

# **Guangdong Provincial Expressway Development Co., Ltd.**

## **2017 Annual Report**

**March 2018**

## **I. Important Notice, Table of Contents and Definitions**

The Board of Directors and the directors, Supervisory Committee and supervisors and Senior Executives of the Company hereby warrant that at the year , 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.

Mr.Zheng Renfa, The Company leader, Mr. Wang Chunhua, General Manager, Mr. Fang Zhi, Chief financial officer and the Ms.Zhou Fang, the person in charge of the accounting department (the person in charge of the accounting )hereby confirm the authenticity and completeness of the financial report enclosed in this annual report.

All the directors attended the board meeting for reviewing the Annual Report.

The toll revenues of Expressway is main source of the major business income of the company , The charge standard of vehicle toll must be submitted to the same level people's government for review and approval after the transport regulatory department of province, autonomous region or municipality directly under the central government in conjunction with the price regulatory department at the same level consented upon examination. Therefore, the adjustment trend of the charge price and the charge price if has the corresponding adjustment in the future price level when the cost of the company rises still depend on the approval of relevant national policies and government departments, and the company isn't able to make timely adjustment to the charge standard in accordance with the its own operation cost or the change of market supply demand. So, the change of charge policy and the adjustment of charge standard also have influence on the expressways operated by the company to some extent. So, the charging policy changes and charges adjustment will affect the highways operation of the company.

The profit distribution proposal reviewed and approved by the boarding meeting was summarized as follows: 2,090,806,126 for the base, the Company would distribute cash dividend to all the shareholders at the rate of CNY5.06 for every 10 shares (with tax inclusive) , 0 bonus shares (including tax) and no reserve would be converted into share capital.

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## Definition

| Terms to be defined         | Refers to | Definition  |
|-----------------------------|-----------|---|
| Reporting period, This year | Refers to | January 1, 2017 to December 31, 2017  |
| Reporting date              | Refers to | The annual report of the company was approved by the board of directors on 2017, that is, March 27, 2018  |
| YOY                         | Refers to | Compared with 2016  |
| The Company /This Company   | Refers to | Guangdong Provincial Expressway Development Co.,Ltd.  |
| Communication Group         | Refers to | Guangdong Communication Group Co., Ltd.   |
| Construction Company        | Refers to | Guangdong Highway Construction Co., Ltd.  |
| Poly Real Estate            | Refers to | Poly Real Estate (Group )Co., Ltd.  |
| Technology Company          | Refers to | Guangdong Expressway Technology Investment Co., Ltd   |
| Fokai Company               | Refers to | Guangdong Fokai Expressway Co., Ltd.  |
| Guangfo Company             | Refers to | Guangdong Guangfo Expressway Co., Ltd.  |
| Guangzhu Traffic            | Refers to | Guangzhou Guangzhu Traffic Investment Management Co., Ltd.  |
| Guangzhu East Company       | Refers to | Jingzhu Expressway Guangzhu Section Co., Ltd.   |
| Everbright Bank             | Refers to | China Everbright Bank Co., Ltd.   |
| Guoyuan Securities          | Refers to | Guoyuan Securities Co.,ltd.   |
| Major assets restructuring  | Refers to | Guangdong Provincial Expressway Development Co.,Ltd. issues shares and uses cash to purchase assets and raise counterpart funds and Related transaction |

## II. Basic Information of the Company and Financial index

### 1. Company Information

|                                       |  |             |               |
|---------------------------------------|--|-------------|---------------|
| Stock abbreviation:                   | Guangdong Expressway A,B   | Stock code: | 000429、200429 |
| Stock exchange for listing            | Shenzhen Stock Exchange  |             |               |
| Name in Chinese                       | 广东省高速公路发展股份有限公司  |             |               |
| Chinese Abbreviation                  | 粤高速  |             |               |
| English name (If any)                 | Guangdong Provincial Expressway Development Co.Ltd.  |             |               |
| English Abbreviation (If any)         | GPED   |             |               |
| Legal Representative                  | Zheng Renfa  |             |               |
| Registered address                    | 85 Baiyun Road, Guangzhou, Guangdong Province  |             |               |
| Postal code of the Registered Address | 510100   |             |               |
| Office Address                        | 45-46/F, Litong Plaza, No.32, Zhujiang East Road, Zhujiang New City, Tihe District , Guangzhou |             |               |
| Postal code of the office address     | 510623   |             |               |
| Internet Web Site                     | www.gpedcl.com   |             |               |
| E-mail                                | ygs@gdcg.cn  |             |               |

### 2. Contact person and contact manner

|                 | Board secretary   | Securities affairs Representative   |
|-----------------|---|---|
| Name            | Yang Hanming  | Liang Jirong  |
| Contact address | 46/F, Litong Plaza, No.32, Zhujiang East Road, Zhujiang New City, Tihe District , Guangzhou | 45/F, Litong Plaza, No.32, Zhujiang East Road, Zhujiang New City, Tihe District , Guangzhou |
| Tel             | 020-29004619  | 020-29004523  |
| Fax             | 020-38787002  | 020-38787002  |
| E-mail          | Hmy69@126.com   | 139221590@qq.com  |

### 3. Information disclosure and placed

|   |  |
|---|--|
| Newspapers selected by the Company for information disclosure                       | Securities Times, China Securities, Shanghai Securities Daily and Hongkong Commercial Daily. |
| Internet website designated by CSRC for publishing the Annual report of the Company | www.cninfo.com.cn  |
| The place where the Annual report is prepared and placed                            | Securities affair Dept of the Company  |

#### 4.Changes in Registration

|   |   |
|---|---|
| Organization Code   | 91440000190352102M  |
| Changes in principal business activities since listing (if any) | No change   |
| Changes is the controlling shareholder in the past (is any)     | On November 2000, In accordance with Cai Guan Zi (2008) No. 109 Document of Ministry of Finance and Yue Ban Han (2000) No. 574 Document of General Office of Guangdong People's Government, the state-owned shares of Guangdong Expressway originally entrusted to Guangdong Expressway Company (now renamed as "Guangdong Provincial Expressway Co., Ltd.") for management were transferred to Guangdong Communication Group Co., Ltd. for holding and management in November 2000. After the transfer of state-owned shares, Guangdong Communication Group Co., Ltd. became the largest shareholder of the Company. The nature of equity was defined as state-owned shares. |

#### 5. Other Relevant Information

##### CPAs engaged

|  |  |
|--|--|
| Name of the CPAs   | Guangdong Zhengzhong Zhujiang Certified Public Accountants Co., Ltd. |
| Office address:  | 10/F,Yuehai Group Building, No.555 Dongfeng East Road, Guangzhou     |
| Names of the Certified Public Accountants as the signatories | Feng Kuncong, Xu Jihong  |

The sponsor performing persistant supervision duties engaged by the Company in the reporting period.

☐ Applicable ☒ Not applicable

The Financial advisor performing persistant supervision duties engaged by the Company in the reporting period

☒ Applicable ☐ Not applicable

| Advisor Name               | Office address   | Representatives   | Period of supervision and guide |
|----------------------------|--|-------------------|---------------------------------|
| CITIC Securities Co., Ltd. | North Unit, No.8 Zhuoyue TimeS Square(II) , 3 Road Central,Futian District, Shenzhen | Li Yuan, Cai Yong | July 8,2016 to December 31,2017 |

#### 6.Summary of Accounting data and Financial index

Whether it has retroactive adjustment or re-statement on previous accounting data

☒ Yes ☐ No

Retroactive adjustment or restatement of reasons

Accounting policy change

In RMB

|  | 2017              | 2016              |                   | Changed over last year ( % ) | 2015              |                   |
|--|-------------------|-------------------|-------------------|------------------------------|-------------------|-------------------|
|  |                   | Before adjustment | After adjustment  | After adjustment             | Before adjustment | After adjustment  |
| Operating income (RMB)   | 3,089,055,399.21  | 2,825,049,808.36  | 2,825,049,808.36  | 9.35%                        | 1,545,498,589.11  | 2,657,616,508.59  |
| Net profit attributable to the shareholders of the listed company (RMB)  | 1,509,922,398.70  | 1,001,205,945.39  | 1,001,205,945.39  | 50.81%                       | 469,386,906.79    | 696,100,201.88    |
| Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB) | 1,271,993,450.05  | 846,981,077.52    | 846,981,077.52    | 50.18%                       | 442,162,503.47    | 449,814,058.26    |
| Cash flow generated by business operation, net (RMB)   | 2,194,989,925.35  | 1,924,259,958.28  | 1,924,259,958.28  | 14.07%                       | 996,993,291.19    | 1,705,886,449.05  |
| Basic earning per share(RMB/Share)   | 0.72              | 0.52              | 0.52              | 38.46%                       | 0.37              | 0.40              |
| Diluted gains per share(RMB/Share)(RMB/Share)  | 0.72              | 0.52              | 0.52              | 38.46%                       | 0.37              | 0.40              |
| Weighted average ROE(%)  | 17.69%            | 14.18%            | 14.18%            | 3.51%                        | 9.22%             | 12.38%            |
|  | End of 2017       | End of 2016       |                   | Changed over last year ( % ) | End of 2015       |                   |
|  |                   | Before adjustment | After adjustment  | After adjustment             | Before adjustment | After adjustment  |
| Gross assets (RMB)   | 16,523,315,093.72 | 16,072,445,216.59 | 16,072,445,216.59 | 2.81%                        | 12,107,767,967.86 | 15,126,912,516.70 |
| Net assets attributable to shareholders of the listed company (RMB)  | 9,023,071,118.45  | 8,289,020,301.39  | 8,289,020,301.39  | 8.86%                        | 5,209,289,822.59  | 5,855,404,300.43  |

#### Reasons of accounting policy change and correction of accounting error

In accordance with requirements of the Notice Concerning Printing of the Revised Accounting Standards for Business Enterprises No. 16- Governmental Subsidies (CK[2017] No.15), the company shall include the governmental subsidies related to the enterprise daily activities into the other income or offset relevant costs subject to the economic business property; and include those irrelevant to the enterprise daily activities into the non-business income. Therefore, the company shall adopt the prospective application for such accounting policy change, which will not produce any influence on profits and losses, total assets and net assets listed in the current and previous periods.

Pursuant to the Notice on the Revision and Issuance of the Format for General Enterprise Financial Statements (Cai Kuai [2017] No.30), the gains and losses on the disposal of non-current assets and the gains and losses of non-monetary asset exchange previously stated in "Non-operating income" and "Non-operating expenses" are required to be presented in the "Gains on disposal of assets". Accordingly, the Company applied retrospective

adjustment method to the change of such accounting policy, reduced non-operating income by RMB10,105,140.34 in 2016 and increased gains on disposal of assets by RMB10,105,140.34 in 2016, which would not affect the net profit presented in the previous period.

## 7.The differences between domestic and international accounting standards

1. Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

☐ Applicable ☒ Not applicable

Nil

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

☐ Applicable ☒ Not applicable

Nil

## 8.Main Financial Index by Quarters

In RMB

|  | First quarter  | Second quarter | Third quarter  | Fourth quarter |
|--|----------------|----------------|----------------|----------------|
| Operating income   | 708,861,624.37 | 731,360,939.37 | 822,526,484.69 | 826,306,350.78 |
| Net profit attributable to the shareholders of the listed company  | 286,719,172.39 | 606,128,840.14 | 384,780,778.72 | 232,293,607.45 |
| Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company | 286,448,939.47 | 355,484,660.96 | 384,692,818.22 | 245,367,031.40 |
| Net Cash flow generated by business operation  | 479,844,717.92 | 542,547,517.45 | 622,431,923.01 | 550,165,766.97 |

Whether significant variances exist between the above financial index or the index with its sum and the financial index of the quarterly report as well as semi-annual report index disclosed by the Company.

☐ Yes ☒ No

## 9.Items and amount of non-current gains and losses

☒ Applicable ☐ Not applicable

In RMB

| Items | Amount (2017) | Amount (2016) | Amount (2015) | Notes |
|-------|---------------|---------------|---------------|-------|
|-------|---------------|---------------|---------------|-------|

|  |                 |                |                |  |
|--|-----------------|----------------|----------------|--|
| Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)   | -2,745,683.68   | 8,644,766.55   | 21,188,094.05  |  |
| Government subsidies recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies) | 385,932.17      | 704,645.87     | 480,000.00     |  |
| Current net gains and losses occurred from period-begin to combination day by subsidiaries resulting from business combination under common control        |                 | 102,025,476.76 | 219,061,740.30 |  |
| Operating income and expenses other than the aforesaid items   | 61,458,075.96   | 62,762,574.05  | 24,879,481.73  | It receives the compensation 59,995,667.68 yuan for early termination of charging for Jiujiang Bridge in the current period.       |
| Other non-business income and expenditures other than the above  |                 |                | 854,210.29     |  |
| Less: Amount of influence of income tax  | -178,668,186.37 | 17,954,525.92  | 11,529,933.00  | The department confirms the deferred income tax totaling 193.4147 million yuan for losses of previous years in the current period. |
| Amount of influence of minority interests(after tax)   | -162,437.83     | 1,958,069.44   | 8,647,449.75   |  |
| Total  | 237,928,948.65  | 154,224,867.87 | 246,286,143.62 | --   |

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

☐ Applicable ☒ Not applicable

None of Non-recurring gain /loss items recognized as recurring gain /loss/items as defined by the information disclosure explanatory Announcement No.1- Non -recurring gain/loss in the report period.

### III. Business Profile

#### I .Main Business the Company is Engaged in During the Report Period

Whether the company needs to comply with the disclosure requirements of the particular industry

No

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 Company is mainly engaged in tolling and maintenance of Guangfo Expressway, Fokai Expressway and Jingzhu Expressway Guangzhu Section investment in technological industries and provision of relevant consultation while investing in Shenzhen Huiyan Expressway Co., Ltd., Guangzhou Guanghui Expressway Co., Ltd., Guangdong Jiangzhong Expressway Co., Ltd., Zhaoqing Yuezhao Expressway Co., Ltd., Ganzhou Kangda Expressway, Ganzhou Gankang Expressway Co., Ltd., Guangdong Yueke Technology Micro Loan Co., Ltd., Guangdong Guangle Expressway Co., Ltd. and Guoyuan securities Co., Ltd. As of the end of the reporting period, the company's share-controlled expressway is 158.12 km, and the share-participation expressway is 684.20 km, and according to the equity ratio, after the conversion calculation, the total mileage is 273.05 km.

#### II .Major Changes in Main Assets

##### 1. Major Changes in Main Assets

| Main assets                         | Major changes   |
|-------------------------------------|---|
| Equity assets                       | An increased by RMB 826 million and 37.21% over the beginning of the year, Mainly due to the comprehensive impact of the decrease of dividend distribution from the share-participating companies including Guoyuan Securities and the increase of investment income.                       |
| Fixed assets                        | A decreased by RMB 780 million and 8.4% over the beginning of the year, Mainly due to making depreciation of Guangzhu Dong, Guangfo and Fokai Company in the current period.  |
| Intangible assets                   | No significant change.  |
| Construction in process             | An increased by RMB 207 million and 138.58% over the beginning of the year, Mainly due to the impact of the expansion project of Fokai Expressway Sanbao to Shuikou Section.  |
| Monetary funds                      | A decreased by RMB 240 million and 9.23% over the beginning of the year, Mainly due to the combined impact of payment of investment, operating accumulation, investment dividends of share-participating units, the repayment of bank loans and the company's distribution of dividends.    |
| Account receivable                  | An increased by RMB 52 million and 127.73% over the beginning of the year, Mainly due to the combined impact of the increase in the to-be-split toll charges of the toll collection center and the increase in sales of technology companies resulting in an increase in the ending balance |
| Available for sale financial assets | An increased by RMB 33 million and 1.92% over the beginning of the year, The share price of Everbright Bank held by the Company went up, resulting in an increase of the fair value at the end of   |

|  |             |
|--|-------------|
|  | the period. |
|--|-------------|

## 2. Main Conditions of Overseas Assets

☐ Applicable ☒ Not applicable

### III. Analysis On core Competitiveness

Whether or not the Company complies with disclosure requirement of the special industry

No

The toll revenue of expressway industry mainly depends on the regional economic development. The regional economy is the critical factor that influences the traffic volume. The Guangfo expressway and the Fokai expressway, controlled by the company, are part of the National Expressway Network Planning-“Five vertical and seven horizontal”, The share-controlled Beijing-Zhuhai Guangzhou Section Expressway is a fast and convenient expressway, and many of the company’s equity-participation expressways that are part of the main skeleton of the Guangdong Provincial Expressway Planning-“Ten vertical and five horizontal”, which provides a strong guarantee for stable traffic volume. Meanwhile, the regional economy is the critical factor that influences the traffic volume, as Guangdong province is the economically developed region, with years’ continuous high growth of GDP, so that provides the stable rising demand for the company.

## IV. Management's Discussion and Analysis

### I. General

In 2017, The board of directors of the Company actively implemented all resolutions of shareholders' general meeting, duly performed its duties, Guiding by the strategic layout of "two platforms", the management of the Company centred on the overall goal of "strengthening and being the best", greatly enhanced the operating efficiency, steadily promoted the transformation and upgrading, and successfully completed all the tasks during the year.

1. In 2017, the company completed the development of the target. 2017 to achieve operating income of 3.089 billion yuan to complete the target value of 3.085 billion yuan by 100.13%; to achieve operating costs of 1.247 billion yuan to complete the target value of 1.250 billion yuan by 99.76%; to achieve investment income of 448 million yuan to complete the target value of 444 million yuan by 100.90%.

2. Perfecting the self-construction of the board of directors and continuously strengthening the, corporate governance. The board of directors totally convened and organized 4 general shareholder meetings which all adopted a combination of on-site and online voting method to convene, so that adequately protected the right-to-know and voting rights of the shareholders particularly for minority shareholders, therefore the rights and interests of investors were protected.

3. Continually enhancing the construction of internal control system

In 2017, the company's board of directors conscientiously performed the guidance, evaluation and management so forth responsibilities and continually enhanced the construction of internal control system and continually engaged the external audit agency for the company's annual internal-control audit. As to the reasonable suggestions provided by the external audit agency on internal control system, daily operations and managements, finance and business, the company's board of directors had organized relevant departments and related companies for seriously rectifying and improving to ensure the relevant risks were effectively controlled.

4. Achieved gradual results in the absorption and merger. In order to improve the financing ability and the capital utilization efficiency of Guangdong Expressway, reduce the management hierarchy and realize the further integration of assets, the Company started the work to absorb the Fokai Company-a wholly-owned subsidiary of the Company. At the end of the reporting period, the work including the financial settlements, staffing, Real Estate and land transfer, the signing of counter-guarantee agreement with Transportation Group and the change of registration of pledges have been completed; currently, the follow-up work such as tax settlement and transfer of assets is progressing steadily.

5. The transfer-back of property rights of Zhuhai Section of Guang'ao Expressway progressed smoothly. As the key supervision project of Guangdong Provincial Government, the transfer-back of Guangdong-Macao Expressway Zhuhai Section's 4.213 km asset was actively promoted by the company, with that the work related to the asset transfer-back including the estimate of traffic volume and toll income, asset valuation and the book value of asset, simulated profit statement identification, the special legal opinion document, the preparation of the intermediary report and the corresponding report review were completed.

6. The Investment in Guoyuan Securities Directional Add-issuance project was fulfilled. According to the agreement between the two parties, RMB 800 million was invested in last October based on the price of 10.05

yuan / share and subscribed 79.6 million Guoyuan Securities shares-which were listed on the Shenzhen Stock Exchange (with restrictive sale-period of 3 years); as of December 31, 2017, the book value got floating profit of RMB 79.6 million.

7. The establishment of equity platform. During the reporting period, Guangdong Yuegao Capital Investment (Hengqin) Co., Ltd-a wholly-owned subsidiary-was incorporated with main business covering finance, finance-similar, energy saving and environmental protection, new energy and intelligent transportation sectors. Relying on the investment platform, it has completed several feasibility study reports on a number of equity investment projects.

8. Orderly development of land along the expressways. During the reporting period, according to the "1 + 4" industrial development layout of the Company, Guangdong Provincial Expressway Development Co., Ltd Resources Development Branch was incorporated to take charge the development of commercial resources such as land along the expressways in Guangdong Expressway System, and to actively carry out the work of revitalizing and utilization of land resources in stock, so as to realize the maximum value of land resources and property development as our efforts can.

## II. Main business analysis

### 1. General

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.

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 2017<br>vehicles) | Increase /Decrease(%) | Toll income in 2017<br>(RMB'0000) | Increase/Decrease(%) |
|--|--|-----------------------|-----------------------------------|----------------------|
| Guangfo Expressway                     | 6,263.37                                       | 8.65%                 | 43,490.52                         | 10.62%               |
| Fokai Expressway                       | 6,292.05                                       | 17.84%                | 125,345.35                        | 6.16%                |
| Jingzhu Expressway<br>Guangzhu Section | 7,897.42                                       | 13.03%                | 129,093.29                        | 11.38%               |
| Huiyan Expressway                      | 3,814.14                                       | 6.25%                 | 23,245.46                         | 4.88%                |
| Guangzhao Expressway                   | 2,998.08                                       | -6.68%                | 50,789.56                         | -14.51%              |
| Guanghui Expressway                    | 5,756.34                                       | 16.43%                | 182,055.02                        | 6.57%                |
| Jiangzhong Expressway                  | 5,526.02                                       | 18.13%                | 45,701.62                         | 10.64%               |
| Kangda Expressway                      | 295.71   | 4.63%                 | 24,095.25                         | -3.03%               |
| Gangkang Expressway                    | 342.42   | 28.59%                | 13,970.32                         | -8.33%               |
| Guangle Expressway                     | 2,350.39                                       | 15.82%                | 297,970.32                        | 7.64%                |

The overall situation: Except Guangzhao Expressway ,Kangda Expressway and Gankang expressway, the tolls of the other expressways all showed various extent of growth compared to 2016. Guanghui Expressway Jingzhu Expressway and Jiangzhong Expressway all have the year-on-year growth more than 10%; the

year-on-year growth rate of Fokai Expressway, Guanghui Expressway, Guangle Expressway and Huiyan Expressway all are between 5%-10%; the growth rate of Guanghui Expressway is only 2.15%; while the growth rate of Guangzhao Expressway, Kangda Expressway and Gangkang Expressway respectively fell 14.51%, 3.03% and 8.33% compared with last year.

1. Guangfo Expressway. Since August 2017, the circumjacent road-Foshan first ring road implemented the traffic restriction of trucks, so a large number of trucks diverted to Guangfo Expressway, resulting in a substantial increase in truck traffic and income.
2. Guangzhu section of Beijing-Zhuhai Expressway. Impacted by some vehicle's bypassing to take Guangzhou-Zhuhai Expressway Guangzhu section due to the closure of Hongqili Bridge, the traffic and tolls of the section increased over the same period of the previous year.
3. Jiangzhong Expressway. Influenced by such factors as overhaul engineering of Jiang He Expressway, the second-phase maintenance of Shakou Bridge and Shijiaokou Bridge of State Highway 105, the opening of the whole line of Guangzhong Jiang Expressway Phase I and Jiangluo Expressway, there was a large increase in traffic volume and tolls.
4. Guangzhao Expressway. Firstly, affected by the new opening of the circumjacent expressways of Jiangluo Expressway and Guangfozhao Expressway, the traffic volume partly was diverted; second, the implementation of temporary traffic control measures-namely restricting the passage of large trucks-at Baitu toll station exit at Zhaoqing Bridge and the expansion and relocation project of Ziyun road had a negative impact; thus, the traffic volume and tolls both got a certain decline.
5. Kangda Expressway. Since the full completion of the reconstruction of Dayu Section of National Highway 323 in August, the number of logistics freight vehicles increased in the national highway, with large number of trucks of Jiangxi-place plate or Anhui-place plate changed to take the free national highway; and affected by the opening of Ning-Ding Expressway in early 2017 and by the diversion effect of Daguang Expressway and Longyong Expressway, the toll income was slightly declined YOY.
6. Gankang Expressway. Due to the pavement maintenance of Huichang section of the 323 National Road around October, the influence of freight traffic diversion is bigger. The result is that the Gan Kang expressway has a positive impact, but the traffic volume has increased, but the toll income has decreased.

