment term to Ganzhou gankang expressway Co., Ltd. by Jun. 30th,2011. Ganzhou gankang expressway Co., Ltd. will only make investment, construction, operation and management on Ganzhou-Dayu expressway project (Maodian-Sanyi section). This settlement will be made as per the net book value of Ganjiang Road Bridge, which will not cause profit or loss to our company's investment.

3. The 9th (provisional) meeting of the sixth Board of Directors of Guangdong Provincial Expressway Development Co., Ltd. was held in the meeting room of the Company was held in the manner of voting by correspondence in the morning of January 31, 2011 (Monday). The Meeting examined and adopted the Proposal on the Issue Size of Company Less than or Equal to RMB1 Billion in Medium Term Note. Approving the company to register the outstanding balance less than or equal to RMB1 Billion in MTN on the National Association of Financial Market Institutional Investors, the registered amount isn't excess of the current issue of 40% net assets audited. The term of issue doesn't exceed 5 years (including 5-year), the raised funds are used to meet the needs of funds of production and management, and improve the financial structure of company. This proposal had been approved by the first provisional shareholders meeting in 2011, which was held on Feb.28th 2011.

4. The 9th (provisional) meeting of the sixth Board of Directors of Guangdong Provincial Expressway Development Co., Ltd. was held in the meeting room of the Company was held in the manner of voting by correspondence in the morning of January 31, 2011 (Monday). The meeting examined and adopted the Proposal on Applying to Guangdong Transportation Group Co., Ltd. for Entrusted Loans. Approving the company to apply to the controlling shareholder of Guangdong Transportation Group Co., Ltd. for the entrusted loans of RMB 80 Million for the daily management turnover with a period of 1 year, the interest rate of load will float down 10% based on People's Bank of basic rate of interest for loans of the time. For this load is Credit, the debts can be repaid in advance as necessary, and the specific implementation can also be authorized to the operation team.

(2) Statement on profits distribution after balance sheet date

The 11th provisional meeting of the sixth Board of Directors of Guangdong Provincial Expressway Development Co., Ltd. was held on March 4, 2011. The meeting examined and adopted the proposal Concerning preplan for profit distribution for 2010. The company was approved carry out profit distribution based on the net profit earned by the parent company. The profit distribution plan is as follows:

1. 10% of the net profit of the company for 2010 (RMB 341,389,254.27), i.e. RMB 34,138,925.43, is to be allocated for statutory common reserve fund.

2. The profit for 2010 is to be distributed as follows: RMB 125,711,774.80 is to be allocated as the fund for dividend distribution for 2010. with the total shares at the end of 2010, i.e., 1,257,117,748 shares, as the base, cash dividend of RMB 1.00 (including tax) is to be distributed for every 10 shares Cash Dividends of RMB 125,711,774.80 are to be distributed. The remaining undistributed profits are to be carried forward to the next year. The foreign exchange translation of the cash dividends for shareholders holding B share and overseas corporate shares will be determined according to HKD:RMB bank's Middle rate quoted by People's Bank of China on the first working day after 2010 annual shareholders' general meeting makes resolution on dividend distribution. This proposal shall be submitted to the 2010 shareholder meeting for examination.

(3) Statement on other events after balance sheet date

The 11th provisional meeting of the sixth Board of Directors of Guangdong Provincial Expressway Development Co., Ltd. was held on March 4, 2011. The meeting examined and adopted the proposal Concerning Change of Accounting Estimate. The meeting approved Guangfo Expressway Co., Ltd. and Guangdong Fokai Expressway Co., Ltd. (including G325 Jiujiang Bridge), controlled subsidiaries of the Company, to change accounting estimate and use total standard vehicle traffic volume (2010 version) as the basis for making provision for depreciation of highways and bridges from January 1, 2011.

X. Other events

1. Fokai Expressway has operated Jiujiang Bridge's management and maintain , June 15 ,2007 early in the morning, The No. 035 Sand ship owned by Yang Xiong and operated by Foshan Nanhai Yuhang Ship Co., Ltd. collided Jiujiang Bridge on 325 State Road which owned by the controlling subsidiary Fokai Company. due to the deviation channel of the sand delivering ship in Jiujiang channel and straightly hit Jiujiang Bridge, leading the 200m height bridge's partial collapsed that block the transportation on the bridge. Up to the deadline for submitting reports, Jiujiang Bridge was still closed to transportation. On June 10, 2009, Jiujiang Bridge opened to traffic has been restored.

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

On July 19,2007, Fokai Company applied preservation of property to Guangzhou Maritime

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

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

On May 24, 2010, Jiujiang Bridge Branch of Guangdong Fokai Expressway Co., Ltd. signed Compensation Agreement with International Insurance Dept. of Guangdong Branch of PICC Property and Casualty Co., Ltd. Both parties reached agreement on insurance indemnity scheme through consultation. After full payment of RMB 111.75 million, the liability of the insurer for compensation in respect of this insurance accident will be cancelled according to law. According to the provisions of Accounting Standards for Business Enterprises and relevant clauses of the insurance contract, Jiujiang Bridge Branch of Guangdong Fokai Expressway Co., Ltd. wrote off the net asset value of Jiujiang Bridge with compensation of RMB 97.3250 million for reconstruction project and accounted for the compensation of RMB 14.4250 million for expenses on disposal of debris as non-operating income for current period.

2. On August 23, 2001, the Company signed the Agreement on Transferring the Investment Equity of Guangdong Maozhan Expressway Co., Ltd with Guangdong Transportation Industry Investment Co., Ltd, transferring all the actual investment of Guangdong Maozhao Expressway Co., Ltd held by the Company, the price of transfer RMB 228.50 million, the date of transfer August 1, 2001. Guangdong Transportation Industry Investment Co., Ltd paid the transfer fund RMB 114.25 million in advance according to the Agreement. The Agreement comes into force upon the agreement of Decision-making Institutions and the Management Department of the both parties and after being approved by Guangdong Foreign Trade & Economic Cooperation Department.

In March 18, 2002, the Company signed the Supplementary Agreement of Agreement on Transferring the Investment Equity of Guangdong Maozhan Expressway Co., Ltd, reached the following agreement: (1) The company paid the Reduction Pre-payment Fund RMB 79.975 million to Guangdong Transportation Industry Investment Co., Ltd. After the reduction, the actual Pre-payment fund received is RMB 34.275 million ; (2) If the Agreement of Transfer is not approved by the relevant Government Department, the Company will pay the actual fund back to

Guangdong Transportation Industry Investment Co., Ltd, and according the Income Reduction of this time, pay the fund, paying the interest of the actual received fund according to the bank interest in the same period. (3) If the Agreement of Transfer is eventually approved by the relevant Government Department, then Guangdong Transportation Industry Investment Co., Ltd need to pay the transfer fund RMB 194.225 million to the Company 15 day after the Transfer of Agreement being in effect.

On December 27, 2002, the Company signed the Supplementary Agreement(II)of Agreement on Transferring the Investment Equity of Guangdong Maozhan Expressway Co., Ltd, reached the following agreement: the Company pays Reduction Pre-payment fund RMB 20.00 million to Guangdong Transportation Industry Investment Co.,Ltd.

After returning the Pre-received fund according to the agreements in the Supplementary Agreement, the Company received the original value of Pre-payment fund RMB 14,275,000.00 .

On April 21, 2008, according to <Reply to Cooperative Enterprise in Guangdong Maozhan Expressway Co., Ltd. Financing Issue" issued by Guangdong Provincial Foreign Trade and Economic Cooperation Guangdong foreign economic and trade [2008] No. 425, the original partners (Hong Kong) Southeast Asia Maofa Company, Hong Kong Xinyue Co., Ltd., Zhanjiang Expressway Company and Maoming Transportation Construction Company did not the investment fund in time, so they withdrew from Guangdong Maozhan Expressway Co., Ltd.; Guangdong Maozhan Expressway Company Limited is now operated by Guangdong Provincial Expressway Company and the Company. Approved in the temporary meeting of the fifth board of directors, agreed to transfer 20% shares of Guangdong Maozhan Expressway Co., Ltd., and authorized the chairman to sign <Agreement on cancelation of the Agreement of Transferring Investment Equity of Guangdong Maozhan Expressway Co., Ltd. and Additional Agreement and Additional Agreement (2).

On January 22, 2009, The Company signed the Agreement for Canceling the Agreement for Assigning the Investment Interests of Guangdong Maozhan Expressway Co., Ltd., Supplemental Agreement and Supplemental Agreement (II) with Guangdong Communication Industry Investment Company. According to the agreement, (1) Both parties agree to cancel the Assignment Agreement, Supplemental Agreement and Supplemental Agreement (II); (2) The Company agreed to return the prepayment for assignment made by Guangdong Communication Industry Investment Company and interest thus incurred shall be calculated and paid according to bank loan interest rate specified by the state for the same period; (3) The principal and interest of the prepayment for assignment shall be paid within five working days after the agreement takes effect; (4) The agreement shall take affect upon signing and sealing by both parties and on the day of approval by authority organs of both parties. AS of June 30, 2009, the Company returned advance receipt of RMB 14,275,000.00 and accumulated interest of RMB 8,095,071.00.