## 2. Revenue and cost

### (1) Component of Business Income

In RMB

|                         | 2017             |            | 2016             |            | Increase /decrease |
|-------------------------|------------------|------------|------------------|------------|--------------------|
|                         | Amount           | Proportion | Amount           | Proportion |                    |
| Total operating revenue | 3,089,055,399.21 | 100%       | 2,825,049,808.36 | 100%       | 9.35%              |
| Industry                |                  |            |                  |            |                    |
| Highway transportations | 2,979,291,622.84 | 96.45%     | 2,732,376,001.73 | 96.72%     | 9.04%              |
| Other                   | 109,763,776.37   | 3.55%      | 92,673,806.63    | 3.28%      | 18.44%             |

|                                     | 2017             |            | 2016             |            | Increase /decrease |
|-------------------------------------|------------------|------------|------------------|------------|--------------------|
|                                     | Amount           | Proportion | Amount           | Proportion |                    |
| Product                             |                  |            |                  |            |                    |
| Highway transportations             | 2,979,291,622.84 | 96.45%     | 2,732,376,001.73 | 96.72%     | 9.04%              |
| Other                               | 109,763,776.37   | 3.55%      | 92,673,806.63    | 3.28%      | 18.44%             |
| Area                                |                  |            |                  |            |                    |
| Guangfo Expressway                  | 434,905,187.39   | 14.08%     | 393,144,923.40   | 13.92%     | 10.62%             |
| Fokai Expressway                    | 1,253,453,513.48 | 40.58%     | 1,180,190,342.35 | 41.78%     | 6.21%              |
| Jingzhu Expressway Guangzhu Section | 1,290,932,921.97 | 41.79%     | 1,159,040,735.98 | 41.03%     | 11.38%             |
| Other                               | 109,763,776.37   | 3.55%      | 92,673,806.63    | 3.28%      | 18.44%             |

(2) Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

√ Applicable □ Not applicable

Whether or not the Company complies with disclosure requirement of the special industry

No

In RMB

|                                     | Turnover         | Operation cost   | Gross profit rate(%) | Increase/decrease of revenue in the same period of the previous year(%) | Increase/decrease of business cost over the same period of previous year (%) | Increase/decrease of gross profit rate over the same period of the previous year (%) |
|-------------------------------------|------------------|------------------|----------------------|---|--|--|
| Industry                            |                  |                  |                      |   |  |  |
| Highway transportations             | 2,979,291,622.84 | 1,176,847,110.44 | 60.50%               | 9.04%   | -3.63%   | 5.19%  |
| Product                             |                  |                  |                      |   |  |  |
| Roll revenue                        | 2,979,291,622.84 | 1,176,847,110.44 | 60.50%               | 9.04%   | -3.63%   | 5.19%  |
| Area                                |                  |                  |                      |   |  |  |
| Guangfo Expressway                  | 434,905,187.39   | 123,689,751.79   | 71.56%               | 10.62%  | -54.38%  | 40.52%   |
| Fokai Expressway                    | 1,253,453,513.48 | 677,343,877.41   | 45.96%               | 6.21%   | 13.59%   | -3.51%   |
| Jingzhu Expressway Guangzhu Section | 1,290,932,921.97 | 375,813,481.24   | 70.89%               | 11.38%  | 6.22%  | 1.41%  |

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest on year's scope of period-end.

☐ Applicable ☒ Not applicable

(3) Whether the Company's Physical Sales Income Exceeded Service Income

☐ Yes ☒ No

(4) Degree of Performance of the Significant Sales Contract Signed up to this Report Period

☐ Applicable ☒ Not applicable

(5) Component of business cost

Industry category

In RMB

| Industry category       | Items                      | 2017           |                                       | 2016           |                                       | Increase/Decrease (%) |
|-------------------------|----------------------------|----------------|---------------------------------------|----------------|---------------------------------------|-----------------------|
|                         |                            | Amount         | Proportion in the operating costs (%) | Amount         | Proportion in the operating costs (%) |                       |
| Highway transportations | Depreciation and Amortized | 809,040,484.70 | 64.87%                                | 875,609,973.92 | 68.35%                                | -7.60%                |
| Highway transportations | Out of pocket expenses     | 367,806,625.74 | 29.49%                                | 345,622,032.12 | 26.98%                                | 6.42%                 |
| Other                   | Other                      | 70,275,242.91  | 5.63%                                 | 59,800,554.46  | 4.67%                                 | 17.52%                |

(6) Whether Changes Occurred in Consolidation Scope in the Report Period

☒ Yes ☐ No

The Company had 6 subsidiaries included in the scope of consolidation in 2017. The scope of the consolidated financial statements increased by 1 compared with the previous period-for having the newly established enterprise. On August 3, 2017, the Company established a wholly-owned subsidiary, Guangdong Yuegao Capital Investment (Hengqin) Co., Ltd., which was newly added into the scope of consolidation in 2017.

(7) Relevant Situation of Significant Changes or Adjustment of the Business, Product or Service in the Company's Report Period

☐ Applicable ☒ Not applicable

(8) Situation of Main Customers and Main Supplier

☐ Applicable ☒ Not applicable

### 3. Expenses

In RMB

|                         | 2017           | 2016           | Increase/Decrease (%) | Notes                            |
|-------------------------|----------------|----------------|-----------------------|----------------------------------|
| Administration expenses | 189,585,575.97 | 189,789,891.95 | -0.11%                |                                  |
| Financial expenses      | 247,306,751.08 | 340,854,007.43 | -27.44%               | Comprehensive impact of interest |

|  |  |  |  |
|--|--|--|--|
|  |  |  | bearing debt and interest rate reduction |
|--|--|--|--|

#### 4. Research and Development

☒ Applicable ☐ Not applicable

Objective: To establish a mode based on the mobile phone path recognition + mobile payment, named as "blue channel", or BTC for short.

Progress: System Development & Testing.

Planned to be achieved: pass the real car test in several road sections of West and East Guangdong part of Expressways within Guangdong province

##### R & D investment

|   | 2017         | 2016         | Increase /decrease |
|---|--------------|--------------|--------------------|
| Number of Research and Development persons (persons)  | 28           | 19           | 47.37%             |
| Proportion of Research and Development persons  | 1.24%        | 1.34%        | -0.10%             |
| Amount of Research and Development Investment (In RMB)  | 9,773,866.38 | 6,171,805.27 | 58.36%             |
| Proportion of Research and Development Investment of Operation Revenue                                  | 0.32%        | 0.22%        | 0.10%              |
| Amount of Research and Development Investment Capitalization (In RMB)                                   | 0.00         | 0.00         | 0.00%              |
| Proportion of Capitalization Research and Development Investment of Research and Development Investment | 0.00%        | 0.00%        | 0.00%              |

The Reason of the Prominent Change in Total Amount of Research and Development Input Occupying the Business Income Year on Year

☐ Applicable ☒ Not applicable

Explanation of the Reason for Substantial Changes in the Research and Development Input's Capitalization Rate and Its Reasonableness

☐ Applicable ☒ Not applicable

#### 5.Cash Flow

In RMB

| Items  | 2017             | 2016             | Increase/Decrease(%) |
|--|------------------|------------------|----------------------|
| Subtotal of cash inflow received from operation activities | 3,236,665,403.26 | 2,959,887,922.64 | 9.35%                |
| Subtotal of cash outflow received                          | 1,041,675,477.91 | 1,035,627,964.36 | 0.58%                |

|  |                   |                   |          |
|--|-------------------|-------------------|----------|
| from operation activities                                  |                   |                   |          |
| Net cash flow arising from operating activities            | 2,194,989,925.35  | 1,924,259,958.28  | 14.07%   |
| Subtotal of cash inflow received from investing activities | 484,922,170.62    | 532,485,061.86    | -8.93%   |
| Subtotal of cash outflow for investment activities         | 1,229,007,515.09  | 2,278,731,726.67  | -46.07%  |
| Net cash flow arising from investment activities           | -744,085,344.47   | -1,746,246,664.81 | -57.39%  |
| Subtotal cash inflow received from financing activities    | 1,838,277,777.78  | 4,131,505,163.11  | -55.51%  |
| Subtotal cash outflow for financing activities             | 3,530,866,387.00  | 2,905,344,885.32  | 21.53%   |
| Net cash flow arising from financing activities            | -1,692,588,609.22 | 1,226,160,277.79  | -238.04% |
| Net increase in cash and cash equivalents                  | -240,236,943.83   | 1,403,650,367.40  | -117.12% |

Notes to the year-on-year change of the relevant data

√Applicable □ Not applicable

1. The Subtotal of cash outflow received from operation activities decreased by 46.07% year-on-year, Mainly due to the payment of purchase of Fokai equity in 803 million and the purchase of creditor's rights to Guangzhou Dong held by Construction Company in 987 million
2. The Subtotal cash inflow received from financing activities decreased by 55.51% year-on year, Mainly due to the raised funds of RMB 1.65 billion in the previous period.
3. The Subtotal cash outflow for financing activities increased by 53% year-on year, Mainly due to that the loan repayments increased in the reporting period as compared with the previous period.

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

√Applicable □ Not applicable

|   |                  |
|---|------------------|
|   | 2017             |
| Adjusting net profit to cash flow from operating activities                             |                  |
| Net profit  | 1,710,223,687.42 |
| Add: Impairment loss provision of assets  | 415,340.17       |
| Depreciation of fixed assets, oil and gas assets and consumable biological assets       | 823,038,155.84   |
| Amortization of intangible assets   | 3,128,134.31     |
| Amortization of Long-term deferred expenses   | 1,671,197.24     |
| Loss on disposal of fixed assets, intangible assets and other long-term deferred assets |                  |

|  |                  |
|--|------------------|
| Fixed assets scrap loss                          | 2,745,683.68     |
| Fair value change loss                           |                  |
| Financial cost                                   | 275,071,936.33   |
| Loss on investment                               | -448,268,367.19  |
| Decrease of deferred income tax assets           | -324,488,702.34  |
| Increased of deferred income tax liabilities     | -17,831,548.25   |
| Decrease of inventories                          | 323,888.89       |
| Decrease of operating receivables                | -44,132,575.54   |
| Increased of operating Payable                   | 213,093,094.79   |
| Other  |                  |
| Net cash flows arising from operating activities | 2,194,989,925.35 |

### III. Analysis of Non-core Business

√ Applicable    □ Not applicable

In RMB

|                        | Amount         | Proportion in total profit | Explanation of cause                             | Sustainable (yes or no) |
|------------------------|----------------|----------------------------|--|-------------------------|
| Investment Income      | 448,268,367.19 | 23.64%                     | Investment income from share-participating units | Sustainable             |
| Asset impairment       | 415,340.17     | 0.02%                      | Provision for bad debt according to the policy   | Not sustainable         |
| Non-operating income   | 65,779,816.71  | 3.47%                      | Provision for bad debt according to the policy   | Not sustainable         |
| Non-operating expenses | 6,681,492.26   | 0.35%                      | Provision for bad debt according to the policy   | Sustainable             |

### IV. Condition of Asset and Liabilities

#### 1. Condition of Asset Causing Significant Change

In RMB

|                     | End of 2017      |                                   | End of 2016      |        | Proportion increase/decrease | Notes to the significant change |
|---------------------|------------------|-----------------------------------|------------------|--------|------------------------------|---------------------------------|
|                     | Amount           | Proportion in the total assets(%) |                  |        |                              |                                 |
| Monetary fund       | 2,363,042,700.42 | 14.30%                            | 2,603,279,644.25 | 16.20% | -1.90%                       |                                 |
| Accounts receivable | 92,642,625.45    | 0.56%                             | 40,681,197.01    | 0.25%  | 0.31%                        |                                 |

|                             | End of 2017      |                                   | End of 2016      |        | Proportion increase/decrease | Notes to the significant change |
|-----------------------------|------------------|-----------------------------------|------------------|--------|------------------------------|---------------------------------|
|                             | Amount           | Proportion in the total assets(%) |                  |        |                              |                                 |
| Inventories                 |                  | 0.00%                             | 323,888.89       | 0.00%  | 0.00%                        |                                 |
| Investment real estate      | 2,755,757.68     | 0.02%                             | 3,219,971.08     | 0.02%  | 0.00%                        |                                 |
| Long-term equity investment | 3,047,275,000.00 | 18.44%                            | 2,220,805,130.31 | 13.82% | 4.62%                        |                                 |
| Fixed assets                | 8,505,434,890.71 | 51.48%                            | 9,285,823,302.77 | 57.77% | -6.29%                       |                                 |
| Construction inprocess      | 356,062,655.95   | 2.15%                             | 149,244,110.30   | 0.93%  | 1.22%                        |                                 |
| Short-term loans            |                  | 0.00%                             |                  | 0.00%  | 0.00%                        |                                 |
| Long-term loans             | 4,744,170,000.00 | 28.71%                            | 5,402,780,000.00 | 33.62% | -4.91%                       |                                 |

## 2.Asset and Liabilities Measured by Fair Value

√Applicable □ Not applicable

In RMB

| Items                                 | Opening amount | Gain/Loss on fair value change in the reporting period | Cumulative fair value change recorded into equity | Impairment provisions in the repoting period | Purchanased amount in the reporting period | Sold amount in the reporting period | Closing mount  |
|---------------------------------------|----------------|--|---|--|--|-------------------------------------|----------------|
| Financial assets                      |                |  |   |  |  |                                     |                |
| 3.Available-for-sale financial assets | 919,846,831.04 | 32,935,692.16  | 435,221,646.40                                    |  |  |                                     | 952,782,523.20 |
| Subtotal of financial assets          | 919,846,831.04 | 32,935,692.16  | 435,221,646.40                                    |  |  |                                     | 952,782,523.20 |
| Total of the above                    | 919,846,831.04 | 32,935,692.16  | 435,221,646.40                                    |  |  |                                     | 952,782,523.20 |
| Financial liabilities                 | 0.00           |  |   |  |  |                                     | 0.00           |

Did any significant change occur to the attribute of the Company's main asset measurement during the reporting period?

□ Yes √No

## 3. Assets right restriction till end of reporting period

Nil

**V. Investment situation**

## 1. General

√ Applicable ☐ Not applicable

| Investment Amount in 2017(RMB) | Investment Amount in 2016(RMB) | Change rate |
|--------------------------------|--------------------------------|-------------|
| 1,128,590,181.23               | 3,796,609,855.82               | -70.27%     |

## 2. Condition of Acquiring Significant Share Right Investment during the Report Period

√ Applicable ☐ Not applicable

In RMB

| Name of the Company Invested | Main Business       | Investment Way | Investment Amount | Share Proportion % | Capital Source | Partner                     | Investment Horizon | Product Type          | Progress up to Balance Sheet Date | Anticipated Income | Gain or Loss or the Current Investment | Whether to involve Lawsuit | Date of Disclosure | Disclosure Index   |
|------------------------------|---------------------|----------------|-------------------|--------------------|----------------|-----------------------------|--------------------|-----------------------|-----------------------------------|--------------------|--|----------------------------|--------------------|--|
| Guoyuan Securities Co., Ltd. | Securities business | Other          | 799,999,959.30    | 2.37%              | Self           | Guoyuan Securities Co., Ltd | Long-term          | negotiable securities | Complete                          | 0.00               | 6,193,038.76                           | No                         | July 8, 2016       | Announcement of Resolutions of the 31st(Provisional) Meeting of the Seventh Board of Directors |
| Total                        | --                  | --             | 799,999,959.30    | --                 | --             | --                          | --                 | --                    | --                                | 0.00               | 6,193,038.76                           | --                         | --                 | --   |

### 3. Situation of the Significant Non-equity Investment Undergoing in the Report Period

√ Applicable □ Not applicable

In RMB

| Name  | Form of investment | Fixed assets investment or not | Industry in which the investment project operates | Investment amount during the reporting period | Accumulated actual amount invested as of the end of reporting period | Source of fund     | Progress | Estimated return | Accumulated realized return as of the end of the reporting period | Reasons for failure in meeting scheduled progress and estimated return | Date of Disclosure (If any) | Disclosure index (If any)  |
|---|--------------------|--------------------------------|---|---|--|--------------------|----------|------------------|---|--|-----------------------------|--|
| Fokai Expressway Sanbaoto Shuikou section Extension | Self               | Yes                            | Expressway  | 218,590,221.93                                | 726,653,752.93   | Self and Borrowing | 21.21%   | 0.00             | 0.00  | No   | July 17, 2016               | Announcement of the 29th (Provisional) Meeting of the seventh Board of |

|  |      |     |            |                |                |      |       |      |      |    |                  |  |
|--|------|-----|------------|----------------|----------------|------|-------|------|------|----|------------------|--|
| project  |      |     |            |                |                |      |       |      |      |    |                  | Directors, Announcement of External Investment   |
| Huiyan Expressway Shenzhen Section Extension project | Self | Yes | Expressway | 110,000,000.00 | 110,000,000.00 | Self | 2.05% | 0.00 | 0.00 | No | October 31, 2017 | Announcement of the 13th (Provisional) Meeting of the Eighth Board of Directors, Announcement of External Investment |
| Total  | --   | --  | --         | 328,590,221.93 | 836,653,752.93 | --   | --    | 0.00 | 0.00 | -- | --               | --   |

#### 4. Investment of Financial Asset

##### (1) Securities investment

√ Applicable □ Not applicable

In RMB

| Security category                  | Security code | Stock Abbreviation: | Initial investment cost | Mode of accounting measurement | Book value balance at the beginning of the reporting period | Changes in fair value of the this period | Cumulative fair value changes in equity | Purchase amount in the this period | Sale amount in the this period | Gain/loss of the reporting period | Book value balance at the end of the reporting period | Accounting items                    | Sauce of the shares |
|------------------------------------|---------------|---------------------|-------------------------|--------------------------------|---|--|---|------------------------------------|--------------------------------|-----------------------------------|---|-------------------------------------|---------------------|
| Domestic and foreign stocks        | 601818        | Everbright Bank     | 517,560,876.80          | FVM                            | 919,846,831.04  | 32,935,692.16                            | 435,221,646.40                          |                                    |                                | 23,054,984.51                     | 952,782,523.20  | Financial assets available for sale | Self                |
| Total                              |               |                     | 517,560,876.80          | --                             | 919,846,831.04  | 32,935,692.16                            | 435,221,646.40                          | 0.00                               | 0.00                           | 23,054,984.51                     | 952,782,523.20  | --                                  | --                  |
| Disclosure Date of Announcement on |               |                     | July 22, 2009           |                                |   |  |   |                                    |                                |                                   |   |                                     |                     |

|  |               |
|--|---------------|
| Securities Investment<br>Approved by the Board of<br>Directors   |               |
| Disclosure Date of<br>Announcement on<br>Securities Investment<br>Approved by the<br>Shareholders Meeting(If<br>any) | August 7,2009 |

## (2) Investment in Derivatives

☐ Applicable    ☒ Not applicable

The Company had no investment in derivatives in the reporting period.

## 5.Application of the raised capital

☐ Applicable    ☒ Not applicable

The Company had no application of the raised capital in the reporting period.

## **VI. Sales of major assets and equity**

### **1. Sales of major assets**

☐ Applicable ☒ Not applicable

The Company had no sales of major assets in the reporting period.

### **2.Sales of major equity**

☐ Applicable ☒ Not applicable

## VII. Analysis of the Main Share Holding Companies and Share Participating Companies

√ Applicable    □ Not applicable

Situation of Main Subsidiaries and the Joint-stock Company with over 10% net profit influencing to the Company

| Company Name                                     | Company type | Leading products and services   | Registered capital | Total assets(RMB) | Net assets (RMB) | Operating Income (RMB) | Operating profit (RMB) | Net Profit (RMB) |
|--|--------------|---|--------------------|-------------------|------------------|------------------------|------------------------|------------------|
| Guangdong Fokai Expressway                       | Subsidiary   | Management of the Fokai Expressway and its matching salvation, maintenance cleaning, auto parts supply services; the maintenance and management of Jiujiang Bridge of Guangzhan Expressway and car salvation and maintenance (operated by its subsidiaries); sales of industrial production materials (not containing gold, silver, automobile and dangerous chemicals), building materials, department stores, needles, textiles, hardware, alternating current; parking services. | RMB 1.108 billion  | 4,641,099,324.93  | 4,319,799,770.00 | 709,257,174.68         | 267,861,953.10         | 668,095,711.12   |
| Guangfo Expressway                               | Subsidiary   | Operating Guangfo Expressway Co., Ltd.(starts from Hengsha, Guangzhou, ends in Xiebian, Foshan. Total length 15.7 kilometers  | RMB 200 million    | 565,665,919.69    | 509,174,397.28   | 439,509,806.68         | 289,154,367.11         | 218,485,271.91   |
| Guangzhu Traffic Investment Management Co., Ltd. | Subsidiary   | Highway investment management and consultation; highway maintenance   | RMB 3 million      | 2,865,638,733.45  | 1,247,991,279.32 | 1,318,255,057.77       | 790,556,713.40         | 321,503,360.20   |

|  |                 |   |                   |                  |                  |                  |                  |                |
|--|-----------------|---|-------------------|------------------|------------------|------------------|------------------|----------------|
| Jingzhu Expressway Guangzhou Section Co., Ltd. | Subsidiary      | The operation and management of Guangzhou-Zhuhai Expressway and provision of supporting services including fueling, salvage and supply of parts and components  | RMB 580 million   | 2,860,127,224.44 | 1,214,983,854.76 | 1,318,255,057.77 | 789,371,916.13   | 582,719,882.98 |
| Guangdong Guanghui Expressway Co., Ltd.        | Sharing company | Investment in and construction of Guanghui Expressway Co., Ltd. and supporting facilities, the toll collection and maintenance management of Guanghui Expressway, The Guanghui Expressway's supporting gas station, salvation, vehicle maintenance, vehicle transport, catering, warehousing investment and development | RMB 2.352 million | 4,640,318,989.66 | 3,166,356,113.18 | 1,844,690,103.83 | 1,249,359,975.37 | 940,021,656.29 |

## Subsidiaries obtained or disposed in the reporting period

√ Applicable □ Not applicable

| Name  | Mode          | Influence  |
|---|---------------|--|
| Guangdong Yuegao Capital Investment (Hengqin) Co., Ltd. | Establishment | Decrease the net profit attributable to listed companies in 2017 of RMB 1.1732 million |

## Particulars about the Mutual holding companies

1. The company holds 100% stake of Guangdong Provincial Fokai Expressway Co. Ltd which is one of the subsidiaries majority-controlled by the company and the subsidiary mainly engaged in operating and managing the Fokai Expressway and the related matching businesses such as rescue, maintenance, cleaning and spare parts supply service.

According to the Proposal of Guangdong Expressway Development Co., Ltd Absorbing and Merging Guangdong Fokai Expressway Co., Ltd approved in the 2016 Annual General Meeting of Shareholders, the company absorbed and merged its subsidiary-Fokai company. Since August 1, 2017, the relevant assets of the subsidiary were transferred to Fokai Branch Company. Therefore, the assets data shown for Fokai Company are the data as of July 31, 2017; and the gains and losses data are the data of January-July 2017.

2. The company directly and indirectly holds 75% stake of Beijing-Zhuhai Guangzhou Section Expressway Co., Ltd, which is the company's share-controlled subsidiary and operates Guangzhou- Zhuhai Expressway and provides expressway matching services such as fuel filling, salvation and spare parts supply services. The net profits in the current period increased RMB 88.4481 million and 17.89% compared with the last period, The main reason for the increase was the combined effect of the natural increase of the toll revenue and the reduction of the financial costs.

3.The Company holds a 75% equity interest in the Guangfo company, the construction and operation of the Guangzhou-Foshan Expressway, including road maintenance, charges, signs, marking and other transport facilities maintenance, Vehicle rescue and other business. The current net profit increased by RMB152.8122 million, an increase of 232.69%, the increasing is due to natural income growth and financial costs to reduce the combined impact.

The increase was mainly due to: the increase in traffic flow led to an increase in toll revenue; 2. Guangfo Expressway has been fully depreciated during the reporting period, and the depreciation of road assets decreased by RMB145,41 million as compared with the same period of last year.

4. The company holds 30% stake of Guangdong Guanghui Expressway Co., Ltd, which has business of investment and construction of Guanghui Expressway and supporting facilities; toll charge and maintenance of Guanghui Expressway, investment and development of supporting business related to Guanghui Expressway such as gas station, rescue, car repair, car transport, catering and warehousing. The net profit for the current period increased by RMB 91.1759 million or 10.81% from the same period of the previous year. The increase was mainly due to the increase of toll revenue caused by the increase of traffic volume and the combined effect of lower finance costs and lower management costs.

## VIII.Special purpose vehicle controlled by the Company

□ Applicable √ Not applicable

## IX. Prospect for future development of the Company

### 1. Strategy of the Company's Development

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

### 2. Business Plan in the Coming Year and Future Plan of the Company

The overall objective of 2018: to reach RMB 3.227 billion in revenue and control the operating costs within RMB 1.326 billion. Centering on this objective, and in 2018 and the coming few years.

The year of 2018 will be a crucial year for the implementation of the 13th Five-Year Plan of Guangdong Expressway. We will focus on the development strategy of "people-oriented, road-oriented, diversified development", enhance the management, carry out investment and mergers, perform new actions in transformation and upgrading, and continuously promote the healthy and sustainable development.

(1). The pivot is the expressway industry, and we'll continue to increase investment. Adhering to the investment strategy of "Relying on the group, mainly focusing on the province and giving consideration to other provinces", the company will increase the development of new projects, establish communication and cooperation relationship with multi sides and actively develop the sources of projects; in good time carry out the M&C of high-quality expressway projects inside or outside of the system, widely collect the project information through multiple channels and steadily promote investment in mergers and acquisitions of expressway projects both inside and outside the system. In accordance with the principle of "moderate release and effective integration", we'll gradually adjust the structure of assets and improve the profitability in consideration to the current status of scatted, small and large number of projects, fully think over the self-development ability and profitability and pivot on the high-quality projects. By speeding up the transformation of development mode, we will realize the fast, low-cost expansion and the high-quality development of Guangdong Expressway.

(2). Give full play to competitive advantages, and broaden the space for diversified development. Utilizing the financing platform role and advantages of being a listed company, the company will carry out prudent, proper direct equity investment business. Actively seek the cooperation with securities, funds and other investment institutions, pay close attention to such fields as finance-similar, energy saving and environmental protection and new energy, intelligent transportation and big health, and strengthen the development stamina of the company.

(3). Revitalize the land resources along the expressways, to create a new profit growth point. Under the premise of consolidating the main business of road and property, we will continue to invest in projects with focus on profitability and accelerate the diversified development mode. The study will centres on the transportation industry chain, and we'll strive for incremental land resources development along the roads. By fully tapping into the related policies on the important nodes of Expressway, based on the "project + resources" policy, the company will strive to implement the development goal of "integrating enhancement of land sources along the expressways by development project" through the expansion project in the southern part of Fokai Expressway. Taking the expansion project of southern Fokai Expressway as an opportunity, we will strive for the development of

incremental land resources along the expressways and enhance the comprehensive investment return.

(4). Continue to enhance the quality of operation and management. Establish and enhance a highly efficient and clear management mechanism to continuously improve the profitability of the subsidiaries and share-participating companies, focus on "increasing revenue and reducing expenditure", and continuously enhance the operation and management level.

(5). Continue to enhance the efficiency of road maintenance and management. With the emphasis on the safety management of bridges and culverts, urge the departments directly under the operation to strengthen the structure management and maintenance of bridges and culverts, adopt the "4 + X" inspection and monitoring system for the bridges and culverts, inspect and monitor the safety of bridges and culverts and make reinforcement for bridge and culvert structures, thus to ensure the safe operation of the structure of bridges and culverts. Formulate and implement the service areas sanitation promotion programs, improve facilities, clean up the environment, so as to provide a convenient and comfortable environment for drivers and passengers. We will continue to strengthen the guidance on construction design and enhance the supervision on engineering construction of reconstruction and extension projects, promptly solve the difficulties encountered in the process of project construction and management, so as to ensure orderly progress in accordance with the objectives.

(6). Continue to enhance the financial control function, strengthen the budget execution. We will improve the financial internal control system, strengthen the debt risk management and effectively establish a financial risk warning system.

## X. List of the received researches, visits and interviews

### 1.Particulars about researches, visits and interviews received in this reporting period

√ Applicable □Not applicable

| Reception time   | Way of reception     | Types of visitors | Basic index   |
|------------------|----------------------|-------------------|---|
| February 15,2017 | Onsite investigation | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| March 30,2017    | Onsite investigation | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| March 30,2017    | By Phone             | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| March 30,2017    | By Phone             | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |

| Reception time    | Way of reception     | Types of visitors | Basic index   |
|-------------------|----------------------|-------------------|---|
| May 10,2017       | Onsite investigation | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| May 11,2017       | Onsite investigation | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| May 19,2017       | Other                | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| May 24,2017       | Other                | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| June 7,2017       | Onsite investigation | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| July 18,2017      | Onsite investigation | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| July 21,2017      | Onsite investigation | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| August 30,2017    | By Phone             | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| August 30,2017    | By Phone             | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| September 28,2017 | By Phone             | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public                                       |

| Reception time  | Way of reception | Types of visitors | Basic index   |
|---|------------------|-------------------|---|
|   |                  |                   | information company regularly reports   |
| October 31,2017   | By Phone         | Organization      | 1. The main content of research:1. the daily operation; 2. the company's financial data analysis;3. development strategy; 4. analysis on the industry. 2.Primary data investigation: Public information company regularly reports |
| Reception times   |                  |                   | 15  |
| Reception agency amount   |                  |                   | 22  |
| Reception personal number   |                  |                   | 0   |
| Others  |                  |                   | 0   |
| Whether to disclose, reveal or disclose non-public material information |                  | No                |   |

## V. Important Events

### I. Specification of profit distribution of common shares and capitalizing of common reserves

Formulation, implementation and adjustment of profit distribution policy of common shares especially cash dividend policy during the reporting period

☐Applicable ☒ Not applicable

The profit distribution preplan or proposal and the Plan(preplan) or proposal of conversion of the capital reserve into share capital in the past three years(with the reporting period inclusive):

(1) The Company's profit distribution plan for 2015 is as follows:

1.10% of the net profit of the company, i.e. RMB 26,741,749.54, is to be allocated for statutory common reserve fund.

2.The profit for 2015 is to be distributed as follows: RMB 188,567,662.20. is to be allocated as the fund for dividend distribution for 2015. with the total shares at the end of 2015, i.e., 1,257,117,748 shares, as the base, cash dividend of RMB 1.50 (including tax) is to be distributed for every 10 shares .The remaining undistributed profits are to be carried forward to the next year. The foreign exchange translation of the cash dividends for shareholders holding B share and overseas corporate shares will be determined according to HKD:RMB bank's Middle rate quoted by People's Bank of China on the first working day after 2015 annual shareholders' general meeting makes resolution on dividend distribution.

(2) The Company's profit distribution plan for 2016 is as follows:

1.10% of the net profit of the company, i.e. RMB71,314,278.93, is to be allocated for statutory common reserve fund.

2.The profit for 2016 is to be distributed as follows: RMB 702,510,858.34. is to be allocated as the fund for dividend distribution for 2016. with the total shares at the end of 2016, i.e., 2,090,806,126 shares, as the base, cash dividend of RMB 3.36 (including tax) is to be distributed for every 10 shares .The remaining undistributed profits are to be carried forward to the next year. The foreign exchange translation of the cash dividends for shareholders holding B share and overseas corporate shares will be determined according to HKD:RMB bank's Middle rate quoted by People's Bank of China on the first working day after 2016 annual shareholders' general meeting makes resolution on dividend distribution.

(3) The Company's profit distribution preplan for 2017 is as follows:

1.10% of the net profit of the company, i.e. RMB177,864,580.14, is to be allocated for statutory common reserve fund.

2.The profit for 2017 is to be distributed as follows: RMB 1,057,947,899.76. is to be allocated as the fund for dividend distribution for 2017. with the total shares at the end of 2017, i.e., 2,090,806,126 shares, as the base, cash dividend of RMB 5.36 (including tax) is to be distributed for every 10 shares .The remaining undistributed profits are to be carried forward to the next year. The foreign exchange translation of the cash dividends for shareholders holding B share and overseas corporate shares will be determined according to HKD:RMB bank's Middle rate quoted by People's Bank of China on the first working day after 2017 annual shareholders' general meeting makes

resolution on dividend distribution.

Dividend distribution of the latest three years

In RMB

| Year | Cash dividend<br>(Including Tax) | Net profit<br>attributable to the<br>over of the parent<br>company in the<br>consolidated<br>financial statements | Ratio in net profit<br>attributable to the<br>parent company in<br>the consolidated<br>financial statements | Amount of cash<br>dividends from cash<br>offer to repurchase<br>shares of the funds | Proportion of cash<br>dividends from cash<br>offer to repurchase<br>shares of the funds |
|------|----------------------------------|---|---|---|---|
| 2017 | 1,057,947,899.76                 | 1,509,922,398.70  | 70.07%  | 0.00  | 0.00%   |
| 2016 | 702,510,858.34                   | 1,001,205,945.39  | 70.17%  | 0.00  | 0.00%   |
| 2015 | 188,567,662.20                   | 696,100,201.88  | 27.09%  | 0.00  | 0.00%   |

In the reporting period, both the Company's profit and the parent company's retained earnings were positive however not cash dividend distribution proposal has been put forward.

☐Applicable ☒ Not applicable

## II.Profit distribution plan and capitalizing of common reserves plan for the Period

☒ Applicable ☐ Not applicable

|   |                  |
|---|------------------|
| Bonus shares for every ten shares(Shares)   | 0                |
| Cash dividend for every ten shares<br>(Yuan)(Tax-included)  | 5.06             |
| Distribute additional (shares)for 10 shares   | 0                |
| A total number of shares as the distribution<br>basis(shares)   | 2,090,806,126    |
| Total cash dividend (Yuan)(Tax-included)  | 1,057,947,899.76 |
| Profit dividend (Yuan)  | 2,090,806,126.00 |
| Proportion of cash dividend in the distributable<br>profit (%)  | 1                |
| Cash dividend distribution policy   |                  |
| The Company is in a fast growth stage, there fore, the cash dividend will reach 40% of the profit distribution at least. Cash dividend distribution policy  |                  |
| Details of profit distribution or reserve capitalization plan   |                  |
| 1.10% of the net profit of the company, i.e. RMB177,864,580.14, is to be allocated for statutory common reserve fund.   |                  |
| 2.The profit for 2017 is to be distributed as follows: RMB 1,057,947,899.76. is to be allocated as the fund for dividend distribution for 2017. with the total shares at the end of 2017, i.e., 2,090,806,126 shares, as the base, cash dividend of RMB 5.36 (including tax) is to be distributed for every 10 shares .The remaining undistributed profits are to be carried forward to the next year. The foreign exchange translation of the cash dividends for shareholders holding B share and overseas corporate shares will be determined according to HKD:RMB bank's |                  |

Middle rate quoted by People's Bank of China on the first working day after 2017 annual shareholders' general meeting makes resolution on dividend distribution.

### III.Commitments to fulfill the situation

1.The fulfilled commitments in the reporting period and under-fulfillment commitments by the end of the reporting period made by the company, shareholder, actual controller, acquirer, director, supervisor, senior management personnel and other related parities.

| Commitment   | Commitment maker   | Type                     | Contents   | Time of making commitment | Period of commitment                          | Fulfillment                     |
|--|--|--------------------------|--|---------------------------|---|---------------------------------|
| Commitment on share reform   |  |                          |  |                           |   |                                 |
| Commitment in the acquisition report or the report on equity changes |  |                          |  |                           |   |                                 |
| Commitment made upon the assets replacement                          | Guangfa Securities Co., Ltd., Tibet Yingyue Investment Management Co., Ltd., Yadong Fuxing Yalian Investment Co., Ltd. | Share limited commitment | Guangdong Expressway A shares acquired by the Company through subscription in this major asset reorganization cannot be transferred or listed for transaction within thirty-six months from the date of the completion of the shares issuance in this major asset reorganization. Upon the expiry of the lock-up period, the transfer and transaction of these shares will be made in accordance with the effective laws and regulations, and relevant provisions of CSRS and Shenzhen Stock Exchange (SSE).   | June 18,2015              | The date of the expiration of the share lock. | Fulfill the commitment normally |
|  | Guangdong Expressway Co., Ltd., Guangdong Highway Construction Co., Ltd., Guangdong Communication Group Co., Ltd.      | Share limited commitment | Guangdong Expressway A shares acquired by the Company through subscription in this major asset reorganization cannot be transferred or listed for transaction within thirty-six months from the date of the completion of the shares issuance in this major asset reorganization. Upon the expiry of the lock-up period, the transfer and transaction of these shares will be made in accordance with the effective laws and regulations, and relevant provisions of CSRS and Shenzhen Stock Exchange (SSE). Upon the completion of this major asset reorganization, if the closing price of the A-share of Guangdong Expressway is below the issue price for 20 | June 26,2015              | The date of the expiration of the share lock. | Fulfill the commitment normally |

| Commitment | Commitment maker               | Type  | Contents   | Time of making commitment | Period of commitment  | Fulfillment                     |
|------------|--------------------------------|---|--|---------------------------|---|---------------------------------|
|            | Guangdong Expressway Co., Ltd. | Performance commitments and compensation arrangements | consecutive trading days within six months, or at the end of six months after the completion of the transaction the closing price is below the issue price, the lock-up period of the A-share of Guangdong Expressway acquired by the Company through this major asset reorganization will be automatically extended for six months.   |                           |   |                                 |
|            |                                |   | Upon the mutual agreement by the Company and the Guangdong Expressway Co., Ltd., the predicted annual net profit of the Guangzhou Fokai Expressway Co., Ltd. is RMB 250.6973 million in 2016, RMB 2690.0802 million in 2017, and RMB 403.1197 million in 2018. The non-recurring profit and loss in total is RMB 105.5743 million through accumulated prediction. Within the compensation period, if Guangdong Fokai Expressway Co., Ltd. achieves the accumulated net profit at the end of one year lower than the accumulated predicted net profit of such year, the company will, based on shares needing compensation through calculated and determined subject to the Agreement, buy back them by 1 yuan from Guangdong Fokai Expressway Co., Ltd. and cancel them and Guangdong Expressway Co., Ltd. shall compensate in cash for the share part in short. Upon the compensation period expiration, if the actual accumulated non-recurring profit and loss (means the compensation granted within the compensation period by the governmental sector to Guangdong Fokai Expressway Co., Ltd. for Jiujiang Bridge charging cancel, hereinafter referred to as “compensation amount for Jiujiang bridge”) of Guangdong Fokai Expressway Co., Ltd. is lower than accumulated predicted non-recurring profit and loss, Guangdong Expressway Co., Ltd. will, subject to its shareholding ratio in Guangdong Fokai Expressway Co., Ltd. before the major assets restructuring implementation, compensate the company in cash per the agreement; after the compensation period | August 26, 2015           | The period of compensation and the date of completion of the agreement. | Fulfill the commitment normally |

| Commitment | Commitment maker  | Type  | Contents   | Time of making commitment | Period of commitment   | Fulfillment                     |
|------------|---|---|--|---------------------------|--|---------------------------------|
|            |   |   | expiration, upon Guangdong Fokai Expressway Co., Ltd. acceptance of Jiujiang bridge compensation each time, the company shall refund the corresponding part among the compensation paid subject to the agreement by Guangdong Expressway Co., Ltd. within 30 workdays after Guangdong Fokai Expressway Co., Ltd. receives such compensation.   |                           |  |                                 |
|            | Guangdong Highway Construction Co., Ltd.  | Performance commitments and compensation arrangements                             | Upon the mutual agreement by the Company and the Guangdong Provincial Highway Construction Co., Ltd., the predicted annual net profit of the Guangzhou Guangzhu Traffic Investment Management Co., Ltd. is RMB 230.3606 million in 2016, RMB 263.2329 million in 2017, and RMB 286.5018 million in 2018. Within the term of compensation, if the cumulated net profit of Guangzhou Guangzhu Transportation Investment Management Co., Ltd. by the end of a year is lower than the accumulated predicted net profit of that year, the Company will buy back the compensated shares at the price of RMB 1 from the Guangzhou Guangzhu Transportation Investment Management Co., Ltd. that should be calculated in accordance with the agreement, and deregister such shares. | August 26, 2015           | The period of compensation and the date of completion of the agreement.  | Fulfill the commitment normally |
|            | Guangdong Expressway Co., Ltd., Guangdong Highway Construction Co., Ltd., Guangdong Communication Group Co., Ltd. | Commitments on horizontal competition, related transaction and capital occupation | The commitment to avoid horizontal competition: 1. the Company and the companies that are under direct or indirect control of the Company, except Guangdong Expressway and its subsidiaries, will not use the controlling shareholders to damage the legitimate interests of the business activities of Guangdong Expressway and its medium and small shareholders and its subsidiaries. 2. The Company and the companies that are under direct or indirect control of the Company, except Guangdong Expressway and its subsidiaries, will not use the information acquired from Guangdong Expressway and its subsidiaries to engage in core business which competes with Guangdong Expressway and its subsidiaries and will not conduct any                               | June 26, 2015             | This commitment is valid from the date of signing this letter of commitment to the date on which the shares of | Fulfill the commitment normally |

| Commitment | Commitment maker | Type | Contents   | Time of making commitment | Period of commitment  | Fulfillment |
|------------|------------------|------|--|---------------------------|---|-------------|
|            |                  |      | <p>activity that damages or may damage the legitimate interests of Guangdong Expressway and its medium and small shareholders and its subsidiaries. 3. As for the transfer of toll roads, bridges, tunnels and related ancillary facilities or equity invested, constructed or managed by the Company or companies, that are under direct or indirect control of the Company, except Guangdong Expressway and its subsidiaries to the Company or any company that is under direct or indirect control of the company, unless it is a transferee expressly designated by the relevant government departments, to the extent permitted by relevant laws and regulations, Guangdong Expressway has the right of preemption under the same conditions. 4. In the future, if the Company and the companies that are under direct or indirect control of the Company, except Guangdong Expressway and its subsidiaries, invest and construct a parallel highway or a highway in the same direction on either side of the Highway within 20 km, to the extent permitted by relevant laws and regulations, except in the project whose investors have been expressly specified by the relevant government departments, Guangdong Expressway has the priority right to invest ahead of the Company and the companies that are under direct or indirect control of the Company, except Guangdong Expressway and its subsidiaries,. This commitment, when signed, constitutes the irrevocable legal obligations of the Company. If the circumstances arise that cause damage to Guangdong Expressway because of the Company's breach of the commitment, the Company will bear the corresponding liability according to laws. The commitment to reduce and regulate the connected transactions: 1. After the completion of this major asset reorganization, the Company and the companies that are under direct or indirect control of the Company, except Guangdong Expressway and its subsidiaries, and other related parties will</p> |                           | Company is no longer controlled by the controlling shareholder of the Guangdong Expressway. |             |

| Commitment | Commitment maker                            | Type             | Contents  | Time of making commitment | Period of commitment | Fulfillment                     |
|------------|---|------------------|---|---------------------------|----------------------|---------------------------------|
|            |   |                  | <p>try to avoid the connected transaction with Guangdong Expressway and its subsidiaries; the necessary and unavoidable connected transactions shall be conducted in accordance with the principles of fairness and compensation of equal value, the transaction prices shall be determined according to the reasonable market price, the transaction approval procedures and the disclosure obligations should be conducted in accordance with relevant laws, regulations and regulatory documents, to effectively protect the interests of medium and small shareholders of Guangdong Expressway . 2. The Company guarantees to be in strict accordance with relevant laws and regulations, the regulations and regulatory documents promulgated by CSRC, the business rules promulgated by Shenzhen Stock Exchange (SSE) and the rules of the system such as the <i>Articles of Association of Guangdong Provincial Expressway Development Co., Ltd.</i>, exercise the shareholder rights and fulfill the obligations of shareholders according to laws, without using controlling shareholders' holding position to seek improper interests, without damage to the legitimate rights and interests of Guangdong Expressway and its medium and small shareholders. Once in violation of the above-stated commitment, the company conducts a transaction with Guangdong Expressway and its subsidiaries, causing damages to them, it shall bear the liability for compensation according to laws. The date of this commitment is valid from the date of signing the letter of commitment to the date of the Company's ceasing to be controlled by the controlling shareholder of the Company.</p> |                           |                      |                                 |
|            | Guangdong Provincial Expressway Development | Other commitment | (1) The commitment to the authenticity, accuracy and completeness of the information disclosure and application documents: The Company guarantees that there is no false, misleading statement or major omission in   | June 26,2015              |                      | Fulfill the commitment normally |

| Commitment | Commitment maker | Type | Contents   | Time of making commitment | Period of commitment | Fulfillment |
|------------|------------------|------|--|---------------------------|----------------------|-------------|
|            | Co., Ltd.        |      | the information disclosure and application documents for the major asset reorganization, and it bears the legal liability for the authenticity, accuracy and completeness of the above-mentioned information disclosure and application documents. (2) The commitment of Guangdong Expressway to not violate Article 39 of the <i>Administrative Measures for the Issuance of Securities by Listed Companies</i> . The Company confirms and warrants that there is no violation of the following matters regulated by the Article 39 of the <i>Administrative Measures for the Issuance of Securities by Listed Companies</i> : 1. The issuance application documents have false, misleading statements or major omissions; 2. The interests of the Company are seriously damaged by the controlling shareholders or the actual controller, and such damages have not been eliminated; 3. The Company and its subsidiaries illegally provide external guarantees and such guarantees have not been eliminated; 4. The Board of Directors or senior management have recently been subject to administrative penalty by CSRC within thirty-six months, or within 12 months have been publicly condemned by the Stock Exchange; 5. The current Board of Directors and senior management of the Company are suspected of a crime and investigated by the judiciary authorities or suspected of breaking the laws or the regulations and investigated by CSRC; 6. In the financial report of the most recent year or period, the CPA issues an audit report with qualified opinion, adverse opinion or disclaimer of opinion, except that the significant impact of matters concerning the qualified opinion, adverse opinion and disclaimer of opinion has been eliminated or that the issue relates to the major reorganization; 7. Other cases seriously damaging the legitimate interests of investors and the public interests. (3) Other commitments: urge Fokai Expressway Co., Ltd. to transfer the Xiebian Office to Guangfo |                           |                      |             |