According to Yue Foreign Trade Letter [2008] No. 425 issued by Guangdong Foreign Trade and Economic Cooperation Office "Reply to the funding issue of Guangdong Maozhan Expressway Co., Ltd.", Guangdong Maozhan Expressway Co., Ltd. was continuly operated by Guangdong Provincial Expressway Company.

In Nov. of 2009, Southeast Asia Maofa Co., Ltd. had lodged an administrative lawsuit in Tianhe District People's Court of Guangzhou against the defendant Department of Foreign Trade and Economic Co-operation of Guangdong Province. They request the court to abrogate <The reply to the capital contribution issue of cooperative enterprise Guangdong Maozhan Expressway Co., Ltd. > [Guangdong DFTEC 2008 No. 425] made by Department of Foreign Trade and Economic Co-operation of Guangdong Province. The court noticed our company to participate the lawsuit as the third party which has stake in the result of this case. This lawsuit held a hearing on Jan. 18th, 2010, there is no judgment was made till now. On April 15, 2010, Guangzhou Tianhe District People's Court made (2010) Tian Fa Xing Chu Zi No.9 administration judgment and rejected the Plaintiff's claim. The Plaintiff refused to accept the judgment for the first instance and instituted an appeal. On July 5, 2010, Guangzhou Intermediate People's Court conducted court inquiry. On December 3, 2010, Guangzhou Municipal Intermediate People's Court made the final adjudication, rejected accuser's appeal and affirmed the original judgment.

3. On February 23, 2009, As the common applicant, Guangdong Expressway Technology Investment Co., Ltd. and Guangzhou branch of CHINA MINSHENG BANKING CORP.,LTD. had lodged a lawsuit in the Guangzhou municipal Intermediate People's Court against Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. and applied for the bankruptcy and liquidation in Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. as it can't pay back the due debts, On Jun. 3rd, 2009, the court made the judgment and accept the bankruptcy and liquidation application from applicant and appointed Guangdong Guangda Law Firm as the custodian of Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. The custodian had provided <The custodian's performance report of Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. > on Nov.16th, 2009 and applied to the court for closing the case. On Nov. 30th, 2009, Guangzhou municipal Intermediate People's Court made the civil ruling paper (Guangdong IPC civil bankruptcy 2009 No. 4-8), (1) This judgment will end the bankruptcy and liquidation procedures on Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. (2) The custodian of Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. should take this judgment to its original registration authority for cancelling its registration. the registration cancellation of Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. is in processing.

XI. Parent company financial statements

(1) Other receivables

1. Type analyse:

Type	Amount in year-end		Amount in year-begin	
	Book Balance	Bad debt povision	Book Balance	Bad debt povision

	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Individually significant accounts receivable	33,198,382.12	85.26	33,198,382.12	95.24	33,198,382.12	86.78	33,198,382.12	95.24
Account receivable which are not individually significant but are assessed at high risk level through credit risk combination								
Other non-material receivables	5,737,877.70	14.74	1,658,571.80	4.76	5,055,891.41	13.22	1,658,571.80	4.76
Total	38,936,259.82	100	34,856,953.92	100	38,254,273.53	100	34,856,953.92	100

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

Other receivables	Book balance	Amount of bad debts	Proportion (%)	Reasons
Kunlun Securities Co.,	33,198,382.12	33,198,382.12	100.00%	Notes
Total	33,198,382.12	33,198,382.12		

Notes : For the balance amount of our company's security trading settlement funds RMB 33.68377479 million deposited in Kunlun Securities Co., Ltd., The Xi'Ning municipal Intermediate People's Court of Qinghai Province had made the judgment in accordance with the law and declared on Nov. 11st, 2006 that Kunlun Securities Co., Ltd. was bankrupted for debt payment. In Mar. of 2007, the liquidating group of Kunlun Securities preliminary judged the relationship between our company and Kunlun Securities Co., Ltd. is debtor creditor relationship. As Kunlun Securities Co., Ltd. was bankrupted for debt payment and it is in serious insolvency, our company had moved the security trading settlement funds deposited in Kunlun Securities Co., Ltd., to other receivables account for reflection, we also have made full amount provision for bad debts based on conservatism principle. The recovered debt amount in 2008 is RMB 485,392.67 which had been offset from the provision for bad debts.