| Commitment | Commitment maker                        | Type             | Contents   | Time of making commitment | Period of commitment  | Fulfillment                     |
|------------|---|------------------|--|---------------------------|---|---------------------------------|
|            |   |                  | Expressway Co., Ltd.   |                           |   |                                 |
|            | Guangdong Communication Group Co., Ltd. | Other commitment | <p>(1) The commitment to the authenticity, accuracy and completeness of the information provided: 1. The Company guarantees to provide the information related to the major asset reorganization for Guangdong Expressway and ensures its authenticity, accuracy and completeness; if there is false, misleading statement or major omission in the information provided, which causes losses to Guangdong Expressway or the investors, the Company will assume the compensation liabilities in accordance with laws. If it is suspected that there is false, misleading statement or major omission in the information disclosed or provided for the major asset reorganization, and it is investigated by the judiciary authorities or by CSRC, before the clear conclusion of the case is reached, the Company will suspend the transfer of shares of Guangdong Expressway held by the Company, and within two business days upon receipt of the notice of filing a case and inspection, the written application for suspending the transfer and the stock account should be submitted to the Board of Directors of Guangdong Expressway, and the Board of Directors of Guangdong Expressway, shall, on behalf of the Company apply for the lockout towards Shenzhen Securities Exchange (SSE) and Registration and Clearing Company; if the application for the lockout is not submitted in two business days, after verification the Board of Directors authorized by the Company will directly submits the Company's identity and account information to the Registration and Clearing Company and apply for the lockout; if the Board of Directors fails to do so, the Securities Exchange and the Registration and Clearing Company will be authorized to directly lock the related shares. If it is found that the Company has illegal circumstances, the company promises that the lockout shares should be automatically used for the</p> | June 18,2015              | <p>(1) a promise without a commitment period.</p> <p>(2) the date of the validity of the term commitment from the date of this letter of commitment to the date of the company no longer is the date of the controlling shareholder of guangdong.</p> <p>(3) the date of the validity of the term commitment to the completion of the completion of</p> | Fulfill the commitment normally |

| Commitment | Commitment maker   | Type             | Contents   | Time of making commitment | Period of commitment  | Fulfillment                     |
|------------|--|------------------|--|---------------------------|---|---------------------------------|
|            |  |                  | compensation for the relevant investors. (2) The commitment to maintain the independence of the listed company. The Company and the companies, that are under direct or indirect control of the Company, except Guangdong Expressway and its holding subsidiaries, have increased their shares of Guangdong Expressway after the completion of the major asset reorganization; however they will not damage the independence of Guangdong Expressway . They will continue to be separated from Guangdong Expressway in assets, personnel, finance, organization and business and strictly abide by the relevant provisions on the independence of listed companies of CSRC. They don't illegally use Guangdong Expressway to provide guarantee, or occupy its capital so as to keep and maintain its independence and safeguard the legitimate rights and interests of other shareholders of Guangdong Expressway . All losses will be borne by the Company if it breaks the above commitments and causes losses to Guangdong Expressway . |                           | the completion of the major asset restructuring.  |                                 |
|            | Guangdong Highway Construction Co., Ltd., Guangdong Expressway Co., Ltd. | Other commitment | (1) The commitment to the authenticity, accuracy and completeness of the information provided: The Company guarantees that there is no false, misleading statement or major omission in the information disclosure and application documents for the major asset reorganization. If it is suspected that there is false, misleading statement or major omission in the information disclosed or provided for the major asset reorganization, and it is investigated by the judiciary authorities or by CSRC, before the clear conclusion of the case is reached, the Company will suspend the transfer of shares of Guangdong Expressway held by the Company, and within two business days upon receipt of the notice of filing a case and inspection, the written application for suspending the transfer and the stock account should be submitted to the Board of Directors of Guangdong Expressway, and the  | June 26, 2015             | (1) a promise without a commitment period.<br>(2) the date of the validity of the term commitment from the date of this letter of commitment to the date of | Fulfill the commitment normally |

| Commitment | Commitment maker | Type | Contents  | Time of making commitment | Period of commitment   | Fulfillment |
|------------|------------------|------|---|---------------------------|--|-------------|
|            |                  |      | <p>Board of Directors of Guangdong Expressway, shall, on behalf of the Company, apply for the lockout towards Shenzhen Securities Exchange (SSE) and Registration and Clearing Company; if the application for the lockout is not submitted within two business days, after verification the Board of Directors authorized by the Company will directly submits the Company's identity and account information to the Registration and Clearing Company and apply for the lockout; if the Board of Directors fails to do so, the Securities Exchange and the Registration and Clearing Company will be authorized to directly lock the related shares. If it is found that the Company has illegal circumstances, the Company promises that the lockout shares should be automatically used for the compensation for the relevant investors. (2) The commitment to maintain the independence of the listed company. The Company and the companies, that are under direct or indirect control of the Company, except Guangdong Expressway and its subsidiaries, have increased their shares of Guangdong Expressway after the completion of the major asset reorganization; however they will not damage the independence of Guangdong Expressway. They will continue to be separated from Guangdong Expressway in assets, personnel, finance, organization and business and strictly abide by the relevant provisions on the independence of listed companies of CSRC. They will not illegally use Guangdong Expressway to provide guarantee, or occupy its capital, and they will keep and maintain the its independence and safeguard the legitimate rights and interests of other shareholders of it. (3)The company confirmed and guaranteed: 1, the company set up and effectively exist in accordance with the law of the enterprise, the company has an independent legal personality, independent of the ability to assume legal responsibility. 2, as the commitment letter issued by the Japanese, the company does not</p> |                           | <p>the company no longer is the date of the controlling shareholder of guangdong.</p> <p>(3) the date of the validity of the term commitment to the completion of the completion of the completion of the major asset restructuring.</p> |             |

| Commitment | Commitment maker                        | Type             | Contents  | Time of making commitment | Period of commitment   | Fulfillment                          |
|------------|---|------------------|---|---------------------------|--|--------------------------------------|
|            |   |                  | exist in the listed company acquisition management approach "the provisions of Article 6 of the acquisition of a listed company may not be under any of the following circumstances: (1) bears a relatively large amount of debt, due and outstanding, and in persistent state; (2) in recent 3 years, have major violations or suspected of major violations; (3) in recent 3 years, have severe stock market acts of dishonesty; (4) the laws, administrative regulations and recognized by the CSRC shall not purchase of Listed Companies in other circumstances. This commitment is issued to the completion of the reorganization before, if the company does not conform to the fact that these commitments, the company that will be occurring in the facts, from within 3 days notice of Guangdong expressway, otherwise it will bear incurred in the full legal responsibility. |                           |  |                                      |
|            | Guangdong Communication Group Co., Ltd. | Other commitment | Guangdong Communication Group Co., Ltd. commits: for the lands, real estates and allocated lands for which the Guangdong Fokai Expressway Co., Ltd. and Guangzhu Section of Jingzhu Expressway Co., Ltd. have not gone through the procedures of ownership registration (1) the property rights of the above-mentioned lands are clear, and can be legally used by the target company; (2) assist or ask the Guangdong Highway Co., Ltd. and Guangdong Highway Construction Co., Ltd to assist in conducting the ownership registration of the real estates; (3) the land can continue to be used unscathed before the ownership registration; (4) once losses arise, bear the losses of Guangdong Expressway according to its shareholding ratio.  | January 19,2016           | Related land, real estate management authority certificate or related land to complete the transfer procedures of the day. | Fulfill the commitment normally      |
|            | Guangdong Communication Group Co., Ltd. | Other commitment | Guangdong Communication Group Co., Ltd. commits: within 3 years from the date of completion of the reorganized underlying asset transfer, in which Guangzhu Section of Jingzhu Highway Co., Ltd. shall hire professional  | January 19,2016           | within 3 years from the date of completion   | Change of deadline for completion of |

| Commitment  | Commitment maker                        | Type             | Contents  | Time of making commitment | Period of commitment  | Fulfillment                     |
|---|---|------------------|---|---------------------------|---|---------------------------------|
|   |   |                  | organizations to sort out and prepare the documents needed for the ownership registration and complete the ownership registration procedures within 1 year for the relevant lands or real estates in Guangzhou and Zhuhai city for which the Guangdong Fokai Expressway Co., Ltd and Guangzhou Section of Jingzhu Expressway Co., Ltd. have not gone through the procedures of ownership registration.  |                           | of the reorganized underlying asset transfer  | commitments                     |
|   | Guangdong Communication Group Co., Ltd. | Other commitment | In favor of safeguarding the interests of listed companies under the situation, will urge the Fokai company and Guangzhou Zhuhai east company in accordance with the following plan registration: 1, hire a professional organization, the relevant land and real estate information for further screening and combing, and further to find out the management problems and difficulties relating to land and property management authority to prove the existence of the 2; the establishment of land and real estate registration work group, and hire a professional agency, organize and improve the relevant land and real estate registration documents; 3, to accelerate the processing speed, the completion of 3 years for the relevant land and real estate registration formalities completed in this major asset restructuring, which, for Guangzhou Zhuhai east company in Guangzhou City, the administrative area of Zhuhai city have not for the relevant certificate of ownership of land and real estate (the part of the land, real estate If not covered by the letter of confirmation of the relevant government, the registration procedures shall be completed within 3 years from the date of the completion of this major asset reorganization. | July 19,2017              | within 3 years from the date of completion of the reorganized underlying asset transfer | Fulfill the commitment normally |
| Commitments made upon first issuance or refinance |   |                  |   |                           |   |                                 |

| Commitment  | Commitment maker   | Type | Contents | Time of making commitment | Period of commitment | Fulfillment |
|---|--|------|----------|---------------------------|----------------------|-------------|
| Equity incentive commitment   |  |      |          |                           |                      |             |
| Other commitments made to minority shareholders   |  |      |          |                           |                      |             |
| Completed on time(Y/N)  | No   |      |          |                           |                      |             |
| Where the commitment is overdue and has not been fulfilled, then the specific reasons for the failure to complete and the next work plan shall be specified | <p>Through the deliberation and approval of the 11th temporary meeting of the 8<sup>th</sup> Board of Directors and the 1<sup>st</sup> temporary general meeting of shareholders in 2017, it agrees on the change of Guangdong Traffic Group Co., Ltd. commitments about relevant land and housing handling the ownership registration procedures of the asset reorganization subject Guangdong Fokai Expressway Co., Ltd. and Jingzhu Expressway Guangzhu Section Co., Ltd. among major assets reorganization for which, the company issues shares, pay for assets purchase in cash and collect the supporting capital in 2016. Refer to the <i>Announcement on the Completion Progress Condition of the Major Assets Reorganization Commitments and the Completion Period of the Dominant Shareholder's Application for Changing Partial Commitments</i> and <i>Announcement of the Resolution of the 11<sup>th</sup> Session (Temporary) of the 8<sup>th</sup> Board of Directors</i> on July 4, 2017 and the <i>Announcement of the Resolution of the 1<sup>st</sup> Temporary General Meeting of Shareholders</i> on July 20, 2017 of the company on <i>Securities Times</i>, <i>China Securities Journal</i> and <i>Shanghai Securities News</i> for details about the partial commitments change.</p> |      |          |                           |                      |             |

2.The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained

☒Applicable ☐Not applicable

| Asset or Project Name of Earnings Forecast                 | Start date of the forecasting period | End date of the forecasting period | Forecast earnings | Actual earnings | Reason for less than forecast | Disclosure date of the Forecast | Reference for the Forecast  |
|--|--------------------------------------|------------------------------------|-------------------|-----------------|-------------------------------|---------------------------------|---|
| Fokai Expressway Co., Ltd.                                 | January 1,2016                       | December 31,2018                   | 26,008.02         | 31,470.91       | Not applicable                | July 7,2016                     | www.cninfo.com.cn .<br>Announcement on matters related to major asset restructuring commitments |
| Guangzhou Guangzhu Traffic Investment Management Co., Ltd. | January 1,2016                       | December 31,2018                   | 26,323.29         | 32,150.34       | Not applicable                | July 7,2016                     | www.cninfo.com.cn .<br>Announcement on matters related to major asset restructuring commitments |

The commitments of the operating earnings made by the company's shareholder and relevant transaction parties

☐ Applicable ☒ Not applicable

#### **IV.Particulars about the non-operating occupation of funds by the controlling shareholder**

☐ Applicable ☒ Not applicable

Nil

#### **V.Explanation of the Supervisory Committee and Independent Directors (If applicable)on the Qualified Auditor's Report Issued by the CPAs.**

☐ Applicable ☒ Not applicable

Nil

#### **VI.Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year.**

☒Applicable ☐ Not applicable

In accordance with requirements of the Notice Concerning Printing of the Revised Accounting Standards for Business Enterprises No. 16- Governmental Subsidies (CK[2017] No.15), the company shall include the

governmental subsidies related to the enterprise daily activities into the other income or offset relevant costs subject to the economic business property; and include those irrelevant to the enterprise daily activities into the non-business income. Therefore, the company shall adopt the prospective application for such accounting policy change, which will not produce any influence on profits and losses, total assets and net assets listed in the current and previous periods.

Pursuant to the Notice on the Revision and Issuance of the Format for General Enterprise Financial Statements (Cai Kuai [2017] No.30), the gains and losses on the disposal of non-current assets and the gains and losses of non-monetary asset exchange previously stated in "Non-operating income" and "Non-operating expenses" are required to be presented in the "Gains on disposal of assets". Accordingly, the Company applied retrospective adjustment method to the change of such accounting policy, reduced non-operating income by RMB10,105,140.34 in 2016 and increased gains on disposal of assets by RMB10,105,140.34 in 2016, which would not affect the net profit presented in the previous period.

VII.Explain retrospective restatement due to correction of significant accounting errors in the reporting period

☐Applicable ☒ Not applicable

Nil

#### VIII.Explain change of the consolidation scope as compared with the financial reporting of last year.

☒Applicable ☐Not applicable

The Company had 6 subsidiaries included in the scope of consolidation in 2017. The scope of the consolidated financial statements increased by 1 compared with the previous period-for having the newly established enterprise.

On August 3, 2017, the Company established a wholly-owned subsidiary, Guangdong Yuegao Capital Investment (Hengqin) Co., Ltd., which was newly added into the scope of consolidation in 2017.

#### IX. Engagement/Disengagement of CPAs

CPAs currently engaged

|   |  |
|---|--|
| Name of the domestic CPAs   | Zhengzhong Zhujiang Certified Public Accountants Co., Ltd. |
| Remuneration for domestic accounting firm (RMB'0000)                        | 120  |
| Successive years of the domestic CPAs offering auditing services            | 7  |
| Names of the certified public accountants from the domestic CPAs            | Feng Kuncong,Xu Jihong                                     |
| Successive years of the certified public accountants from the domestic CPAs | Feng Kuncong 2 years, Xu Jihong 3 years                    |

Has the CPAs been changed in the current period

☐ Yes ☒No

Description of the CPAs, financial adviser or sponsor engaged for internal control auditing

☒Applicable ☐Not applicable

1. 2016 shareholders' general meeting of the Company examined and adopted the Proposal for Engaging Auditing Body for Internal Control. The Company was approved to engage Guangdong Zhengzhong Zhujiang Certified Public Accountants Co., Ltd. as the auditing body for internal control of the Company for 2017. The audit fee shall be less than RMB 0.30 million.

2. For the item of major assets, the company employed CITIC Securities Company Limited as the Financial Consultant in current year and 3 million yuan was paid already to the Financial Consultant in 2015.

#### **X. Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report**

☐Applicable ☒Not applicable

#### **XI. Relevant Matters of Bankruptcy Reorganization**

☐Applicable ☒Not applicable

Nil

#### **XII. Matters of Important Lawsuit and Arbitration**

☐Applicable ☒Not applicable

Nil

#### **XIII. Situation of Punishment and Rectification**

☐Applicable ☒Not applicable

Nil

#### **XIV. Credit Condition of the Company and its Controlling Shareholders and Actual Controllers**

☐Applicable ☒Not applicable

#### **XV. Implementation Situation of Stock Incentive Plan of the Company, Employee Stock Ownership Plan or Other Employee Incentive Measures**

☐Applicable ☒Not applicable

Nil

#### **XVI. Material related transactions**

1. Related transactions in connection with daily operation

☐Applicable ☒Not applicable

Nil

2. Related-party transactions arising from asset acquisition or sale

☐Applicable ☒Not applicable

Nil

## 3. Related-party transitions with joint investments

☐Applicable ☒ Not applicable

Nil

## 4. Credits and liabilities with related parties

☒Applicable ☐ Not applicable

There are non-operational contact of related credit and debts in the Company

☐Yes ☒No

Nil

## 5. Other significant related-party transactions

☒Applicable ☐ Not applicable

(1) The 7th meeting of the Eighth board of directors of the Company examined and adopted the Proposal for Renewing the Lease of Litong Plaza as Office Building. Agreed to continue to leasing the full floor of 44<sup>th</sup> floor and the full floor unit of 43th floor (self-directed the full floor of 46<sup>th</sup> floor and the full floor unit of 45<sup>th</sup> floor) of Litong Plaza planning floor of Guangdong Litong Property Investment Co., Ltd as the office use, with the time from May 5, 2017 to May 4, 2020. The monthly rent standard in the period from May 5, 2017 to May 4, 2018 is RMB 735,092, and the monthly rent standard in the period from May 5, 2018 to May 4, 2020 is RMB 771,847. During the lease period, RMB 147,387 will be paid to the Guangzhou branch of Beijing Shibang Property Management Service Co., Ltd every month.

2. The Proposal about the Daily Related Transaction of 2017 of the Company was examined and approved in the 7th meeting of the 8th session of the Board of Directors, agreed that the company and its wholly-owned subsidiaries and holding subsidiaries had the total transaction amount of RMB 58.6903 million.

3. The 13th (interim) Meeting of the Eighth Board of Directors and the 3rd Provisional Shareholders' General Meeting of 2017 examined and approved the "Proposal of Signing Financial Services Agreement with Guangdong Communications Group Finance Co., Ltd", and agreed that the Company and Guangdong Provincial Communications Group Finance Co., Ltd signed the "Financial Services Agreement" and authorized the company's management team to implement the specific.

The website to disclose the interim announcements on significant related-party transactions

| Description of provisional announcement    | Date of disclosing provisional announcement | Description of the website for disclosing provisional announcements |
|--|---|---|
| Related transaction announcement           | March 29, 2017                              | www.cninfo.com.cn   |
| Announcement of related party transactions | March 31, 2017                              | www.cninfo.com.cn   |
| Related transaction announcement           | October 31, 2017                            | www.cninfo.com.cn   |

## XVII. Particulars about significant contracts and their fulfillment

## 1. Particulars about trusteeship, contract and lease

## (1) Trusteeship

☐Applicable ☒ Not applicable

Nil

## (2) Contract

☐ Applicable ☒ Not applicable

Nil

## (3) Lease

☐ Applicable ☒ Not applicable

Nil

## 2. Guarantees

☒ Applicable ☐ Not applicable

## (1) Guarantees

In RMB'0000

| Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries) |   |                     |   |  |                |                     |                                 |  |
|---|---|---------------------|---|--|----------------|---------------------|---------------------------------|--|
| Name of the Company   | Relevant disclosure date/No. of the guaranteed amount | Amount of Guarantee | Date of happening (Date of signing agreement) | Actual mount of guarantee                                    | Guarantee type | Guarantee term      | Complete implementation or not  | Guarantee for associated parties (Yes or no) |
| Guangdong Communication Group Co.,Ltd   | May 11,2012   | 172,500             | May 31,2013                                   | 172,500  | Martgage       | 2012.9.25-2021.7.25 | No                              | Yes  |
| Total of external guarantee approved in Period(A1)  |   | 22,500              |   | Total of actual external guarantee in Period(A2)             |                | 22,500              |                                 |  |
| Total of external guarantee approved at Period-end(A3)                                      |   | 172,500             |   | Total balance of actual external guarantee at Period-end(A4) |                | 172,500             |                                 |  |
| Guarantee of the Company for the controlling subsidiaries                                   |   |                     |   |  |                |                     |                                 |  |
| Name of the Company guaranteed  | Relevant disclosure date/No. of the guaranteed amount | Amount of guarantee | Date of happening (Date o signing agreement)  | Actual mount of guarantee                                    | Guarantee type | Guarantee term      | Complete implemen tation or not | Guarante e for associate d parties (Yes or   |

|   |   |                     |  |  |                |                |                                 |  |
|---|---|---------------------|--|--|----------------|----------------|---------------------------------|--|
|   |   |                     |  |  |                |                |                                 | no)  |
| Guarantee of the subsidiaries for the controlling subsidiaries  |   |                     |  |  |                |                |                                 |  |
| Name of the Company guaranteed  | Relevant disclosure date/No. of the guaranteed amount | Amount of guarantee | Date of happening (Date o signing agreement) | Actual mount of guarantee                          | Guarantee type | Guarantee term | Complete implemen tation or not | Guarante e for associate d parties (Yes or no) |
| Total of Company’ s guarantee （namely total of the large three aforementioned）                              |   |                     |  |  |                |                |                                 |  |
| Total of guarantee in the Period （A1+B1+C1）   |   | 22,500              |  | Total of actual guarantee in the Period （A2+B2+C2） |                | 22,500         |                                 |  |
| Total of guarantee at Period-end （A3+B3+C3）   |   | 172,500             |  | Total of actual guarantee at Period-end （A4+B4+C4） |                | 172,500        |                                 |  |
| The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+B4+C4) |   |                     |  | 19.12%   |                |                |                                 |  |
| Including   |   |                     |  |  |                |                |                                 |  |
| Amount of guarantee for shareholders, actual controller and its associated parties （D）                      |   |                     |  | 172,500  |                |                |                                 |  |
| Total guarantee Amount of the abovementioned guarantees （D+E+F）   |   |                     |  | 172,500  |                |                |                                 |  |

Description of the guarantee with complex method

(2) Illegal external guarantee

☐ Applicable ☒ Not applicable

Nil

3. Situation of Entrusting Others for Managing Spot Asset

(1) Situation of Entrusted Finance

☐ Applicable ☒ Not applicable

Nil

(2) Situation of Entrusted Loans

☐ Applicable ☒ Not applicable

Nil

4. Other significant contract

√ Applicable □ Not applicable

| Contract company name                  | Name of the other party who enter the contract                            | The subject of the contract                            | Date of contract signing | The contract involves the carrying amount of the asset (million)(if any) | The contract involves the valuation of the asset(Million)(If any) | Evaluation agency name(If any)                          | Evaluate the base date(If any) | Pricing principles              | Transaction price(Million) | Whether it is related to the transaction | Connection relation | As at the end of the reporting period | Disclosure date   | Disclosure index       |
|--|---|--|--------------------------|--|---|---|--------------------------------|---------------------------------|----------------------------|--|---------------------|---------------------------------------|-------------------|------------------------|
| Jingzhu Expressway Guangzhou Co., Ltd. | Zhuhai (State) High-tech Industrial Development Zone Management Committee | Guangao Expressway Zhuhai Section (No.K0+945---K5+158) | December 29, 2017        | 17,780.05  | 20,597  | Guangdong Zhonglian Yangcheng Asset Appraisal Co., Ltd. | May 31, 2017                   | Evaluation price as a benchmark | 20,600                     | No                                       | No relation.        | No                                    | December 30, 2017 | www:http.cninfo.com.cn |

## **XVIII. Social responsibility**

### **1. Execution of social responsibility of targeted poverty alleviation**

In 2017, the expressway toll-free policy for small-sized passenger cars with less than 7 seats for main holidays, intermittent free-charge release and green-channel preferential policy were still executed, Guangfo company, Fokai company and Guangzhudong company have completed each safety and smooth traffic task successfully based on the thorough understanding, complete personnel dispatching, duties performance and measures implementation.