3. The cancellation after verification on other accounts receivable in the current

4. The top five companies in the amount of other receivables and the large amount of other nature and content of receivables at the ending.

Name	Relationship with the Company	Amount	Aging	The proportion of the total of other receivables (%)	Nature or content
Kunlun Securities Co.,Ltd	No relationship	33,198,382.12	Over 5 years	85.26	“XI (I) 2, Notes”
Guangdong Xingyu Law office	No relationship	2,347,324.86	Within 3 years	6.03	Advance by the Equity Transfer fee and stamp of shareholders to payable associated costs
Heshan Transportation real estate Development Company	No relationship	1,470,000.00	Over 5 years	3.78	Current account
Guangzhou Xinshen Computer Co., Ltd.	No relationship	188,000.00	Within 1 years	0.48	Current account
Southeast Asia Maofa Co., Ltd.	No relationship	137,000.00	1-2 years	0.35	Current account
Total		37,340,706.98		95.90	

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

6.The accounts receivable from the Related parties

Name	Relationship with the Company	Relationship with the Company	The proportion of the total of other receivables (%)
Guangdong Gaoda Property Development Co., Ltd.	The controlling grandson company	87,000.00	0.22
Total		87,000.00	0.22

(II) Long-term equity investment

Name	Account method	Initial amount	Balance in year-begin	Increase/decrease	Balance in year-begin	Shareholding percentage(%)	Voting percentage (%)	Instruction	Impairment provision	Current provision	Current cash dividend
Guangdong Guanghui Expressway Co., Ltd.	Equity method	705,503,400.00	784,133,616.22	16,236,607.18	800,370,223.40	30%	30%				149,367,646.67
Zhaoqing Yuezhao Highway Co., Ltd.	Equity method	183,690,616.22	225,653,566.64	1,308,990.22	226,962,556.86	25%	25%				24,463,577.32
Shenzhen Huiyan Expressway	Equity method	14,024,586.42	195,764,733.87	-7,013,565.13	188,751,168.74	33.33%	33.33%				60,000,000.00
Guangdong Maozhan Expressway	Equity method	224,000,000.00	125,410,397.91	7,944,780.08	133,355,177.99	20%	20%				
Jingzhu Expressway Guanzhu	Equity method	66,779,449.38	464,974,371.27	12,824,278.12	477,798,649.39	20%	20%				113,459,045.51
Guangdong Jiangzhong Expressway Co., Ltd.	Equity method	156,750,000.00	138,797,978.21	6,205,429.55	145,003,407.76	15%	15%				
Ganzhou Kangda Expressway	Equity method	165,820,322.53	155,323,069.64	-33,058,372.18	122,264,697.46	30%	30%				
Ganzhou Gankang Expressway Co., Ltd.	Equity method	226,379,000.00	165,000,000.00	50,137,022.04	215,137,022.04	30%	30%				
Guangdong Guangle Expressway	Equity method	339,997,500.00	30,000,000.00	309,997,500.00	339,997,500.00	30%	30%				

Name	Account method	Initial amount	Balance in year-begin	Increase/decrease	Balance in year-begin	Shareholding percentage(%)	Voting percentage (%)	Instruction	Impairment provision	Current provision	Current cash dividend
Subtotal of Equity method		2,082,944,874.55	2,285,057,733.76	364,582,669.88	2,649,640,403.64						347,290,269.50
Guangfo Expressway	Cost method	154,982,475.25	154,982,475.25		154,982,475.25	75%	75%				
Guangdong Fokai Expressway	Cost method	1,117,351,711.85	864,939,211.85	252,412,500.00	1,117,351,711.85	75%	75%				10,524,812.19
Guangdong Expressway Technology Investment Co., Ltd.	Cost method	95,731,882.42	94,811,882.42	920,000.00	95,731,882.42	100%	100%				
Huazheng Asset Management Co., Ltd.(Notes1)	Cost method	1,620,000.00	1,620,000.00		1,620,000.00	0.54%	0.54%		1,393,200.00		
Huaxia Securities Co., Ltd(Notes 2)	Cost method	5,400,000.00	5,400,000.00		5,400,000.00	0.27%	0.27%		5,400,000.00		
China Everbright Bank(Notes 3)	Cost method	528,000,000.00	528,000,000.00	-528,000,000.00		0.72%	0.72%				1,018,765.09
Subtotal of cost method		1,903,086,069.52	1,649,753,569.52	-274,667,500.00	1,375,086,069.52				6,793,200.00		11,543,577.28
Total		3,986,030,944.07	3,934,811,303.28	89,915,169.88	4,024,726,473.16				6,793,200.00		358,833,846.78

Notes 1 According to De Wei Ping Gu Zi 2005 No. 88 Appraisal Report issued by Beijing Dewei Appraisal Co., Ltd. As the June 30, 2005, the amount of net assets of Huazheng Asset Management Co., Ltd. in book was RMB 279.132 million and the appraised value was RMB - 2299.5486 million ,On October 14, 2005, Jianyin CITIC Asset Management Co., Ltd. issued the Letter of Soliciting Opinions on Equity Assignment to the Company. Jianyin CITIC Asset Management Co., Ltd. was willing to pay the price of not more than RMB 42 million to acquire 100% equity of Huazheng Asset Management Co., Ltd. and solicited the Company's opinions. The Company replied on December 5, 2005, abandoning the preemptive right under the same conditions. The Company made provision of RMB 1.3932 million for impairment in respect of this long-term equity investment of RMB 1.62 million.

Notes 2. The owner's equity of Huaxia Securities Co., Ltd. was negative and it entered liquidation procedure in December 2005. The Company made full provision for impairment in respect of this long-term equity investment of RMB 5.4 million.

Notes: See “V (9) 1,Notes 5” .

(III) Operating income and operating cost

Items	Report period	Same period of the
Main Operating income		
Other operating income	7,681,393.90	2,228,651.40
Operating cost	464,213.40	38,684.45
Total	7,217,180.50	2,189,966.95

(IV) Investment income

1. Investment income

Items	Report period	Same period of the
Long-term equity investment income by costing	96,058,563.65	192,161,678.93
Long-term equity investment income by equity	340,496,439.38	256,116,747.77
Dispose the investment income from the		
hold the investment income which gained from the		
Gain the investment income from the		

Hold the investment income during from

Items	Report period	Same period of the
Dispose the investment income from the		
Dispose the investment income from the		
Dispose the investment income from the		
Other		
Total	436,555,003.03	448,278,426.70

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

Unit	Report period	Same period of the previous year	Reason to increase or decrease
Guangfo Expressway	19,662,486.37	86,417,103.78	Decrease the cash dividend distribution subsidiary
Guangdong Fokai Expressway	75,377,312.19	105,744,575.15	Decrease the cash dividend distribution subsidiary
China Everbright Bank	1,018,765.09		Equity dividends received
Total	96,058,563.65	192,161,678.93	

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

Unit	Report period	Same period of the previous year	Reason to increase or decrease
Guangdong Maozhan Expressway	7,944,780.08	2,956,547.30	Increase in net profit affiliated company
Guangdong Guanghui Expressway	165,604,253.85	135,906,869.88	Increase in net profit joint venture
Zhaoqing Yuezhao Highway Co.,Ltd.	25,772,567.54	-5,678,559.22	Increase in net profit joint venture
Shenzhen Huiyan Expressway	52,986,434.87	57,138,938.95	Decrease in net profit affiliated company
Jingzhu Expressway Guangzhu	126,283,323.63	102,860,733.88	Increase in net profit affiliated company
Guangdong Jiangzhong Expressway	6,205,429.55	84,232.35	Increase in net profit affiliated company
Ganzhou Kangda Expressway	-33,058,372.18	-37,152,015.37	Decrease in net Loss affiliated company
Ghanzhon Gangkang Expressway	-11,241,977.96		Affiliated company is open to traffic in the report period
Total	340,496,439.38	256,116,747.77	

4. There were no significant limits on investment income of the Company.

(V) . Supplement Information of Cash flow statement

Supplement Information	Report period	Same period of the previous year
I.Adjusting net profit to net cash flow in operating activities		
Net profit	341,389,254.27	384,206,823.81
Add: Asset devaluation reserve provided		6,300.00
Fixed assets depreciation,Oil and gas depreciation, Produce matter depreciation	1,559,115.37	1,365,891.80
Amortization of intangible assets		
Amortization of long-term expenses to be amortized		
The loss from the disposal of fixed assets, intangible assets and other long-term assets	-159,403.70	-2,569.78
Loss from scrapping of fixed assets		
Loss from fair change		
Financial expenses	47,740,431.66	14,248,346.19
Investment loss	-436,555,003.03	-448,278,426.70
Decrease of deferred tax assets		
Increase of deferred tax Liabilities		
Decrease of inventories		
Decrease of operating accounts receivable	-681,986.29	28,352,151.53
Increase of operating accounts payable	-19,521,455.44	-49,821,732.52
Other		
Net cash flow generated from operating activities	-66,229,047.16	-69,923,215.67
II.Investment and financing activities not involving cash receipts and expenditure		
Transferring debts to capital		
Convertible corporate bond to mature within one year		
Leasing fixed assets through financing		
III、 Net increase of cash and cash equivalent		
Balance of cash at the end of the period	179,597,767.35	113,474,208.24
Less: Balance of cash at the beginning of the period	113,474,208.24	41,195,556.89
Add: Balance of cash equivalent at the end of the period		
Less: Balance of cash equivalent at the beginning of the period		