1. Several measures are implemented synchronously to provide drivers and the public with the smooth, convenient, comfortable and safe driving environment and build the harmonious relationship between vehicles and roads jointly. The company is located in Guangfo and Fokai sections among Pearl River Delta developed zone, in which, the traffic flow is large and the charging squares and lanes resources are limited due to the limitation of the previous infrastructure construction scale. Then, with the influence of the north-ring expressway as well as Gonghe-Siqian bottleneck-type section, the congestion and slow traffic become normal. The traffic flow peak in holidays lasts long with strong directionality and plenty of emergencies and therefore the vehicle free toll in holidays catches high social attention. Each toll-station lanes are reconstructed with the whole-weighing-platform weighing equipment, which results in the larger pressure of the smooth traffic guarantee by stations. In light of such condition, the company motivated through organization the section companies to perfect and detail the smooth traffic guarantee working schemes continuously, summarize previous experience, conduct emergency exercises and make the production line exercise various smooth-traffic measures skillfully on one hand; on the other hand strengthen the service consciousness and conduct the business and civilized service trainings. Through efforts of all parties, the section for the company is free from artificial vehicle congestion and mass incidents for the whole year with the complaints limited to zero, through which, the safety and reliability of the expressway traffic environment were guaranteed.

2. Respond positively to the governmental policies, provide preferential, deduction and exemption policies per laws and reduce the cost of enterprise transportation and the masses travel.

Listed company and its subsidiary belongs to the key pollution enterprise listed by Department of Environmental Protection

Not applicable

Whether the social responsibility report released

☐ Yes ☒ No

## **XIX. Explanation on other significant events**

☒ Applicable ☐ Not applicable

Mr. Wang Chunhua, the general manager of the company, bought 135100 shares of Hong Kong high speed B shares in April 11, 2017. The purchase of company stock behavior reported in the first quarter of 2017 the company within thirty days before the date of disclosure, the first quarter of 2017 earnings forecast disclosure date within ten days before the violation of the "main board listed companies standardize operational guidelines" and "listed company directors, supervisors and senior management personnel of the company held shares and change management rules". The relevant provisions. The Shenzhen stock exchange and the Guangdong regulatory agency of the China Securities Regulatory Commission issued a supervisory letter to Mr. Wang Chunhua.

**XX. Significant event of subsidiary of the Company**

√ Applicable □ Not applicable

The Proposal about Guangdong Provincial Expressway Development Co., Ltd's Merger of Guangdong Fokai Expressway Co., Ltd was examined and approved in the eighth meeting(Temporary) of the eighth session board of directors of the company and was approved in the 2016 annual shareholders' general meeting , agreed to the company's merger and consolidation of the wholly-owned subsidiary-Guangdong Fokai Expressway Co., Ltd. In May 2017, the company set up the Guangdong Provincial Expressway Development Co., Ltd Foshan Branch Company, and completed the relevant industrial and commercial registration procedures. On August 1, 2017, the operation and management of the Fokai Expressway was officially transferred to Fokai Branch Company from Fokai Company.

| Description of provisional announcement   | Date of disclosing provisional announcement | Description of the website for disclosing provisional announcements |
|---|---|---|
| Announcement of Resolutions of the 8 <sup>th</sup> (Provisional) Meeting of the Eighth Board of Directors | April 8,2017                                | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>            |
| Announcement of Merger  | April 8,2017                                | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>            |
| Notice of Holding 2016 Annual Shareholders' General Meeting   | April 29,2017                               | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>            |
| Announcement on the progress of major Events  | May 4,2017                                  | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>            |

## VI. Change of share capital and shareholding of Principal Shareholders

### I.Changes in share capital

#### 1. Changes in share capital

In 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    | 1,273,392,897     | 60.90%     |                          |              |                                       | -222,595 | -222,595 | 1,273,170,302    | 60.89%     |
| 1.State-owned shares                      | 409,977,151       | 19.61%     |                          |              |                                       | 25,702   | 25,702   | 410,002,853      | 19.61%     |
| 2.State-owned legal person shares         | 521,393,021       | 24.94%     |                          |              |                                       |          |          | 521,393,021      | 24.94%     |
| 3.Other domestic shares                   | 342,022,725       | 16.35%     |                          |              |                                       | -248,297 | -248,297 | 341,774,428      | 16.34%     |
| Including : Domestic Legal person shares  | 341,260,941       | 16.32%     |                          |              |                                       | -35,155  | -35,155  | 341,225,786      | 16.32%     |
| Domestic natural person shares            | 761,784           | 0.03%      |                          |              |                                       | -213,142 | -213,142 | 548,642          | 0.02%      |
| II.Shares with unconditional subscription | 817,413,229       | 39.10%     |                          |              |                                       | 222,595  | 222,595  | 817,635,824      | 39.11%     |
| 1.Common shares in RMB                    | 468,663,229       | 22.42%     |                          |              |                                       | 222,595  | 222,595  | 468,885,824      | 22.43%     |
| 2.Foreign shares in domestic market       | 348,750,000       | 16.68%     |                          |              |                                       |          |          | 348,750,000      | 16.68%     |
| III. Total of capital shares              | 2,090,806,126     | 100.00%    |                          |              |                                       | 0        | 0        | 2,090,806,126    | 100.00%    |

Reasons for share changed

√ Applicable □ Not applicable

Note 1: within the report period, 40 shareholders repay the 25,702 consideration shares of the equity division reform prepaid by Guangdong Traffic Group Co., Ltd. and 4720 shares transfer into the “state holdings” from the “domestic legal person holdings” and 20982 domestic natural person holdings”.

Note 2: within the report period, “domestic legal person holdings” totaling 30435 shares and “domestic natural person holdings” totaling 135273 shares are released from the sales restriction and listed for circulation on April 28, 2017 and transferred into the “unlimited tradable shares”.

Note 3: The 56,887 shares held by the former Supervisor Tu Huiling was released into "Tradable Shares Without Restrictions" from the “Executive Lock-in shares”.

Approval of Change of Shares

□ Applicable √ Not applicable

## Ownership transfer of share changes

☐ Applicable ☒ Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

☐ Applicable ☒ Not applicable

Other information necessary to disclose for the company or need to disclosed under requirement from security regulators

☐ Applicable ☒ Not applicable

## 2. Change of shares with limited sales condition

☒ Applicable ☐ Not applicable

In RMB

| Shareholder Name                      | Initial Restricted Shares | Number of Unrestricted Shares This Term | Number of Increased Restricted Shares This Term | Restricted Shares in the End of the Term | Reason for Restricted Shares  | Date of Restriction Removal |
|---------------------------------------|---------------------------|---|---|--|---|-----------------------------|
| Guangdong Communication Group Co.,Ltd | 409,977,151               |   | 25,702  | 410,002,853                              | The change of shares to restricted share, No procedures for lifting the restriction have been completed | Unknown                     |
| Ren Jingkang and 40 shareholders      | 191,410                   | 165,708                                 |   |  | he change of shares to restricted share   | April 28,2017               |
| Tu Huiling                            | 56,887                    | 56,887                                  |   | 0  | he change of shares to restricted share   | January 5,2017              |
| Total                                 | 410,225,448               | 222,595                                 | 25,702  | 410,002,853                              | --  | --                          |

## II. Securities issue and listing

## 1.Explanation of the Situation of the Security Issue(No Preferred Shares) in the Report Period

☐ Applicable ☒ Not applicable

## 2.Change of asset and liability structure caused by change of total capital shares and structure

☐ Applicable ☒ Not applicable

## 3.About the existing employees' shares

☐ Applicable ☒ Not applicable

### III.Shareholders and actual controlling shareholder

#### 1. Number of shareholders and shareholding

In Shares

| otal number of common shareholders at the end of the reporting period          | 65,473                                | Total shareholders at the end of the month from the date of disclosing the annual report | 64,037                               | The total number of preferred shareholders voting rights restored at period-end (if any) |                                  | 0                                   |                                | 0           |
|--|---------------------------------------|--|--------------------------------------|--|----------------------------------|-------------------------------------|--------------------------------|-------------|
| Particulars about shares held above 5% by shareholders or top ten shareholders |                                       |  |                                      |  |                                  |                                     |                                |             |
| Shareholders   | Nature of shareholder                 | Proportion of shares held（%）   | Number of shares held at period -end | Changes in reporting period  | Amount of restricted shares held | Amount of un-restricted shares held | Number of share pledged/frozen |             |
|  |                                       |  |                                      |  |                                  |                                     | State of share                 | Amount      |
| Guangdong Communication Group Co.,Ltd  | State-owned legal person              | 24.55%   | 513,382,595                          |  | 410,002,853                      | 103,379,742                         |                                |             |
| Guangdong Highway Construction Co., Ltd,                                       | State-owned legal person              | 22.30%   | 466,325,020                          |  | 466,325,020                      |                                     |                                |             |
| Yadong Fuxing Yalian Investment Co., Ltd.                                      | Domestic non State-owned Legal person | 9.68%  | 202,429,149                          |  | 202,429,149                      |                                     | Pledge                         | 202,429,000 |
| Tibet Yingyue Investment Management Co., Ltd.                                  | Domestic non State-owned Legal person | 4.84%  | 101,214,574                          |  | 101,214,574                      |                                     |                                |             |
| Guangdong Expressway Co., Ltd.   | State-owned legal person              | 2.53%  | 52,937,491                           |  | 52,937,491                       |                                     |                                |             |
| Guangfa Securities Co., Ltd.   | Domestic non State-owned Legal person | 1.45%  | 30,364,372                           |  | 30,364,372                       |                                     |                                |             |
| Feng Wuchu   | Domestic natural person shares        | 1.02%  | 21,417,956                           |  |                                  |                                     |                                |             |
| Xingye Securities Co., Ltd.  | State-owned legal person              | 0.98%  | 20,570,063                           |  |                                  |                                     |                                |             |

| PERSHING LLC   | oreign legal person  | 0.83%  | 17,347,354 |  |  |  |  |             |
|--|--|--|------------|--|--|--|--|-------------|
| Xinyue Co., Ltd.   | Foreign legal person   | 0.63%  | 13,201,086 |  |  |  |  |             |
| Explanation on associated relationship among the aforesaid shareholders                      |  | Guangdong Communication Group Co., Ltd. is the parent company of Guangdong Expressway Co., Ltd. , Guangdong Highway Construction 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. |            |  |  |  |  |             |
| Shareholding of top 10 shareholders of unrestricted shares                                   |  |  |            |  |  |  |  |             |
| Name of the shareholder  | Quantity of unrestricted shares held at the end of the reporting period  | Share type   |            |  |  |  |  |             |
|  |  | Share type   |            |  |  |  |  | Quantity    |
| Guangdong Communication Group Co.,Ltd  | 103,379,742  | RMB Common shares  |            |  |  |  |  | 103,379,742 |
| Feng Wuchu   | 21,417,956   | RMB Common shares  |            |  |  |  |  | 19,677,358  |
|  |  | Foreign shares placed in domestic exchange   |            |  |  |  |  | 1,740,598   |
| Xingye Securities Co., Ltd.  | 20,570,063   | RMB Common shares  |            |  |  |  |  | 20,570,063  |
| PERSHING LLC   | 17,347,354   | Foreign shares placed in domestic exchange   |            |  |  |  |  | 17,347,354  |
| Xinyue Co., Ltd.   | 13,201,086   | Foreign shares placed in domestic exchange   |            |  |  |  |  | 13,201,086  |
| PRUSIK UMBRELLA UCITS FUND PLC   | 11,999,871   | Foreign shares placed in domestic exchange   |            |  |  |  |  | 11,999,871  |
| Khazanah Nasional Berhad—self fund   | 10,522,779   | RMB Common shares  |            |  |  |  |  | 10,522,779  |
| MATTHEWS CHINA DIVIDEND FUND   | 9,809,806  | Foreign shares placed in domestic exchange   |            |  |  |  |  | 9,809,806   |
| Yongan Guofu Asset Management Co.,Ltd.—<br>Yongan Guofu—Yongfu No.10 private investment fund | 7,255,301  | RMB Common shares  |            |  |  |  |  | 7,255,301   |
| GUOTAI JUNAN<br>SECURITIES(HONGKONG) LIMITED   | 7,157,194  | Foreign shares placed in domestic exchange   |            |  |  |  |  | 7,157,194   |
| Explanation on associated relationship or  | Guangdong Communication Group Co., Ltd. is the parent company of Guangdong Expressway Co., Ltd. , Guangdong Highway Construction |  |            |  |  |  |  |             |

|  |   |
|--|---|
| consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders | 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. |
|--|---|

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period.

☐ Yes ☒ No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy –back agreement dealing in reporting period.

## 2. Controlling shareholder

Nature of Controlling Shareholders: Local state holding

Type of Controlling Shareholders: Legal person

| Name of the Controlling shareholder   | Legal representative/Leader  | Date of incorporation | Organization code  | Principal business activities  |
|---|--|-----------------------|--------------------|--|
| Guangdong Communication Group Co., Ltd.   | Deng Xiaohua   | June 23,2000          | 91440000723838552J | 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; Value added telecommunication services. |
| Equity in other domestic and foreign listed companies held by the controlling shareholder by means of control and mutual shareholding in the reporting period | Guangdong Communication Group Co., Ltd. holds 74.12% equity of Guangdong Nanyue Logistics Co., Ltd., a company listing H shares. |                       |                    |  |

Changes of controlling shareholder in reporting period

☐ Applicable ☒ Not applicable

No changes of controlling shareholder for the Company in reporting period.

## 3. Information about the controlling shareholder of the Company

Actual controller nature: Local state owned assets management

Actual controller type: Legal person

| Name of the actual controller                                | Legal representative/Leader | Date of incorporation | Organization code | Principal business activities                             |
|--|-----------------------------|-----------------------|-------------------|---|
| State-owned Assets supervision and administration Commission | Li Cheng                    | June 26,2004          | Not learn         | As an ad hoc body directly under the Guangdong Provincial |

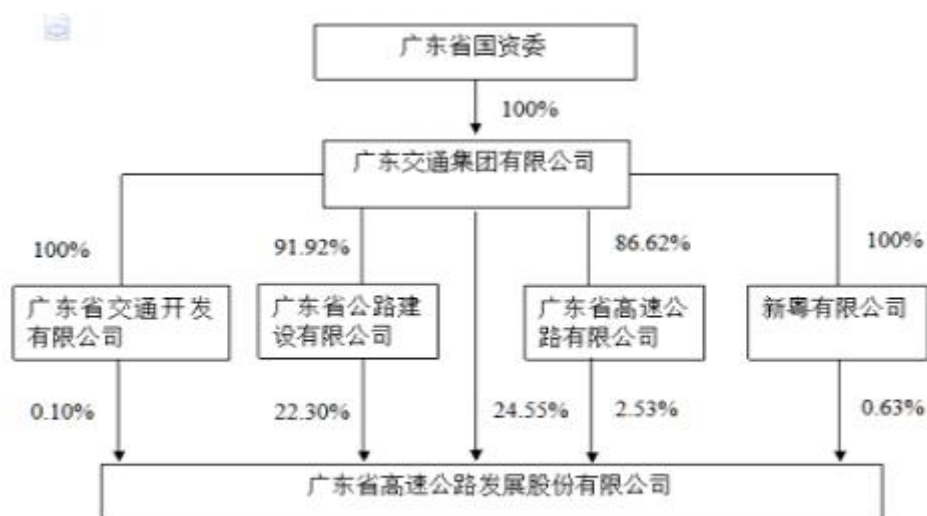
|   |   |  |  |   |
|---|---|--|--|---|
| of Guangdong Provincial People's Government   |   |  |  | People's Government, commissioned by the provincial government to fulfill the State-owned asset investor, regulatory enterprises to implement the rights, obligations and responsibilities, pipe asset control and people management. |
| Equity of other domestic/foreign listed company with share controlling and share participation by controlling shareholder in reporting period | As an ad hoc body directly under the Guangdong Provincial People's Government, commissioned by the provincial government to fulfill the State-owned asset investor, regulatory enterprises to implement the rights, obligations and responsibilities, pipe asset control and people management. |  |  |   |

Changes of controlling shareholder in reporting period

☐ Applicable ☒ Not applicable

No changes of controlling shareholder for the Company in reporting period

Block Diagram of the ownership and control relations between the company and the actual controller



The actual controller controls the company by means of trust or managing the assets in other way

☐ Applicable ☒ Not applicable

4.Particulars about other legal person shareholders with over 10% shareheld

☒ Applicable ☐ Not applicable

| Legal person shareholder | Legal person/person in charge of the unit | Date of foundation | Register capital | Main operation business or management activities |
|--------------------------|---|--------------------|------------------|--|
|--------------------------|---|--------------------|------------------|--|

|   |             |               |                        |   |
|---|-------------|---------------|------------------------|---|
| Guangdong Highway<br>Construction Co., Ltd. | Tong Degong | April 16,1987 | RMB 8827.37<br>million | Construction, construction and<br>equipment; vehicle rescue services<br>(operated by the branch). |
|---|-------------|---------------|------------------------|---|

5.Situation of Share Limitation Reduction of Controlling Shareholders, Actual Controllers, Restructuring Party and Other Commitment Subjects

☐Applicable ☒Not applicable

## VII. Situation of the Preferred Shares

☐Applicable ☒Not applicable

The Company had no preferred shares in the reporting period.

## VIII. Information about Directors, Supervisors and Senior Executives

### I. Change in shares held by directors, supervisors and senior executives

| Name         | Positions                 | Office status | Sex    | Age | Starting date of tenure | Expiry date of tenure | Shares held at the year-begin (share) | Amount of shares increased at the reporting period (share) | Amount of shares decreased at the reporting period (share) | Other changes increase/decrease | Shares held at the year-end (share) |
|--------------|---------------------------|---------------|--------|-----|-------------------------|-----------------------|---------------------------------------|--|--|---------------------------------|-------------------------------------|
| Zheng Renfa  | Board Chairman            | In office     | Male   | 48  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Wang Chunhua | Director, General Manager | In office     | Male   | 53  | July 21, 2016           | July 21, 2019         | 0                                     | 135,100  |  |                                 | 135,100                             |
| Wang Ping    | Director, Chief Engineer  | In office     | Female | 53  | July 21, 2016           | July 21, 2019         | 3,500                                 |  |  |                                 | 3,500                               |
| Fang Zhi     | Director, CFO             | In office     | Male   | 54  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Chen Min     | Director                  | In office     | Male   | 54  | July 19, 2017           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Zeng Zhijun  | Director                  | In office     | Male   | 47  | December 4, 2017        | July 21, 2019         |                                       |  |  |                                 |                                     |
| Du Jun       | Director                  | In office     | Male   | 52  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Zhuo Weiheng | Director                  | In office     | Male   | 46  | December 4, 2017        | July 21, 2019         |                                       |  |  |                                 |                                     |
| Cao Yu       | Director                  | In office     | Male   | 32  | July 21, 2016           | July 21, 2019         | 150,000                               |  |  |                                 | 150,000                             |
| Huang Hai    | Director                  | In office     | Male   | 42  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |

| Name         | Positions                             | Office status | Sex    | Age | Starting date of tenure | Expiry date of tenure | Shares held at the year-begin (share) | Amount of shares increased at the reporting period (share) | Amount of shares decreased at the reporting period (share) | Other changes increase/decrease | Shares held at the year-end (share) |
|--------------|---------------------------------------|---------------|--------|-----|-------------------------|-----------------------|---------------------------------------|--|--|---------------------------------|-------------------------------------|
| Xiao Duan    | Independent director                  | In office     | Female | 59  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Gu Naikang   | Independent director                  | In office     | Male   | 52  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Bao Fangzhou | Independent director                  | In office     | Male   | 39  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Zhang Hua    | Independent director                  | In office     | Male   | 52  | December 4, 2017        | July 21, 2019         |                                       |  |  |                                 |                                     |
| Liu Zhonghua | Independent director                  | In office     | Male   | 52  | December 4, 2017        | July 21, 2019         |                                       |  |  |                                 |                                     |
| Ling Ping    | Chairman of the Supervisory Committee | In office     | Female | 54  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Li Haihong   | Supervisor                            | In office     | Female | 46  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Ke Lin       | Supervisor                            | In office     | Female | 48  | September 15, 2017      | July 21, 2019         |                                       |  |  |                                 |                                     |
| Cao Xiaoying | Supervisor                            | In office     | Female | 49  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Li Mei       | Supervisor                            | In office     | Female | 48  | July 21, 2016           | July 21, 2019         | 123,205                               |  |  |                                 | 123,205                             |
| Zuo Jiang    | Deputy General Manager                | In office     | Female | 45  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |

| Name          | Positions                  | Office status | Sex    | Age | Starting date of tenure | Expiry date of tenure | Shares held at the year-begin (share) | Amount of shares increased at the reporting period (share) | Amount of shares decreased at the reporting period (share) | Other changes increase/decrease | Shares held at the year-end (share) |
|---------------|----------------------------|---------------|--------|-----|-------------------------|-----------------------|---------------------------------------|--|--|---------------------------------|-------------------------------------|
| Cheng Rui     | Deputy General Manager     | In office     | Male   | 43  | August 28, 2017         | July 21, 2019         |                                       |  |  |                                 |                                     |
| He Bing       | Secretary to the Board     | In office     | Female | 50  | July 21, 2016           | July 21, 2019         |                                       |  |  |                                 |                                     |
| Yang Hanming  | Secretary to the Board     | In office     | Male   | 48  | August 28, 2017         | July 21, 2019         |                                       |  |  |                                 |                                     |
| Chen Wenmian  | Deputy General Manager     | Dimission     | Male   | 39  | July 21, 2016           | April 11, 2017        |                                       |  |  |                                 |                                     |
| Liu Ziaomei   | Secretary to the Board     | Dimission     | Female | 39  | July 21, 2016           | July 19, 2017         |                                       |  |  |                                 |                                     |
| Wu Guangze    | Supervisor                 | Dimission     | Male   | 50  | July 21, 2016           | August 29, 2017       |                                       |  |  |                                 |                                     |
| Ye Yongcheng  | Director                   | Dimission     | Male   | 60  | July 21, 2016           | September 15, 2017    |                                       |  |  |                                 |                                     |
| Peng Xiaolei  | Independent director       | Dimission     | Male   | 65  | July 21, 2016           | December 4, 2017      |                                       |  |  |                                 |                                     |
| Tang Qingquan | Independent director       | Dimission     | Male   | 57  | July 21, 2016           | December 4, 2017      |                                       |  |  |                                 |                                     |
| Liu Weimin    | Director                   | Dimission     | Male   | 45  | July 21, 2016           | November 17, 2017     |                                       |  |  |                                 |                                     |
| Peng Xiaofang | head of the internal audit | Dimission     | Female | 55  | July 21, 2016           | December 25, 2017     |                                       |  |  |                                 |                                     |

| Name  | Positions | Office status | Sex | Age | Starting date of tenure | Expiry date of tenure | Shares held at the year-begin (share) | Amount of shares increased at the reporting period (share) | Amount of shares decreased at the reporting period (share) | Other changes increase/decrease | Shares held at the year-end (share) |
|-------|-----------|---------------|-----|-----|-------------------------|-----------------------|---------------------------------------|--|--|---------------------------------|-------------------------------------|
| Total | --        | --            | --  | --  | --                      | --                    | 276,705                               | 135,100  | 0  | 0                               | 411,805                             |

## II. Change in shares held by directors, supervisors and senior executives

√ Applicable    □ Not applicable

| Name          | Positions                  | Types                 | Date              | Reason                |
|---------------|----------------------------|-----------------------|-------------------|-----------------------|
| Chen Wenmian  | Deputy General Manager     | Dimission             | April 11,2017     | Job changes           |
| Liu Xiaomei   | Secretary to the Board     | Dismissal             | July 19,2017      | Resigned              |
| Wu Guangze    | Supervisor                 | Dimission             | August 29,2017    | Job changes           |
| Ye Yongcheng  | Director                   | Dimission             | September 15,2017 | Retired               |
| Peng Xiaolei  | Independent director       | Dimission             | December 4,2017   | Resigned              |
| Tang Qingquan | Independent director       | Departure on his term | December 4,2017   | Departure on his term |
| Liu Weimin    | Director                   | Dimission             | November 17,2017  | Job adjustment        |
| Peng Xiaofang | head of the internal audit | Dismissal             | December 25,2018  | Retired               |

## III. Posts holding

Work Experience in the past five years of Directors, supervisors and senior Executives in Current office

Mr. Zheng Renfa, He serves as Director, Master Degree, Senior economic engineer. From December 2005 to January 2013, He serves as Deputy Minister of Investment Management Department of Guangdong Communication Group, Since January 2013, He serves Minister of Investment Management Department of Guangdong Communication Group, Since April 21, 2014, He serves as Director of the Company. from August 15, 2016, the implementation of the duties of the Board of Directors and the legal representative of the duties. From January 4, 2017, he was the chairman of the board of directors of the Company.