Supplement Information	Report period	Same period of the previous year
Net increase of cash and cash equivalent	66,123,559.11	72,278,651.35

XII. Supplement Information

(1) Items of Non-recurring Gains & Losses

Items	Amount	Explanation
Gain/loss from disposal of non-current assets and Provision for impairment of assets including the preparation of the write-off part .	-15,303,539.22	The compensation for the expenses on disposal of debris of Jiujiang Bridge was accounted for as non-operating income in current period. Non-operating expenses increased due to Fokai Expressway's removal of five old fly-over bridges and Four site fees for expansion and abandonment of net asset value.
Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.		
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	150,000.00	
Capital occupation fee collected from non-financial organizations and accounted as current gain/loss.		
Gain/loss generated when the consolidation costs is less then the recognizable fair value attributable to the Company.		
Non-monetary asset exchange gain/loss.		
Gain/loss investment of Commission		
Asset impairment provisions for force major such as natural disasters		
Gain/loss from debt reorganization		

Items	Amount	Explanation
Enterprise reorganization expenses, such as payment to staff placement and consolidation expenses		
Gain/loss from trades obviously departed from fair value		
Net gain/loss of current term from consolidation of subsidiaries under common control from beginning of term to the consolidation date		
Gain/loss from debt forecasting without connection to the main business operation		
In addition to normal business with the company effective hedging related business, holders of tradable financial assets, transactions and financial liabilities arising from changes in fair value gains and losses, as well as the disposal of trading of financial assets, trading financial liabilities and available-for-sale financial assets gains return on investment;		
Single impairment test for impairment of receivables transferred back to preparation		
Commissioned external loans by the Gain/loss		
(The use of fair value measurement model of follow-up to the fair value of real estate investment gains and losses arising from changes		
According to tax, accounting and other laws, regulations, the requirements of the current Gain/loss for a one-time adjustment of the impact of the current Gain/loss;		
Entrusted with the operating of the trust to obtain fee income		
Net amount of non-operating income and expense except the aforesaid items	1,971,989.55	
Other non-recurring Gains/loss items		
Amount of influence of minority interests	3,432,889.18	
Amount of influence of income tax	2,486,672.23	
Total	-7,261,988.26	

Notes : Non-current items listed by before tax amount

(2) Return on net assets and earnings per share

Profit of the report period	Return on net assets, Weighted (%)	Earnings per share (RMB)	
		Fully diluted	Weighted average
Net profit attributable to the owners of Company.	10.16%	0.31	0.31
Net profit attributable to the	10.35%	0.31	0.31

owners of Company after deducting of non-recurring gain/loss.			
---	--	--	--

1. Calculation process

The following data is calculated by these formula:

Weighted average return on equity

$$\text{Weighted average return on equity} = P_0 / (E_0 + NP \div 2 + E_i \times M_i \div M_0 - E_j \times M_j \div M_0 \pm E_k \times M_k \div M_0)$$

Of which: P_0 Refers to Net profit attributable to common shareholder of the Company or netprofit after deducting non-recurring gains and losses attributable to common shareholder of the Company; NP refers to net profit attributable to common shareholders of the Company; E_0 refers to net assets at the period-begin attributable to common shareholders of the company; E_i refers to net assets increased due to issuance of new share or debts for equity swap or attributable to common shareholders of the Company; E_j is the net profit, which is about repurchase during the report or cash dividend reduce, and belongs to company common shareholders. M_0 refers to the number of months during the report period; M_i refers to the number of months from the next month when net assets decreased to the end of the report period; E_k refers to change of increase/decrease of net assets due to other transaction events; M_k refers to the number of months from the next month when other net assets changed the end of the report period.

Under the same control with business combination during the report, when calculated the weighted average net assets yields, the net profit of the combined party has weighted from the beginning of the report; when calculated the deducting after non-recurring gains and losses weighted average return on equity, the net profit of the combined party started weighted from the next month of the merger date. When calculated the weighted average net assets return on equity during the period, the net profit of the combined party and the net asset started on weighted from the beginning of the comparative period; when calculated the deducting weighted average return on equity of non-recurring gains and losses from the comparative period, the net asset of the combined party not weighted. (The weight is zero)

(3) Earnings per share-basis

Earnings per share-basis

$$\text{Earnings per share-basis} = P_0 \div S$$

$$S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$$

Of which: P_0 refers to net profit attributable to shareholders holding ordinary shares or net profit attributable to shareholders holding ordinary shares after deducting non-recurring gains and losses; S weighted average number of ordinary shares issued out; S_0 refers to total number of shares at the period-begin; S_1 refers to the number of shares increased due to transferring capital reserve into share capital or dividend distribution of shares during the report period; S_i refers to the number of shares increased due to issuance of new shares or debt for equity swap during the report period; S_j refers to the number of shares decreased due to stock repurchase during the report period; S_k refers to the number of split-share during the report period; M_0 refers to the number of months during the report period; M_i refers to the number of months from the next month to the end of the report period for increase of shares; M_j refers to the number of months from the next month to the end of the report period for decrease of shares.

Earnings per share-diluted

Earnings per share-diluted = $P_1 / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{weighted average amount of ordinary shares increased due to warrant, share options, convertible bond})$.

Of which A: P_1 refers to net profit attributable to shareholders holding ordinary shares or net profit attributable to shareholders holding ordinary shares after deducting non-recurring gains and losses; The Company shall consider all influence on potential diluted interests of ordinary shares when the company calculated diluted earnings per share, till to minimum diluted EPS.

2. It has no dilutive at present but it may have dilutive potential common shares after.

There is no event happened in this accounting period.

3. Between the date of the balance sheet to the approved date of financial report, the company issued the number of common shares or potential common shares have a great variation.

There is no event happened in this accounting period.

(3) The anomalies and the explanation of our main financial statements project

There is no event happened in this accounting period.

1. The unusual amount or the abnormal changes in the comparative period in the financial

Items	Balance in year-end	Balance in year-begin	Percentage in total asset	Variable Ratio	Alteration reason
Account receivable	18,043,508.27	11,873,742.02	0.17%	51.96%	Guangdong alliance EFC Co., Ltd. didn't make payment in time which caused the increment of accounts receivable in current period end.
Prepayments	195,653,487.32	292,435,314.87	1.86%	-33.10%	Due to Fokai expressway extension, advance payment for materials had been deposited in the project, it leads to the decrement of account to supplier in current period end.
Available for sale financial assets	950,400,000.00		9.03%		As China Everbright Bank Ltd. became listed company in Aug. 2010 and its shares held by our company are within restricted period, so our company shifted the investment on Everbright Bank from long-term equity investment to financial assets available for sale.
Long-term equity investments	2,649,867,203.64	2,813,284,533.76	25.17%	-5.81%	For above reason, we shifted RMB 528 million of investment on Everbright Bank in current period from long-term equity investment to financial assets available for sale. The total amount of newly added investment on Ganzhou Gankang

Items	Balance in year-end	Balance in year-begin	Percentage in total asset	Variable Ratio	Alteration reason
					expressway Co., Ltd. and Guangdong Guangle expressway Co., Ltd. in current period is RMB 355 million.
Fixed assets	3,782,771,159.07	4,075,251,730.31	35.94%	-7.18%	The reparations amount of reconstruction project received in current period offsets fixed asset and accrual depreciation, it caused the decrement of net fixed assets.
Construction-in-progress	2,573,858,108.94	1,388,953,103.98	24.45%	85.31%	In current period, Fokai express extension project has not finished yet, construction in process increased.
Long-germ expenses to be amortized	95,827.54	156,350.15	0.00%	-38.71%	Current long term deferred expenses amortization
Deferred income tax asset		10,000,000.00	0.00%	-100.00%	Deductible temporary differences can be recorded as pre-tax expenditure, so deferred income tax asset decreased.
Short-term loans	500,000,000.00	654,000,000.00	4.75%	-23.55%	The refund amount of short-term loan is more than borrowed amount.
Employees' wage payable	949,773.92	4,765,766.41	0.01%	-80.07%	The provision amount for unpaid salary in last year has been paid in current period.
Tax payable	1,702,514.30	4,159,074.15	0.02%	-59.07%	The paying amount of corporate income tax in current period is more than provision amount.
Interest payable	17,571,390.99	16,523,915.41	0.17%	6.34%	The increment of long-term loan in current period caused the increment of payable interest at the end of period.
Dividend payable	18,997,256.40	13,205,176.58	0.18%	43.86%	Our company's dividend in 2010 has not been paid completely.