Mr. Wang Chunhua, He serves as Director and Deputy General Manager of the Company, Master Degree, senior engineer and senior economic engineer, since September 2006, he served as Deputy General Manager of the Company. Since October 2015, He served as General director of the Company.

Ms. Wang Ping, She serves as Director and Chief Engineer of the Company, bachelor's degree, professor of

Engineering, National registered cost engineer, Senior Economist. From February 2001 to April 2012, she served as Minister of Infrastructure Management Department. From April 2012, she served as chief engineer of the Company. Since April 21, 2014, She serves as Director of the Company.

Mr. Fangzhi, He serves as Director, Master Degree and Senior Accountant, He serves as associate director and Deputy General Manager of Finance Center of Guangdong Communication Group. Since May 2015, He served as Chief accountant of the Company. Since December 2015, He served as director and chief accountant of the Company.

Chen Min, male, Han nationality, 53 years old, undergraduate degree, senior economist, corporate legal adviser, cost engineer. In 1985 July to participate in the work, former Guangdong Province traffic school assistant lecturer, lecturer, Guangshenzhu Expressway general contracting group contract group leader, Guangdong Provincial Highway Engineering Construction Group Co., Ltd. Engineering Manager, deputy chief economist, total economy Director, Deputy General Manager, General Manager, Deputy General Manager of Guangdong Nanyue Logistics Co., Ltd., Vice Minister of Legal Affairs Department of Guangdong Communication Group Co., Ltd., December 2014, General Manager of Guangdong Jingtong Highway Engineering Construction Group Co., Ltd. He has been the Minister of Legal Affairs of Guangdong Communications Group Co., Ltd. Since July 19, 2017, he serves as Director of the Company.

Mr. Zeng Zhijun, economist, is a director of the Company, with master degree. Since June 2010, he has served as the deputy chief economist of Guangdong Provincial Expressway Co., Ltd. From January 2015 to September 2015, he served as Minister of Investment Planning Department of Guangdong Provincial Expressway Co., Ltd; since September 2015, he has served as Minister of Legal Affairs Department of Guangdong Provincial Expressway Co., Ltd. Since December 4, 2017, he serves as Director of the Company.

Mr. Du Jun, He serves as Director, Master's degree and bachelor's degree, senior engineer, He serves as Deputy General Manager, director and member of party committee of Guangdong Luqiao Construction Development Co., Ltd. Since April 2016, He served as Deputy General Manager of Guangdong Highway Construction Co., Ltd., Since July 21, 2016, He served as Director of the Company.

Mr. Zhuo Weiheng, is a senior accountant, with bachelor degree. From January 2008 to May 2009, he served as the minister of the financial audit department of Guangdong Provincial Highway Construction Co., Ltd. Since May 2009, he has served as the Minister of Finance Management Department of Guangdong Provincial Highway Construction Co., Ltd., Since December 4, 2017, he serves as Director of the Company.

Mr. Cao Yu, Master of Business Administration, since 2011 has served as Shanghai Fuxin high-tech (Group) Co., Ltd. investment manager, deputy director of investment, investment director. From July 21, 2016, he is a director of the Company.

Mr. Cao Yu, Master of Business Administration, since 2011 has served as Shanghai Fuxin high-tech (Group) Co., Ltd. investment manager, deputy director of investment, investment director. From July 21, 2016, he is a director of the Company.

Ms. Xiao Duan an independent director of the Company, Doctor of Economics, the Jinan University Associate Professor of Finance and research supervisor. She used to be a researcher at the Beijing Institute of Market Economy, executive member of the council of Guangdong shares Economic Research Association, a member of the Taiwan Economic Research Institution. She is also the independent director of Guangdong Tianhe Agricultural materials Co., Ltd. Since April 2013, She served as Director of the Company.

Mr. Bao Fangzhou, Independent director of the Company, Master of Law. Shanghai Jin Tiancheng Law Firm,

Senior Partner, 2008 - 2014 Former Independent Director of New Nanyang Co., Ltd. Since 2013, he has been an independent director of Hubei Wushi Pharmaceutical Co., Ltd. since June 2016, Power Co., Ltd. Independent Director. From July 21, 2016, he is an independent director of the Company.

Gu Naikang, Independent directors and doctorate degree of the Company. Since June 2004, he has been a professor and doctoral tutor of Finance and Investment Department of Zhongshan University School of Management. He is currently an independent director of Guangxi Guitang (Group) Co., Ltd., an independent director of Dongguan Yuqiu Electronics Co., Ltd. and an independent director of Guangzhou Zhujiang Industrial Development Co., Ltd. From July 21, 2016, he is an independent director of the Company.

Mr. Liu Zhonghua, professor of accounting, is an independent director of the Company, with master degree. In September 2005, he was transferred to the School of Management of Guangdong University of Foreign Studies to teach. He is currently a professor at the School of Accounting of Guangdong University of Foreign Studies, he is a master tutor, concurrently serves as member of Accounting Society of China, executive member of China Association of Foreign Trade and Economic Accounting, vice chairman of Guangdong Province Management Accounting Association, executive member of Guangdong Provincial Accounting Association and member of Guangdong Audit Society. Since December 4, 2017, he serves as Director of the Company.

Mr. Zhang Hua, economist, is an independent director of the Company, with Master Degree. From June 2012 to September 2016, he served as the deputy general manager of Guangzhou De'ru Investment Co., Ltd and concurrently served as Deputy General Manager of Shenzhen Dongying Ruitong Investment Management Partnership (Limited Partnership); since October 2016, he has served as general manager of Shanghai Er Luo Investment Management Service Center (General Partnership). From November 2010 to January 2017, he served as an independent director of Guangzhou Yu Yin Technology Co., Ltd. From December 2011 to September 2017, he served as an independent director of Guangdong Electric Power Development Co., Ltd. In September 2017, he was an independent director of Zhuhai Taichuan Cloud Community Technology Co., Ltd., Since December 4, 2017, he serves as Director of the Company.

Ms. Ling Ping, he has served as chairman of the supervisory committee of the Company, bachelor degree, Senior Accountant, Senior Economist, February 1996-January 2015, worked in Guangdong Provincial Highway Construction Company, served as account, audit, deputy manager of audit Department, minister of the Audit Department, Since January 2015, Worked at Guangdong Communication Group Co., Ltd., Currently serve as Chairman of the exterior supervisory committee. Since March 2015, She served as Chairman of Board of supervisor of the Company.

Ms. Li Xiaohong, Supervisors of the Company, bachelor degree, senior economist and road and bridge engineer. Since October 2008, he has been working as a supervisory and auditing department of the Guangdong Provincial Communications Group. From October 2008 to September 2012, he was appointed full-time supervisor of Guangdong Expressway Co., Ltd., and since October 2012, Traffic Co., Ltd. and Guangdong Communications Industrial Investment Co., Ltd. full-time supervisors. From July 21, 2016, he served as supervisor of the Company.

Ms. Ke Lin, female, is 48 years old, bachelor degree, Bachelor of Science, assistant researcher. She began to take a job in July 1991. She had successively served as cadre of personnel department, deputy head, head of the personnel department, section chief rank cadre of discipline inspection and supervision department, director of the commission for discipline Inspection (deputy-director level). In November 2008, she was transferred to work in Provincial Transportation Group, successively served as member of party committee, union chairman and discipline inspection commission secretary. From January 2013 to August 2017, she has served as party

committee member, discipline inspection commission secretary and chairman of the union in Yueyun Transportation. Since September 15, 2017, She served as supervisor of Board of supervisor of the Company.

Ms. Li Mei, Supervisors of the Company, bachelor degree and political engineer. Since April 1998, he has been working in the Company. He has served as the deputy director of the office, the director of the office of the party and the people, the third, fourth, fifth, sixth, seventh employee supervisor, general affairs minister and discipline inspection committee. He is currently the vice chairman of the trade union of the Company and the employee supervisor of the 8th Supervisory Committee.

Ms. Cao Xiaoying, Supervisors of the Company, bachelor's degree, bachelor's degree, senior economist, deputy interpreter, senior human resource management division, senior corporate culture division. Since 2011 to work in the Company, served as vice minister of human resources, minister. He is currently the minister of the Party and the Communist Party of China and the employee supervisor of the 8th Supervisory Committee.

Mr. Cheng Rui, male, is 42 years old, on-job postgraduate, master of business administration, with a lawyer qualification. He began to take a job in July 1997. He had successively served as development department staff, deputy manager of investment management department and manager of investment management department in Xinyue Co.,Ltd, served as Deputy General Manager of Xinyue Company in August 2015, and served as deputy minister of strategic development department from April 2016 to August 2017. Since August 2017, he has been the Deputy General Manager of the Company.

Ms. Zuo Jiang, Deputy General Manager of the Company, Master of Economics, Senior Economist, Qualified as Legal Adviser of the Enterprise, Secretary of the Board of Directors. He has been working in the Company since 1994. He has been the Minister of Securities Affairs of the Company since 1999. He has been the Secretary of the Board of Directors and Director of Securities Affairs Department since March 2006. From October 2015 to July 2016, he was the Deputy General Manager and Secretary of the Board of Directors And Minister of Securities Affairs. Since October 2015, he has been the Deputy General Manager of the Company.

Ms. Peng Xiaofang , Internal audit director, Minister of ministry of supervision of audit, bachelor's degree, senior accountant. Since April 2008, she served as Minister of Audit supervision Department of the Company. Since March 2012, she served as head of the internal audit of the Company.

Ms. Peng Xiaofang , Internal audit director, Minister of ministry of supervision of audit, bachelor's degree, senior accountant. Since April 2008, she served as Minister of Audit supervision Department of the Company. Since March 2012 to December 2017,, she served as head of the internal audit of the Company. Ms. Peng Xiaofang, has reached the retirement age and resigned as head of the internal audit of the Company from the Board of Directors on December 25, 2017.

Ms. He Bing , general counsel, master's degree in law, enterprise legal adviser, from August 2005 to July 2012, she served as Deputy chief economic engineer of the Company, Since July 2012, she served as Chief legal adviser of the Company.

Mr. Yang Hanming, male, is 47 years old, undergraduate degree, senior economist, corporate legal adviser, with the board secretary qualifications. Since March 2000, he has been successively served as deputy minister of

investment planning and minister of legal affairs in Guangdong Provincial Expressway Development Co., Ltd. Since August 2014, he has been concurrently served as minister of investment and development. Since August 2017, he has been the Secretary of the Board of the Company.

Office taking in shareholder companies

√Applicable □Not applicable

| Names of the persons in office | Names of the shareholders                    | Titles engaged in the shareholders               | Starting date of office term | Expiry date of office term | Does he /she receive remuneration or allowance from the shareholder |
|--------------------------------|--|--|------------------------------|----------------------------|---|
| Chen Min                       | Guangdong Communication Group                | Minister of Investment Management Dept.          | December 1,2014              |                            | Yes   |
| Du Jun                         | Guangdong Highway Construction Co., Ltd.     | Deputy General Manager                           | April 1,2016                 |                            | Yes   |
| Zhuo Weiheng                   | Guangdong Highway Construction Co., Ltd.     | Minister of finance Management Dept              | May 1,2009                   |                            | Yes   |
| Zeng Zhijun                    | Guangdong Expressway Co., Ltd                | Minister of legal affairs Dept                   | September 1,2015             |                            | Yes   |
| Huang Hai                      | Tibet Yinyue Investment Management Co., Ltd. | Executive director                               | June 1,2015                  |                            | No  |
| Ling Ping                      | Guangdong Communication Group Co., Ltd.      | Dispatched chairman of the supervisory committee | January 1,2015               |                            | Yes   |
| Li Haihong                     | Guangdong Communication Group Co., Ltd.      | Full-time field supervisors                      | July 21,2016                 |                            | Yes   |

Offices taken in other organizations

√ Applicable □Not applicable

| Name of the persons in office | Name of other organizations  | Titles engaged in the other organizations | Starting date of office term | Expiry date of office term | Does he/she receive remuneration or allowance from other organization |
|-------------------------------|--|---|------------------------------|----------------------------|---|
| Xiao Duan                     | The financial department of the school of economics of Jinan University  | Associate professor, Master's supervisor  |                              |                            | Yes   |
| Xiao Duan                     | Guangdong Tianhe Agricultural materials Co., Ltd.                        | Independent director                      | August 1, 2012               |                            | Yes   |
| Bao Fangzhou                  | Shanghai Allbright law firm  | Lawyer, Senior partner                    | January 1, 2000              |                            | Yes   |
| Bao Fangzhou                  | Hubei Wushi Pharmaceutical Co., Ltd.                                     | Independent director                      | January 1, 2013              |                            | Yes   |
| Bao Fangzhou                  | Laurel Power Co., Ltd.   | Independent director                      | January 1, 2016              |                            | Yes   |
| Wu Naikang                    | Finance and Investment, School of Business Sun YAT-SEN University        | Professor, doctoral supervisor            | January 1, 2004              |                            | Yes   |
| Gu Naikang                    | Guangxi Guitang (Group) Co., Ltd.  | Independent director                      | December 1, 2013             |                            | Yes   |
| Gu Naikang                    | Guangzhou Zhujiang Industry Development Co., Ltd.                        | Independent director                      | May 1, 2014                  |                            | Yes   |
| Gu Naikang                    | Mingyang Intelligent Energy Group Co., Ltd.                              | Independent director                      | July 1, 2017                 |                            | Yes   |
| Zhang Hua                     | Shanghai Erro Investment Management Service Centre (General partnership) | General Manager                           | October 1, 2016              |                            | Yes   |
| Zhang Hua                     | Guangdong Electric Power Development Co., Ltd.                           | Independent director                      | November 1, 2011             | September 1, 2017          | Yes   |
| Zhang Hua                     | Zhuhai Taichuan Community Technology Co., Ltd.                           | Independent director                      | September                    |                            | Yes   |
| Liu Zhonghua                  | College of Accounting, Guangdong University of Foreign Studies           | Professor, Master's supervisor            | September 1, 2005            |                            | Yes   |
| Cao Yu                        | Shanghai Fuxing Technology (Group) Co., Ltd.                             | Investment director                       |                              |                            | Yes   |

Punishments to the current and leaving board directors, supervisors and senior managers during the report period by securities regulators in the recent three years

☐ Applicable ☒ Not applicable

#### IV. Remuneration to directors, supervisors and senior executives

Decision-making procedures, basis for determination and actual payment of the remuneration to directors , supervisors and senior executives

The remuneration of members of the Eighth board of directors and supervisory committee was examined and determined at the second provisional shareholders' general meeting in 2016. The remuneration of the senior executives is determined by the assets operation responsibility system in that year.

1. The directors of the Company and the controlling shareholder of the Company and its related parties, as well as the directors of the Company, shall not receive the remuneration of the directors.

2. Directors who have not held other positions in the Company and the controlling shareholder of the Company and its related parties are remunerated by the directors of the Company, and the standard is RMB 5,000 (tax included) per person per month. In addition, the expenses incurred by the independent directors at the board of directors and the shareholders' general meeting and the expenses incurred in exercising their functions and powers in accordance with the articles of association may be reimbursed in the company.

Remuneration to directors, supervisors and senior executives in the reporting period

In RMB'0000

| Name         | Positions                  | Sex    | Age | Office status | Total remuneration received from the Company | Whether to get paid in the company related party |
|--------------|----------------------------|--------|-----|---------------|--|--|
| Zheng Renfa  | Board Chairman             | Male   | 48  | In Office     | 47.02  | No   |
| Wang Chunhua | Director, General Manager  | Male   | 53  | In Office     | 55.68  | No   |
| Wang Ping    | Director, Chief Engineer   | Female | 53  | In Office     | 47.66  | No   |
| Fang Zhi     | Director, Chief Accountant | Male   | 54  | In Office     | 50.13  | No   |
| Chen Min     | Director                   | Male   | 54  | In Office     | 0  | Yes  |
| Zeng Zhijun  | Director                   | Male   | 47  | In Office     | 0  | Yes  |
| Du Jun       | Director                   | Male   | 52  | In Office     | 0  | Yes  |
| Zhuo Weiheng | Director                   | Male   | 46  | In Office     | 0  | Yes  |
| Cao Yu       | Director                   | Male   | 32  | In Office     | 6  | No   |
| Huang Hai    | Director                   | Male   | 42  | In Office     | 6  | No   |
| Xiao Duan    | Independent director       | Female | 59  | In Office     | 6  | No   |
| Gu Naikang   | Independent director       | Male   | 52  | In Office     | 6  | No   |

| Name          | Positions                             | Sex    | Age | Office status | Total remuneration received from the Company | Whether to get paid in the company related party |
|---------------|---------------------------------------|--------|-----|---------------|--|--|
| Bao Fangzhou  | Independent director                  | Male   | 39  | In Office     | 6  | No   |
| Zhang Hua     | Independent director                  | Male   | 52  | In Office     | 0.5  | No   |
| Liu Zhonghua  | Independent director                  | Male   | 52  | In Office     | 0.5  | No   |
| Ling Ping     | Chairman of the Supervisory Committee | Female | 54  | In Office     | 0  | Yes  |
| Li Haihong    | Supervisor                            | Female | 46  | In Office     | 0  | Yes  |
| Ke Lin        | Supervisor                            | Female | 48  | In Office     | 15.57  | No   |
| Cao Xiaoying  | Supervisor                            | Female | 49  | In Office     | 42.23  | No   |
| Li Mei        | Supervisor                            | Female | 48  | In Office     | 39.95  | No   |
| Zuo Jiang     | Deputy General Manager                | Female | 45  | In Office     | 46.49  | No   |
| Cheng Rui     | Deputy General Manager                | Male   | 43  | In Office     | 19.03  | No   |
| He Bing       | Chief legal adviser                   | Female | 50  | In Office     | 44.89  | No   |
| Yang Hanming  | Secretary to the Board                | Male   | 48  | In Office     | 44.33  | No   |
| Chen Wenmian  | Deputy General Manager                | Male   | 39  | Dimission     | 17.09  | No   |
| Liu Xiaomei   | Secretary to the Board                | Female | 39  | Dimission     | 25.81  | No   |
| Wu Guangze    | Supervisor                            | Male   | 50  | Dimission     | 25.96  | No   |
| Ye Yongcheng  | Director                              | Male   | 60  | Dimission     | 0  | Yes  |
| Peng Xiaolei  | Independent director                  | Male   | 65  | Dimission     | 5.5  | No   |
| Tang Qingquan | Independent director                  | Male   | 57  | Dimission     | 5.5  | No   |
| Liu Weimin    | Director                              | Male   | 45  | In Office     | 0  | Yes  |
| Peng Xiaofang | head of the internal audit            | Female | 55  | Dimission     | 36.47  | No   |

| Name  | Positions | Sex | Age | Office status | Total remuneration received from the Company | Whether to get paid in the company related party |
|-------|-----------|-----|-----|---------------|--|--|
| Total | --        | --  | --  | --            | 600.31                                       | --   |

Incentive equity to directors, supervisors or/and senior executives in the reporting period

☐ Applicable ☒ Not applicable

## V. Particulars about employees.

### 1. Number of staff, professional structure and educational background

|  |                            |
|--|----------------------------|
| Number of in-service staff of the parent company(person)                             | 102                        |
| Number of in-service staff of the main subsidiaries(person)                          | 2,089                      |
| The total number of the in-service staff(person)                                     | 2,191                      |
| The total number of staff receiving remuneration in the current period(person)       | 2,191                      |
| Retired staff with charges paid by the parent company and main subsidiaries (person) | 98                         |
| Professional   |                            |
| Category   | Number of persons (person) |
| Management personnel   | 431                        |
| Toll collectors  | 1,340                      |
| Road service personnel   | 119                        |
| Logistical personnel   | 301                        |
| Total  | 2,191                      |
| Education  |                            |
| Category   | Number of persons (person) |
| Holders of master's degree or above  | 35                         |
| Graduates of regular university  | 383                        |
| Graduates of junior colleges   | 1,474                      |
| Other  | 299                        |
| Total  | 2,191                      |

### 2. Remuneration policies

According to the company's overall development plan, to further establish and improve a variety of human resource management system, strengthen the macro salary management, to maintain the level of salary market

competitiveness. Advocate salary and performance related, and constantly improve the performance appraisal mechanism, personal performance appraisal approach, staff promotion system, to develop both incentive and restrictive salary performance policy. Think highly of the establishment and perfection of welfare system, in accordance with the relevant provisions of the state on time and in full for the full pay pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, housing provident fund and other statutory benefits, comply with the provisions on working hours, rest and vacations, the establishment of supplementary medical insurance, enterprise annuity and welfare system.

### **3.Training plan**

Nil

### **4.Outsourcing situation**

☐ Applicable ☒ No Applicable

## IX. Administrative structure

### I. General situation

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

In the report period, strictly following the relevant provisions of “Company Law”and “Regulations”, the shareholder’s meeting of our bank effectively performed the functions. The board of directors is to be responsible for the shareholder’s meeting, to take the ultimate responsibility for the bank’s operation and management and to convene a meeting as well as performing the function and power according to legal procedure. In line with the attitude which is responsible for all shareholders and keeping in close contact and communication with the board of directors and the management, the board of supervisors carries out the assessment work on duty exercising for the board of directors and the board of supervisors, effectively performing functions and obligations of supervision.

Does there exist any difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC,

☐ Yes    ☒ No

There exist no difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC.

## II. Independence and Completeness in business, personnel , assets, organization and finance

### 1. Independent business

The company mainly engaged in business is Guangfo Expressway, Fokai Expressway and Beijing-Zhuhai Expressway Guangzhu section of the charges and maintenance work, investment in science and technology industry and provide relevant advice.

it has invested in or holds Shenzhen Huiyan Expressway Co., Ltd., Guanghui Expressway Co., Ltd., Jiangzhong Expressway Co., Ltd. , Zhaoqing Yuezhao Highway Co., Ltd., Ganzhou Kangda Expressway Co., Ltd ,Ganzhou Gankang Expressway Co., Ltd., Guangdong Yueke Technology Micro Loan Co., Ltd., Guangdong Guangle Expressway Co., Ltd., and Guoyuan Securities Co., Ltd.

The Company has outstanding main operation, independent and complete business and the ability of independent operation. All business decisions of the Company were made independently, being completely separated from the shareholder with actual control. Related transactions were carried out in light of the principle of fair transaction, which did not harm the interests of the Company and other shareholders of the Company. The content of related

transactions was fully, timely and accurately disclosed, which did not have negative influence on the Company.

## 2. Complete assets

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

## 3. Independent personnel

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

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

## 4. Independent finance

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

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

## 5. Independent organization

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

## III. Horizontal Competitions

☐ Applicable ☒ Not applicable

## IV. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

### 1. Annual General Meeting

| Sessions  | Meeting Date                              | Description of proposals | Resolution     | Disclosure date | Disclosure index   |
|---|---|--------------------------|----------------|-----------------|--|
| 2016 Shareholders' general meeting                          | Annual Shareholders' General Meeting      | 68.94%                   | April 28, 2017 | April 29, 2017  | Announcement of Resolutions of the shareholders' general meeting in 2016. <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |
| The First provisional shareholders' General meeting in 2017 | Provisional shareholders' General meeting | 65.73%                   | July 19, 2017  | July 20, 2017   | Announcement of Resolutions of the First provisional shareholders' general   |

|  |   |        |                    |                    |  |
|--|---|--------|--------------------|--------------------|--|
|  |   |        |                    |                    | meeting in 2017.<br>www.cninfo.com.cn  |
| The Second provisional shareholders' General meeting in 2017 | Provisional shareholders' General meeting | 56.08% | September 15, 2017 | September 16, 2017 | Announcement of Resolutions of the Second provisional shareholders' general meeting in 2017<br>www.cninfo.com.cn |
| The Third provisional shareholders' General meeting in 2017  | Provisional shareholders' General meeting | 67.39% | December 4, 2017   | December 5, 2017   | Announcement of Resolutions of the Third provisional shareholders' general meeting in 2017.<br>www.cninfo.com.cn |

## 2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

☐ Applicable ☒ Not applicable

## V. Responsibility performance of independent directors in report period

### 1. The attending of independent directors to board meetings and shareholders' general meeting

| The attending of independent directors |   |                            |  |   |                   |   |   |
|--|---|----------------------------|--|---|-------------------|---|---|
| Independent Directors                  | Number of Board meetings necessary to be attended in the reporting period | Number of spot attendances | Number of meetings attended by Communication | Number of attendances by representative | Number of absence | Failure to personally attend board meetings successively twice (Yes/No) | Number of The general meeting of shareholders |
| Xiao Duan                              | 10  | 2                          | 8  | 0                                       | 0                 | No  | 4   |
| Gu Naikang                             | 10  | 2                          | 8  | 0                                       | 0                 | No  | 4   |
| Bao Fangzhou                           | 10  | 2                          | 8  | 0                                       | 0                 | No  | 4   |
| Liu Zhonghua                           | 1   | 0                          | 1  | 0                                       | 0                 | No  | 1   |
| Zhang Hua                              | 1   | 0                          | 1  | 0                                       | 0                 | No  | 1   |
| Tang Qingquan                          | 9   | 2                          | 7  | 0                                       | 0                 | No  | 3   |
| Peng Xiaolei                           | 9   | 2                          | 7  | 0                                       | 0                 | No  | 3   |

Notes to failure to personally attend Board Meetings Successively Twice

Nil

Notes to failure to personally attend Board Meetings Successively Twice

Nil

### 3. Other notes to duty performance of independent directors

Has an independent director's advice to the Company been accepted

☒Yes ☐No

Explanation on acceptance of or failure to accept an independent director's advice to the Company.

Independent directors seriously exercise the rights conferred by law, keep abreast of the company's production and management information, concerned about the company's comprehensive development, actively attend relevant meetings held by the company in 2016, published an independent and objective advice on relevant matters for consideration by the Board of Directors of the Company. Faithfully perform their duties, give full play to the independent role of the independent directors, to safeguard the interests of the company as a whole, and to safeguard the legitimate rights and interests of all shareholders, especially minority shareholders. The advices on business development and corporate governance given by independent directors can be adopted.

## VI. Duty Performance of Special Committees under the Board of Directors in the Reporting Period

1. The board of directors has an audit committee composed of three directors. i.e., Mr. Tang Qingquan, Mr. Peng Xiaolei and Mr. Fang Zhi. The particulars of the work of the audit committee in the report period are as follows:

According to the Rules of Procedure of Audit Committee of the Board of Directors and Working Regulations of Audit Committee of the Board of Directors on Annual Report and the work requirements of CSRC and Shenzhen Stock Exchange on annual report for 2016 the audit committee carried out a series of work for the annual audit of the Company for 2016, including deciding the working schedule for the audit of financial report for the report year after consultation with the certified public accountants in charge, reviewing the financial report prepared by the Company and forming written opinions, issuing the Urging Letter for Audit to certified public accountants and requiring certified public accountants to carry out overall work plan for audit and submit relevant progress report to the audit committee, reviewing the financial report for 2016 submitted by the Finance Dept. of the Company (on which the certified public accountants in charge of annual audit issued standard unqualified opinions) and giving written auditing opinions.

2. The board of directors has a remuneration committee composed of three directors, i.e., Mr. Bao Fangzhou, Ms. Xiao Duan and Mr. Huang Hai. The particulars of the work of the remuneration committee in the report period are as follows:

According to the Company's Regulations on Performance Appraisal and Remuneration Management of Senior Executives, the remuneration and appraisal committee audited the remuneration disclosed by the Company's directors, supervisors and senior executives for 2016 and expressed auditing opinions and examined and adopted the remuneration scheme and appraisal scheme for senior executives of the Company for 2016.

3. In the report period, The board of directors has a strategy committee composed of five directors. i.e., Mr. Wang Chunhua, Mr. Tang Qingquan, Mr. Gu Naikang, Mr. Bao Fangzhou.

Strategy Committee will strengthen the company's strategic direction, strategic planning, research, and supervise the implementation of corporate strategies, provide timely advice to the Board decisions on strategic development.

## VII. Work of the supervisory Committee

Did the supervisory Committee find any risk existing in performing the supervision activities in the reporting period

☐ Yes ☒ No

The supervisory Committee has no objection against any matters under supervision in the reporting period

### VIII. Assessment and incentive Mechanism for Senior executives

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.

### IX. Internal Control

#### I. Specific situations on major defects of internal control discovered during report period

☐ Yes ☒ No

#### II. Self-evaluation report on internal control

|   |  |   |
|---|--|---|
| Disclosure date of appraisal report on internal control   |  | March 28,2018   |
| Disclosure index of appraisal report on internal control  |  | www.cninfo.com.cn   |
| The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements         |  | 100.00%   |
| The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements |  | 100.00%   |
| Standards of Defects Evaluation   |  |   |
| Type  | Financial Report   | Non-financial Report  |
| Standards of Quantitation   | <p>The qualitative criteria for the evaluation of internal control deficiencies in financial reports confirmed by the Company is as follows:The following situations (including but not limited to) shall be deemed as “material deficiencies” in the internal control of the financial report.</p> <p>(1) There are major frauds made by the directors, or supervisors, or senior management personnel in the company’s management activities;</p> <p>(2)There are material misstatements in the current financial report but the</p> | <p>The qualitative criteria for the evaluation of internal control deficiencies in non-financial reports confirmed by the Company is as follows:Material deficiencies: serious violations and being sentenced to heavy fines or need taking criminal responsibility; utterly disregard the rules of law, illegal behaviors in the operation and management are particularly severe and the circumstance is very bad, which leads to the suspension or cessation to the company's daily operation and management activities, and leads to the audit report with a disclaimer of opinion or a negative opinion issued by the CPA; the negative news spread all over the</p> |

|   |  |
|---|--|
| <p>internal control failed to find the misstatements during its operation;</p> <p>(3) The supervisions made by the company's audit committee and the internal audit organization on the internal control are invalid;</p> <p>(4) The control environment is invalid;</p> <p>(5)The material deficiencies found and reported to the management but are not corrected within a reasonable time;</p> <p>(6)There is an administrative punishment from the securities regulatory institution due to accounting errors.</p> <p>The following situations (including but not limited to) shall be deemed as “significant deficiencies” in the internal control of the financial report and there are intense signs for the situations becoming “material deficiencies”: (1) Frauds made by staff in key positions;</p> <p>(2)The supervisory function on compliance is invalid, and the violations of regulations may have a significant impact on the reliability of the financial report;</p> <p>(3)The significant deficiencies reported to the management but are not corrected within a reasonable period.</p> <p>The following situations (including but not limited to) shall be deemed as “general deficiencies” in the internal control of the financial report.</p> <p>(1) Frauds made by staff in non key positions, or business operators execute the implementation procedures not strictly conforming to the company's policy but resulted in no significant impact on the reliability of the financial report.</p> <p>(2)The supervisory function on compliance is invalid, and the violations of regulations may not have a significant impact on the reliability of the financial report;</p> <p>(3)The general deficiencies reported to the management</p> | <p>country, which caused severe damage to the company's reputation; resulted in decease of a number of workers or citizens, or resulted in damages that are unable to recover to workers or citizens;</p> <p>reached the circumstance(grade II) of major environmental event. Significant deficiencies: illegal and being punished; disregard the requirements of the company's management system and the relevant rules of law, there are illegal acts of using the authority to seek illegal interests in the work, which significantly affect the efficiency and the result of daily operation and management activities and lead to the audit report with qualified opinion issued by the CPA; the negative news spread in a region, which caused the large-extent damage to the company's reputation; resulted in decease of a worker or a citizen, or resulted in damages that need long time to recover to workers or citizens;</p> <p>reached the circumstance(grade III) of big environmental event.</p> <p>General deficiencies: minor violations; the awareness of management under in compliance with laws and regulations is weak, lacking of business and management knowledge, and there are phenomena such as being slack in performing management duties, being passive and poorly execute the institution in the work, which shall affect the efficiency and the result of daily operation and management activities and lead to small effects to the company's management goal; the negative news spread within the company, which caused the little-extent damage to the company's reputation; shortly affected the health of the workers or citizens and the workers or citizens can be recovered in a short time; reached the circumstance(grade IV) of general environmental event.</p> |
|---|--|

|  |  |  |
|--|--|--|
|  | but are not corrected within a reasonable period.  |  |
| Standards of Quantitation                                  | <p>The qualitative criteria for the evaluation of internal control deficiencies in financial reports confirmed by the Company is as follows: Material deficiencies: potential misstatement <math>\geq 1\%</math> of the total amount of the owner's equity or RMB 200 million; significant deficiencies: 0.5% of the total amount of the owner's equity or RMB 100 million <math>\leq</math> potential misstatement <math>&lt; 1\%</math> of the total amount of the owner's equity or RMB 200 million; general deficiencies: potential misstatement <math>&lt; 0.5\%</math> of the total amount of the owner's equity or RMB 100 million</p> <p>Standards of Quantitation</p> | <p>The qualitative criteria for the evaluation of internal control deficiencies in nonfinancial reports confirmed by the Company is as follows: Material deficiencies: potential misstatement <math>\geq 1\%</math> of the total amount of the owner's equity or RMB 200 million; significant deficiencies: 0.5% of the total amount of the owner's equity or RMB 100 million <math>\leq</math> potential misstatement <math>&lt; 1\%</math> of the total amount of the owner's equity or RMB 200 million; general deficiencies: potential misstatement <math>&lt; 0.5\%</math> of the total amount of the owner's equity or RMB 100 million</p> |
| Number of major defects in financial reporting (a)         |  | 0  |
| Number of major defects in non financial reporting (a)     |  | 0  |
| Number of important defects in financial reporting (a)     |  | 0  |
| Number of important defects in non financial reporting (a) |  | 0  |

## X. Internal Control audit report

☒ Applicable ☐ Not applicable

| Review opinions in the internal control audit report   |                           |
|--|---------------------------|
| In our opinion, Guangdong Expressway has maintained effective financial report internal control in all material aspects according to the basic standards for Enterprise internal control and relevant regulations ended December 31, 2017. |                           |
| Disclosure of internal audit report  | Disclosure                |
| Disclosure date of audit report of internal control (full-text)  | March 28, 2018            |
| Internal audit report's opinion  | Unqualified audit opinion |
| Non-financial reporting the existence of significant deficiencies  | No                        |

Has the CPAs issued a qualified auditor's report of internal control .

☐ Yes ☒ No

Does the internal control audit report issued by the CPAs agree with the self-assessment report of the Board of Directors

☒ Yes ☐ No

## **X. Corporation bonds**

Whether or not the Company public offering corporation bonds in stock exchange, which undue or without payment in full at maturity on the approval date for annual report disclosed

No

## XI. Financial Report

### I. Audit report

|                                     |   |
|-------------------------------------|---|
| Type of audit opinion               | Standard Unqualified audit opinion  |
| Name of audit firm                  | Guangdong Zhengzhong Zhujiang Certified Public Accountants Co., Ltd.(Special General Partnership) |
| Name of Certified public Accountant | Feng Kuncong, Xu Jihong   |

#### Auditors' Report

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

#### I. Opinion

We have audited the financial statements of Guangdong Provincial Expressway Development Co., Ltd. (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2017, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2017 and its operating results and cash flows for the year then ended.

#### II. Basis for Our Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. According to the Code of Ethics for Chinese CPA, we are independent of the Company in accordance with the Code of Ethics for Chinese CPA and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### (1) Long-term Equity Investment

##### ① Factual description

As described in "Annotation 9 of major item in Note V to the Financial Statement ---- Long-term Equity Investments", the amount of long-term equity investment of the Company was RMB 3,047,275,000 as of December 31, 2017.

Guangdong Expressway bought shares from Shenzhen Huiyan Expressway Co., Ltd., Guangdong Guanghui

Expressway Co., Ltd. and Guoyuan Securities Co., Ltd. Guangdong Expressway Co., Ltd. Management (hereinafter referred to as the "Management") considered that it can actively participate in the operation and financial policies of such joint ventures and associates, so Guangdong Expressway Co., Ltd. had a significant influence on them. The financial statements of these joint ventures and associates have a significant impact on the consolidated financial statements of Guangdong Expressway Co., Ltd.

## ②How our audit addressed the matter

We have implemented the following major audit procedures to respond:

Check the joint venture agreement, articles of association for the long-term equity investment newly increased in current period, and Guangdong Expressway Co., Ltd. appoints directors and participates in its operation and decision-making; Obtain the capital verification report of the Investee to confirm whether the long-term equity investment meets the provisions of investment contract and the agreement and whether the accounting treatment is correct.

Analyze the holding intention and ability of the management of Guangdong Expressway Co., Ltd. on the long-term equity investment and review the correctness of the long-term equity investment classification.

Inspect the resolutions of the Board of Directors and the Shareholders' Meeting of the joint ventures and associates, and evaluate the actual impact of the Guangdong Expressway Co., Ltd. on the major decisions and operation-related activities of such joint ventures and associates.

The review procedures are conducted for the financial statements of the joint ventures and associates to verify the net gains and losses of the Investee after adjusting based on the principle of materiality and on the basis of the identifiable assets fair values of the joint ventures and associates obtained during investments.

The investment gains and losses recalculated are checked with the investment gains and losses calculated by audited unit and made appropriate adjustments.

Pay attention to whether the accounting treatment of Guangdong Expressway is correct in case of its joint ventures and associates generating net loss or achieving profit in subsequent periods.

Long-term equity investments are inspected one by one, and judge whether there is any indication of impairment for the long-term equity investment based on various changes such as the operating policies, legal environment, market demand, industry and profitability of Guangdong Expressway Co., Ltd.. At the same time, check the correctness of impairment provision calculation.

## (2) Depreciation of fixed assets road property

### ①Factual description

As described in "Annotation 11 of major item in Note V to the Financial Statement ---- Fixed Assets", the amount of fixed assets road property of the Company was RMB 15,538,140,500 and the accumulated depreciation amount of road property was RMB7,454,530,800 as of December 31, 2017.

At present, Guangdong Expressway is amortized according to the workload method, which involves the estimation of Guangdong Expressway Co., Ltd.. on the estimated total traffic flow and the estimation is uncertain. When there is a significant difference between the estimated total traffic flow and the actual measurement result, the road fixed assets depreciation shall be adjusted accordingly. At the same time, various factors consideration and the related data estimation are involved in the traffic flow forecasting model. If the amortization rate and the annual average increment rate are not estimated properly, the depreciation amount of expressway property will be

wrong to generate the risk of material misstatement.

Fixed asset road property is the core asset of Guangdong Expressway Co., Ltd. Depreciation of expressway property has a significant impact on annual vehicle travel costs and expenses, so the workload method for amortization of fixed assets road property is recognized as a key audit matter.

②How our audit addressed the matter

The procedures of our management for amortization of expressway property with workload method mainly include:

Obtain forecast report from an external independent professional organization and review its key assumptions, while comparing its key assumptions with the expressway planning of the government transport sector and reviewing the qualifications, professional competence and independence of external independent professional organization;

Check whether the actual traffic flow data applied by Guangdong Expressway Co., Ltd. in the process of depreciation calculation of fixed assets road property is consistent with the actual traffic flow data obtained by Guangdong Expressway Co., Ltd. from external service units;

To understand the method of forecasting the traffic flow of the future remaining operation period used in the traffic flow forecast report of an independent external professional organization and to evaluate the reliability of the traffic flow forecast report by comparing the forecasting traffic flow in the past years with the actual traffic flow in the period.

Depreciation of fixed assets road property is to be re-calculated to verify the correctness of the depreciation amount of fixed assets road property in the financial statements.

(3) Deferred income tax assets related to deductible losses

①Factual description

As described in "Annotation 16 of major item in Note V to the Financial Statement ---- Deferred Income Tax Assets", the amount of the deferred tax assets of the Company was RMB335,299,000 of which the deferred income tax asset confirmed without making up for the tax loss was RMB193,414,700 as of December 31, 2017.

The Guangdong Expressway Headquarter has larger tax losses that have not been made up during 2012 to 2016. On August 1, 2017, it offset with the corresponding taxable income generated after absorbing and combining Fokai Company, a wholly-owned subsidiary of Guangdong Expressway. The Company initially estimated and confirmed the deferred income tax assets of RMB 220,270,600. When confirming the deferred income tax assets, the Management judges the Guangdong Expressway. Headquarter is likely to have sufficient taxable income to offset the deductible losses prior to the expiration of the deductible losses according to the financial forecast of the Guangdong Expressway. Headquarter in the future. As for the evaluation on whether the deferred tax assets will be realized in the future, it needs the Management to make significant judgments and its estimates and assumptions are with certain uncertainties.

②How our audit addressed the matter

Our procedures for the accounting estimates of deferred income tax assets of Guangdong Expressway Co., Ltd. mainly include:

We have consulted the 2016 Annual Settlement and Payment Report of Guangdong Expressway Co., Ltd. and confirmed that its compensated loss amount was RMB777,658,600 as of December 31, 2017.

We communicated with our tax experts to confirm that the uncompensated losses can be offset by the combined taxable income

Obtain the financial forecast of Guangdong Expressway Co., Ltd. Headquarter approved by the Management in the future, assess whether the preparation complies with the industry and its own circumstances, and consider the impact of relevant special events on the reliability of future financial projections.

Review whether the deferred income tax assets is confirmed by taking the taxable incomes that is likely to be obtained in the future to deduct the deductible losses as the limit;

Audit, recalculation and other auditing procedures are conducted, and the accuracy of relevant accounting treatment on deferred income tax assets that should be recognized by deductible losses of Guangdong Expressway Co., Ltd. shall be reviewed.

#### **IV. Other information**

The management of the Company is responsible for the other information. The other information comprises information of the Company's annual report in 2017, but excludes the financial statements and our auditor's report. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

#### **V. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **VI. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Company.

(4) Conclude on the appropriateness of using the going concern assumption by the management of the Company, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements and bear all liability for the opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit matters, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Guangdong Zhengzhong Zhujiang Certified Public Accountants Co., Ltd.(Special General Partnership)  
Certified Public Accountant of China:Feng Kuncong

Certified Public Accountant of China:Xu Jihong

Guangzhou China

March 27, 2018

## II. Financial Statement

Currency unit for the statements in the notes to these financial statements: RMB

### 1. Consolidated balance sheet

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

December 31, 2017

In RMB

| Items   | At the end of term | Beginning of term |
|---|--------------------|-------------------|
| Current asset:  |                    |                   |
| Monetary fund   | 2,363,042,700.42   | 2,603,279,644.25  |
| Settlement provision  | 0.00               | 0.00              |
| Outgoing call loan  | 0.00               | 0.00              |
| Financial assets measured at fair value with variations accounted into current income account | 0.00               | 0.00              |
| Derivative financial assets   | 0.00               | 0.00              |
| Bill receivable   | 0.00               | 0.00              |
| Account receivable  | 92,642,625.45      | 40,681,197.01     |
| Prepayments   | 4,451,901.75       | 2,860,130.35      |
| Insurance receivable  | 0.00               | 0.00              |
| Reinsurance receivable  | 0.00               | 0.00              |
| Provisions of Reinsurance contracts receivable  | 0.00               | 0.00              |
| Interest receivable   | 0.00               | 0.00              |
| Dividend receivable   | 0.00               | 0.00              |
| Other account receivable  | 15,415,512.07      | 25,167,879.53     |
| Repurchasing of financial assets  |                    |                   |
| Inventories   |                    | 323,888.89        |
| Assets held for sales   |                    |                   |
| Non-current asset due in 1 year   | 55,669.14          | 55,719.14         |
| Other current asset   | 76,576.08          | 0.00              |
| Total of current assets   | 2,475,684,984.91   | 2,672,368,459.17  |
| Non-current assets:   |                    |                   |
| Loans and payment on other's behalf   |                    |                   |

| Items  | At the end of term | Beginning of term |
|--|--------------------|-------------------|
| disbursed  |                    |                   |
| Disposable financial asset   | 1,751,357,624.93   | 1,718,421,932.77  |
| Expired investment in possess  | 0.00               | 0.00              |
| Long-term receivable   | 0.00               | 0.00              |
| Long term share equity investment  | 3,047,275,000.00   | 2,220,805,130.31  |
| Property investment  | 2,755,757.68       | 3,219,971.08      |
| Fixed assets   | 8,505,434,890.71   | 9,285,823,302.77  |
| Construction in progress   | 356,062,655.95     | 149,244,110.30    |
| Engineering material   | 1,549,556.00       | 1,549,556.00      |
| Fixed asset disposal   | 0.00               | 0.00              |
| Production physical assets   | 0.00               | 0.00              |
| Gas & petrol   | 0.00               | 0.00              |
| Intangible assets  | 7,096,435.17       | 6,138,294.90      |
| R & D petrol   | 0.00               | 0.00              |
| Goodwill   | 0.00               | 0.00              |
| Long-germ expenses to be amortized   | 92,768.83          | 1,763,966.07      |
| Defered income tax asset   | 335,299,025.28     | 10,810,322.94     |
| Other non-current asset  | 40,706,394.26      | 2,300,170.28      |
| Total of non-current assets  | 14,047,630,108.81  | 13,400,076,757.42 |
| Total of assets  | 16,523,315,093.72  | 16,072,445,216.59 |
| Current liabilities  |                    |                   |
| Short-term loans   |                    |                   |
| Loan from Central Bank   |                    |                   |
| Deposit received and hold for others   |                    |                   |
| Call loan received   |                    |                   |
| Financial liabilities measured at fair value with variations accounted into current income account |                    |                   |
| Derivative financial liabilities   |                    |                   |
| Bill payable   |                    |                   |
| Account payable  | 266,934,026.99     | 299,414,047.07    |
| Advance payment  | 14,856,113.90      | 17,440,023.40     |
| Selling of repurchased financial assets  | 0.00               | 0.00              |
| Fees and commissions receivable  | 0.00               | 0.00              |

| Items                                      | At the end of term | Beginning of term |
|--|--------------------|-------------------|
| Employees' wage payable                    | 11,334,182.16      | 8,840,599.13      |
| Tax payable                                | 428,647,394.29     | 106,370,898.31    |
| Interest payable                           | 8,494,355.93       | 8,945,283.52      |
| Dividend payable                           | 26,840,792.20      | 12,506,777.92     |
| Other account payable                      | 86,663,237.94      | 134,266,141.34    |
| Reinsurance fee payable                    | 0.00               | 0.00              |
| Insurance contract provision               | 0.00               | 0.00              |
| Entrusted trading of securities            | 0.00               | 0.00              |
| Entrusted selling of securities            | 0.00               | 0.00              |
| Liabilities held for sales                 | 0.00               | 0.00              |
| Non-current liability due in 1 year        | 1,218,610,000.00   | 957,880,000.00    |
| Other current liability                    | 0.00               | 0.00              |
| Total of current liability                 | 2,062,380,103.41   | 1,545,663,770.69  |
| Non-current liabilities:                   |                    |                   |
| Long-term loan                             | 4,744,170,000.00   | 5,402,780,000.00  |
| Bond payable                               | 0.00               | 0.00              |
| Including: preferred stock                 | 0.00               | 0.00              |
| Sustainable debt                           | 0.00               | 0.00              |
| Long-term payable                          | 2,022,210.11       | 2,022,210.11      |
| Long-term payable employees's remuneration | 0.00               | 0.00              |
| Special payable                            | 0.00               | 0.00              |
| Expected liabilities                       | 0.00               | 0.00              |
| Deferred income                            | 0.00               | 0.00              |
| Deferred income tax liability              | 260,632,098.75     | 278,463,647.00    |
| Other non-current liabilities              | 0.00               | 0.00              |
| Total non-current liabilities              | 5,006,824,308.86   | 5,683,265,857.11  |
| Total of liability                         | 7,069,204,412.27   | 7,228,929,627.80  |
| Owners' equity                             |                    |                   |
| Share capital                              | 2,090,806,126.00   | 2,090,806,126.00  |
| Other equity instruments                   | 0.00               | 0.00              |
| Including: preferred stock                 | 0.00               | 0.00              |
| Sustainable debt                           | 0.00               | 0.00              |

| Items  | At the end of term | Beginning of term |
|--|--------------------|-------------------|
| Capital reserves                                     | 2,510,069,749.76   | 2,508,408,342.99  |
| Less: Shares in stock                                | 0.00               | 0.00              |
| Other comprehensive income                           | 327,263,824.17     | 402,285,954.24    |
| Special reserves                                     | 0.00               | 0.00              |
| Surplus reserves                                     | 544,821,130.03     | 366,956,549.89    |
| Common risk provision                                | 0.00               | 0.00              |
| Undistributed profit                                 | 3,550,110,288.49   | 2,920,563,328.27  |
| Total of owner's equity belong to the parent company | 9,023,071,118.45   | 8,289,020,301.39  |
| Minority shareholders' equity                        | 431,039,563.00     | 554,495,287.40    |
| Total of owners' equity                              | 9,454,110,681.45   | 8,843,515,588.79  |
| Total of liabilities and owners' equity              | 16,523,315,093.72  | 16,072,445,216.59 |