Items	Balance in year-end	Balance in year-begin	Percentage in total asset	Variable Ratio	Alteration reason
Other account payable	237,781,580.86	165,005,234.22	2.26%	44.11%	Due to Fokai expressway extension, related quality warranty bond, performance guarantee bond and tender bond got increased.
Long-term loan	3,575,964,803.54	2,820,874,803.54	33.97%	26.77%	Due to Fokai expressway extension, part of fund came from long-term loan, current capital got increased.
Bond payable	791,524,406.75	789,376,380.58	7.52%	0.27%	The variance between corporate bonds face value which were issued according to effective interest method and actual received amount got increased in current period.
Capital reserves	1,957,158,715.57	1,534,906,856.32	18.59%	27.51%	The fair value of financial assets available for sale got increased, it caused the increment of capital surplus.

2.The unusual amount or the abnormal changes in the items of the income statement

Items	Balance in year-end	Balance in year-begin	Percentage in total asset	Variable Ratio	Alteration reason
Operating income	1,002,219,500.20	936,882,230.17	202.71%	6.97%	1. During July and Nov. in 2009, North ring highway was conducting major maintenance, which caused the downside of traffic volume to Guangfo expressway and Fokai expressway, the income decreased. Such factor is not existed in 2010, so income is getting higher comparing with it in 2009. 2. At the end of 2009, Guangfo expressway extension project was completed, so the traffic volume increased in 2010 and income increased.
Operating costs	518,321,042.54	478,592,799.71	104.84%	8.30%	1. Jiujiang bridge maintenance was completed and put into service in Jun.

Items	Balance in year-end	Balance in year-begin	Percentage in total asset	Variable Ratio	Alteration reason
					2009, Guangfo expressway extension was completed and put into service at the end of 2009, the original value of highway property and traffic volume got increased, it caused the increment of our company's depreciation provision made with traffic volume method.
Administrative expenses	120,532,985.43	111,194,112.67	24.38%	8.40%	The complex impact of increment & decrement in labor cost and other special funds
Financial expenses	161,929,617.65	132,806,008.33	32.75%	21.93%	The main reason is that our company issued corporate bonds in Sept.2009, which increased the financial cost provision for corporate bonds comparing with the same period in last year.
Asset impairment loss	-5,296.28	4,420,636.84	0.00%	-100.12%	In 2009, our company's holding subsidiary company Guangdong expressway technology investment Co., Ltd. had prepared full amount bad debt provision for account receivable of Guangzhou putianzhongzhi technology Industrial Limited by specific identification method and it also prepared full amount impairment provision for related investment. The total amount is RMB4.3865 million. There is no such factor in 2010, so the loss from asset devaluation had been reduced greatly.
Investment gain	341,515,204.47	262,930,065.41	69.08%	29.89%	Due to net profit increment from cooperative enterprise and associated enterprise, our company's investment income got increased in accordance with equity method.
Non-business income	18,648,532.91	12,764,620.91	3.77%	46.10%	In current period, Guangdong Fokai expressway Co., Ltd. received the reparations RMB 14.425 million for Jiujiang bridge debris clearance fee which had been recorded as non-business income in 2010. In last

Items	Balance in year-end	Balance in year-begin	Percentage in total asset	Variable Ratio	Alteration reason
					period, Guangdong expressway technology investment Co., Ltd. received reparations RMB 10.3 million which had been recorded as non-business income in 2009.
Non business expenses	31,830,082.58	17,909,401.94	6.44%	77.73%	Due to Fokai expressway extension, 5 old overpasses and 4 toll stations were dismantled, their net asset value were wrote off which lead to the great increment of non-business expenses.
Income tax expenses	56,072,077.39	59,399,163.76	11.34%	-5.60%	1. The cost increment in current period caused the decrement of income tax expense in current period. 2.The deferred income tax expense impacted by the variance of highway property depreciation in according with straight-line method & workload method was reduced.

XIII. The approval of financial reports

The report of the financial statements was approved by all directors of the board of directors of the Company on March 4, 2011.

XI. Documents Available for Inspection

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

Guangdong Provincial Expressway Development Co., Ltd.

March 5, 2011