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

## 2. Parent Company Balance Sheet

In RMB

| Items   | At the end of term | Beginning of term |
|---|--------------------|-------------------|
| Current asset :   |                    |                   |
| Monetary fund   | 2,130,475,892.67   | 1,795,455,123.88  |
| Financial assets measured at fair value with variations accounted into current income account | 0.00               | 0.00              |
| Derivative financial assets   | 0.00               | 0.00              |
| Bill receivable   | 0.00               | 0.00              |
| Account receivable  | 19,001,899.29      | 0.00              |
| Prepayments   | 1,520,014.23       | 2,059,362.84      |
| Interest receivable   | 2,070,385.95       | 34,833.33         |
| Dividend receivable   | 10,000,000.00      | 24,000,000.00     |
| Other account receivable  | 5,298,202.17       | 2,350,265.24      |
| Inventories   | 0.00               | 0.00              |
| Assets held for sales   | 0.00               | 0.00              |
| Non-current asset due in 1 year   | 80,000,000.00      | 95,000,000.00     |
| Other current asset   | 0.00               | 0.00              |
| Total of current assets   | 2,248,366,394.31   | 1,918,899,585.29  |
| Non-current assets:   |                    |                   |
| Disposable financial asset  | 1,751,357,624.93   | 1,718,421,932.77  |
| Expired investment in possess   | 0.00               | 0.00              |
| Long-term receivable  | 0.00               | 0.00              |
| Long term share equity investment   | 8,216,937,219.66   | 7,385,967,349.97  |
| Property investment   | 2,503,619.43       | 2,967,832.83      |
| Fixed assets  | 5,784,192,105.58   | 2,744,611.16      |
| Construction in progress  | 353,858,869.95     | 0.00              |
| Engineering material  | 0.00               | 0.00              |
| Fixed asset disposal  | 0.00               | 0.00              |
| Production physical assets  | 0.00               | 0.00              |
| Gas & petrol  | 0.00               | 0.00              |
| Intangible assets   | 2,856,323.67       | 725,234.38        |
| R & D petrol  | 0.00               | 0.00              |

| Items  | At the end of term | Beginning of term |
|--|--------------------|-------------------|
| Goodwill   | 0.00               | 0.00              |
| Long-germ expenses to be amortized   | 0.00               | 1,559,874.44      |
| Deferred income tax asset  | 335,050,091.31     | 0.00              |
| Other non-current asset  | 827,775,329.66     | 847,903,684.98    |
| Total of non-current assets  | 17,274,531,184.19  | 9,960,290,520.53  |
| Total of assets  | 19,522,897,578.50  | 11,879,190,105.82 |
| Current liabilities  |                    |                   |
| Short-term loans   |                    |                   |
| Financial liabilities measured at fair value with variations accounted into current income account |                    |                   |
| Derivative financial liabilities   |                    |                   |
| Bill payable   |                    |                   |
| Account payable  | 200,070,986.17     | 0.00              |
| Advance payment  | 0.00               | 0.00              |
| Employees' wage payable  | 5,419,848.48       | 1,347,078.47      |
| Tax payable  | 12,893,797.03      | 1,986,670.18      |
| Interest payable   | 7,901,914.26       | 4,469,288.30      |
| Dividend payable   | 14,340,792.20      | 12,506,777.92     |
| Other account payable  | 4,481,086,033.30   | 1,989,088.70      |
| Liabilities held for sales   | 0.00               | 0.00              |
| Non-current liability due in 1 year  | 968,610,000.00     | 50,200,000.00     |
| Other current liability  | 644,691,748.64     | 836,363,256.69    |
| Total of current liability   | 6,335,015,120.08   | 908,862,160.26    |
| Non-current liabilities:   |                    |                   |
| Long-term loan   | 4,545,170,000.00   | 2,999,700,000.00  |
| Bond payable   | 0.00               | 0.00              |
| Including: preferred stock   | 0.00               | 0.00              |
| Sustainable debt   | 0.00               | 0.00              |
| Long-term payable  | 2,022,210.11       | 2,022,210.11      |
| Employees' wage payable  | 0.00               | 0.00              |
| Special payable  | 0.00               | 0.00              |
| Expected liabilities   | 0.00               | 0.00              |
| Deferred income  | 0.00               | 0.00              |

| Items                                   | At the end of term | Beginning of term |
|---|--------------------|-------------------|
| Deferred income tax liability           | 108,805,411.60     | 0.00              |
| Other non-current liabilities           | 0.00               | 0.00              |
| Total of Non-current liabilities        | 4,655,997,621.71   | 3,001,722,210.11  |
| Total of liability                      | 10,991,012,741.79  | 3,910,584,370.37  |
| Owners' equity                          |                    |                   |
| Share capital                           | 2,090,806,126.00   | 2,090,806,126.00  |
| Other equity instrument                 | 0.00               | 0.00              |
| Including: preferred stock              | 0.00               | 0.00              |
| Sustainable debt                        | 0.00               | 0.00              |
| Capital reserves                        | 2,921,957,981.38   | 3,359,791,693.12  |
| Less: Shares in stock                   | 0.00               | 0.00              |
| Other comprehensive income              | 327,263,824.17     | 402,285,954.24    |
| Special reserves                        | 0.00               | 0.00              |
| Surplus reserves                        | 528,976,846.38     | 351,112,266.24    |
| Undistributed profit                    | 2,662,880,058.78   | 1,764,609,695.85  |
| Total of owners' equity                 | 8,531,884,836.71   | 7,968,605,735.45  |
| Total of liabilities and owners' equity | 19,522,897,578.50  | 11,879,190,105.82 |

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

### 3. Consolidated Income statement

In RMB

| Items                           | Report period    | Same period of the previous year |
|---------------------------------|------------------|----------------------------------|
| I. Income from the key business | 3,089,055,399.21 | 2,825,049,808.36                 |
| Incl: Business income           | 3,089,055,399.21 | 2,825,049,808.36                 |
| Interest income                 |                  |                                  |
| Insurance fee earned            |                  |                                  |
| Fee and commission received     |                  |                                  |
| II. Total business cost         | 1,700,430,222.02 | 1,852,134,692.49                 |

| Items  | Report period    | Same period of the previous year |
|--|------------------|----------------------------------|
| Incl: Business cost  | 1,247,122,353.35 | 1,281,032,560.50                 |
| Interest expense   |                  |                                  |
| Fee and commission paid                                    |                  |                                  |
| Insurance discharge payment                                |                  |                                  |
| Net claim amount paid                                      |                  |                                  |
| Insurance policy dividend paid                             |                  |                                  |
| Insurance policy dividend paid                             |                  |                                  |
| Reinsurance expenses                                       |                  |                                  |
| Business tax and surcharge                                 | 16,000,201.45    | 40,582,167.79                    |
| Sales expense  |                  |                                  |
| Administrative expense                                     | 189,585,575.97   | 189,789,891.95                   |
| Financial expenses   | 247,306,751.08   | 340,854,007.43                   |
| Asset impairment loss                                      | 415,340.17       | -123,935.18                      |
| Add: Gains from change of fir value<br>(“-”for loss)       |                  |                                  |
| Investment gain (“-”for loss)                              | 448,268,367.19   | 441,537,648.28                   |
| Incl: investment gains from affiliates                     | 423,940,445.45   | 395,658,692.77                   |
| Gains from currency exchange (“-”for<br>loss)              |                  |                                  |
| Assets dispose Loss  |                  | 10,105,140.34                    |
| Other income   |                  |                                  |
| III. Operational profit (“-”for loss)                      | 1,836,893,544.38 | 1,424,557,904.49                 |
| Add : Non-operational income                               | 65,779,816.71    | 66,845,348.98                    |
| Less: Non business expenses                                | 6,681,492.26     | 4,838,502.85                     |
| IV.Total profit(“-”for loss)                               | 1,895,991,868.83 | 1,486,564,750.62                 |
| Less: Income tax expenses                                  | 185,768,181.41   | 314,207,043.18                   |
| V. Net profit  | 1,710,223,687.42 | 1,172,357,707.44                 |
| 1.Net continuing operating profit                          | 1,710,223,687.42 | 1,172,357,707.44                 |
| 2.Termination of operating net profit                      |                  |                                  |
| Net profit attributable to the owners of<br>parent company | 1,509,922,398.70 | 1,001,205,945.39                 |
| Minority shareholders' equity                              | 200,301,288.72   | 171,151,762.05                   |
| VI. Other comprehensive income                             | -75,022,130.07   | -77,634,131.52                   |
| Net of profit of other comprehensive inco                  | -75,022,130.07   | -77,634,131.52                   |

| Items  | Report period    | Same period of the previous year |
|--|------------------|----------------------------------|
| me attributable to owners of the parent company.   |                  |                                  |
| (I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period |                  |                                  |
| 1.Re-measurement of defined benefit plans of changes in net debt or net assets   |                  |                                  |
| 2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.               |                  |                                  |
| (II)<br>Other comprehensive income that will be reclassified into profit or loss.  | -75,022,130.07   | -77,634,131.52                   |
| 1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.                   | 847,589.37       |                                  |
| 2.Gains and losses from changes in fair value available for sale financial assets  | -75,869,719.44   | -77,634,131.52                   |
| 3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets                   |                  |                                  |
| 4.The effective portion of cash flow hedges and losses   |                  |                                  |
| 5.Translation differences in currency financial statements   |                  |                                  |
| 6.Other  |                  |                                  |
| Net of profit of other comprehensive income attributable to Minority shareholders' equity                                |                  |                                  |
| VII. Total comprehensive income  | 1,635,201,557.35 | 1,094,723,575.92                 |
| Total comprehensive income attributable to the owner of the parent company   | 1,434,900,268.63 | 923,571,813.87                   |
| Total comprehensive income attributable minority shareholders  | 200,301,288.72   | 171,151,762.05                   |
| VIII. Earnings per share   |                  |                                  |

| Items                           | Report period | Same period of the previous year |
|---------------------------------|---------------|----------------------------------|
| (I) Basic earnings per share    | 0.72          | 0.52                             |
| (II) Diluted earnings per share | 0.72          | 0.52                             |

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB 0.00, last period the combined party realized RMB0.00.

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

#### 4. Income statement of the Parent Company

In RMB

| Items   | Report period    | Same period of the previous year |
|---|------------------|----------------------------------|
| I. Income from the key business                       | 633,884,348.76   | 51,258,350.04                    |
| Incl: Business cost                                   | 334,909,223.31   | 464,213.40                       |
| Business tax and surcharge                            | 3,307,085.26     | 540,992.88                       |
| Sales expense   | 0.00             | 0.00                             |
| Administrative expense                                | 88,330,754.08    | 71,990,670.43                    |
| Financial expenses                                    | 161,543,283.48   | 147,678,306.36                   |
| Asset impairment loss                                 | 0.00             | -124,584.54                      |
| Add: Gains from change of fair value<br>(“-”for loss) | 0.00             | 0.00                             |
| Investment gain (“-”for loss)                         | 1,543,339,240.39 | 882,384,069.76                   |
| Incl: investment gains from affiliates                | 423,940,445.45   | 429,826,747.82                   |
| Assets disposal income                                |                  |                                  |
| Other income  |                  |                                  |
| II. Operational profit (“-”for loss)                  | 1,589,133,243.02 | 713,092,821.27                   |
| Add : Non-operational income                          | 1,954,480.96     | 49,968.04                        |
| Less: Non business expenses                           | 993,641.04       |                                  |
| III. Total profit (“-”for loss)                       | 1,590,094,082.94 | 713,142,789.31                   |
| Less: Income tax expenses                             | -188,551,718.47  | 0.00                             |
| IV. Net profit (“-”for net loss)                      | 1,778,645,801.41 | 713,142,789.31                   |
| 1. Net continuing operating profit                    | 1,778,645,801.41 | 713,142,789.31                   |

| Items  | Report period    | Same period of the previous year |
|--|------------------|----------------------------------|
| 2.Termination of operating net profit  |                  |                                  |
| V.Net of profit of other comprehensive income  | -75,022,130.07   | -77,634,131.52                   |
| (I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period |                  |                                  |
| 1.Re-measurement of defined benefit plans of changes in net debt or net assets   |                  |                                  |
| 2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.               |                  |                                  |
| (II) Other comprehensive income that will be reclassified into profit or loss.   | -75,022,130.07   | -77,634,131.52                   |
| 1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.                   | 847,589.37       | 0.00                             |
| 2.Gains and losses from changes in fair value available for sale financial assets  | -75,869,719.44   | -77,634,131.52                   |
| 3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets                   |                  |                                  |
| 4.The effective portion of cash flow hedges and losses   |                  |                                  |
| 5.Translation differences in currency financial statements   |                  |                                  |
| 6.Other  |                  |                                  |
| VI. Total comprehensive income   | 1,703,623,671.34 | 635,508,657.79                   |
| VII. Earnings per share:   |                  |                                  |
| (I) Basic earnings per share   |                  |                                  |
| (II) Diluted earnings per share  |                  |                                  |

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

## 5. Consolidated Cash flow statement

In RMB

| Items  | Report period    | Same period of the previous year |
|--|------------------|----------------------------------|
| I.Cash flows from operating activities                                 |                  |                                  |
| Cash received from sales of goods or rendering of services             | 3,136,065,844.60 | 2,899,343,557.24                 |
| 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                            | 100,599,558.66   | 60,544,365.40                    |
| Sub-total of cash inflow   | 3,236,665,403.26 | 2,959,887,922.64                 |
| Cash paid for purchasing of merchandise and services                   | 200,278,429.82   | 194,379,423.95                   |
| Net increase of client trade and advance                               |                  |                                  |
| Net increase of savings in central bank and brother company            |                  |                                  |
| Cash paid for original contract claim                                  |                  |                                  |

| Items   | Report period    | Same period of the previous year |
|---|------------------|----------------------------------|
| Cash paid for interest, processing fee and commission   |                  |                                  |
| Cash paid for policy dividend   |                  |                                  |
| Cash paid to staffs or paid for staffs  | 317,865,103.86   | 311,802,195.74                   |
| Taxes paid  | 428,844,550.88   | 431,179,968.95                   |
| Other cash paid for business activities   | 94,687,393.35    | 98,266,375.72                    |
| Sub-total of cash outflow from business activities  | 1,041,675,477.91 | 1,035,627,964.36                 |
| Cash flow generated by business operation, net  | 2,194,989,925.35 | 1,924,259,958.28                 |
| II.Cash flow generated by investing   |                  |                                  |
| Cash received from investment retrieving  |                  |                                  |
| Cash received as investment gains   | 424,307,452.94   | 471,047,095.86                   |
| Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets | 619,050.00       | 667,966.00                       |
| Net cash received from disposal of subsidiaries or other operational units                      |                  |                                  |
| Other investment-related cash received  | 59,995,667.68    | 60,770,000.00                    |
| Sub-total of cash inflow due to investment activities   | 484,922,170.62   | 532,485,061.86                   |
| Cash paid for construction of fixed assets, intangible assets and other long-term assets        | 429,007,555.79   | 487,328,041.69                   |
| Cash paid as investment   | 799,999,959.30   | 803,500,000.00                   |
| Net increase of loan against pledge   | 0.00             | 0.00                             |
| Net cash received from subsidiaries and other operational units                                 | 0.00             | 0.00                             |
| Other cash paid for investment activities   | 0.00             | 987,903,684.98                   |
| Sub-total of cash outflow due to investment activities  | 1,229,007,515.09 | 2,278,731,726.67                 |
| Net cash flow generated by investment   | -744,085,344.47  | -1,746,246,664.81                |
| III.Cash flow generated by financing  |                  |                                  |
| Cash received as investment   | 0.00             | 1,633,499,989.30                 |

| Items   | Report period     | Same period of the previous year |
|---|-------------------|----------------------------------|
| Incl: Cash received as investment from minor shareholders               | 0.00              | 0.00                             |
| Cash received as loans  | 1,828,000,000.00  | 2,498,000,000.00                 |
| Cash received from bond placing   |                   |                                  |
| Other financing –related ash received                                   | 10,277,777.78     | 5,173.81                         |
| Sub-total of cash inflow from financing activities                      | 1,838,277,777.78  | 4,131,505,163.11                 |
| Cash to repay debts   | 2,225,880,000.00  | 2,330,180,000.00                 |
| Cash paid as dividend, profit, or interests                             | 1,304,986,387.00  | 570,437,516.48                   |
| Incl: Dividend and profit paid by subsidiaries to minor shareholders    | 309,648,023.87    | 10,266,231.67                    |
| Other cash paid for financing activities                                | 0.00              | 4,727,368.84                     |
| Sub-total of cash outflow due to financing activities                   | 3,530,866,387.00  | 2,905,344,885.32                 |
| Net cash flow generated by financing                                    | -1,692,588,609.22 | 1,226,160,277.79                 |
| IV. Influence of exchange rate alternation on cash and cash equivalents | 1,447,084.51      | -523,203.86                      |
| V.Net increase of cash and cash equivalents                             | -240,236,943.83   | 1,403,650,367.40                 |
| Add: balance of cash and cash equivalents at the beginning of term      | 2,603,279,644.25  | 1,199,629,276.85                 |
| VI ..Balance of cash and cash equivalents at the end of term            | 2,363,042,700.42  | 2,603,279,644.25                 |

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

## 6. Cash Flow Statement of the Parent Company

In RMB

| Items                                  | Amount in this period | Amount in last period |
|--|-----------------------|-----------------------|
| I.Cash flows from operating activities |                       |                       |

| Items   | Amount in this period | Amount in last period |
|---|-----------------------|-----------------------|
| Cash received from sales of goods or rendering of services                                      | 558,221,855.21        | 10,046,335.82         |
| Tax returned  | 0.00                  | 0.00                  |
| Other cash received from business operation   | 256,279,744.56        | 602,105,966.56        |
| Sub-total of cash inflow  | 814,501,599.77        | 612,152,302.38        |
| Cash paid for purchasing of merchandise and services  | 40,959,738.85         | 0.00                  |
| Cash paid to staffs or paid for staffs  | 88,199,907.15         | 42,170,653.37         |
| Taxes paid  | 15,211,949.40         | 4,606,494.69          |
| Other cash paid for business activities   | 457,568,791.56        | 90,477,346.95         |
| Sub-total of cash outflow from business activities  | 601,940,386.96        | 137,254,495.01        |
| Cash flow generated by business operation, net  | 212,561,212.81        | 474,897,807.37        |
| II.Cash flow generated by investing   |                       |                       |
| Cash received from investment retrieving  |                       |                       |
| Cash received as investment gains   | 1,533,378,326.14      | 853,725,462.29        |
| Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets | 604,520.00            | 0.00                  |
| Net cash received from disposal of subsidiaries or other operational units                      | 0.00                  | 0.00                  |
| Other investment-related cash received  | 167,012,137.44        | 163,995,012.01        |
| Sub-total of cash inflow due to investment activities   | 1,700,994,983.58      | 1,017,720,474.30      |
| Cash paid for construction of fixed assets, intangible assets and other long-term assets        | 60,356,595.71         | 524,310.00            |
| Cash paid as investment   | 804,499,959.30        | 1,303,500,000.00      |
| Net cash received from subsidiaries and other operational units                                 | 0.00                  | 0.00                  |
| Other cash paid for investment activities   | 20,000,000.00         | 987,903,684.98        |
| Sub-total of cash outflow due to  | 884,856,555.01        | 2,291,927,994.98      |

| Items   | Amount in this period | Amount in last period |
|---|-----------------------|-----------------------|
| investment activities   |                       |                       |
| Net cash flow generated by investment                                   | 816,138,428.57        | -1,274,207,520.68     |
| III.Cash flow generated by financing                                    |                       |                       |
| Cash received as investment   | 0.00                  | 1,633,499,989.30      |
| Cash received as loans  | 270,000,000.00        | 1,500,000,000.00      |
| Cash received from bond placing   | 0.00                  | 0.00                  |
| Other financing –related ash received                                   | 732,162,605.79        | 5,173.81              |
| Sub-total of cash inflow from financing activities                      | 1,002,162,605.79      | 3,133,505,163.11      |
| Cash to repay debts   | 50,200,000.00         | 1,000,100,000.00      |
| Cash paid as dividend, profit, or interests                             | 852,788,562.89        | 355,676,260.33        |
| Other cash paid for financing activities                                | 794,300,000.00        | 4,727,368.84          |
| Sub-total of cash outflow due to financing activities                   | 1,697,288,562.89      | 1,360,503,629.17      |
| Net cash flow generated by financing                                    | -695,125,957.10       | 1,773,001,533.94      |
| IV. Influence of exchange rate alternation on cash and cash equivalents | 1,447,084.51          | -523,203.86           |
| V.Net increase of cash and cash equivalents                             | 335,020,768.79        | 973,168,616.77        |
| Add: balance of cash and cash equivalents at the beginning of term      | 1,795,455,123.88      | 822,286,507.11        |
| VI ..Balance of cash and cash equivalents at the end of term            | 2,130,475,892.67      | 1,795,455,123.88      |

Legal Representative:Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

**7. Consolidated Statement on Change in Owners' Equity**

Amount in this period

In RMB

| Items                                       | Amount in this period                             |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
|---|---|-------------------------|-------------------|-------|------------------|-----------------------|----------------------------|----------------------|------------------|-----------------------|---------------------|----------------------------|-------------------------|
|   | Owner’s equity Attributable to the Parent Company |                         |                   |       |                  |                       |                            |                      |                  |                       |                     | Minor shareholders’ equity | Total of owners’ equity |
|   | Share Capital                                     | Other Equity instrument |                   |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Speciali zed reserve | Surplus reserves | Common risk provision | Attributable profit |                            |                         |
|   |   | prefer red stock        | Sustai nable debt | Other |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| I.Balance at the end of last year           | 2,090,806,126.00                                  |                         |                   |       | 2,508,408,342.99 |                       | 402,285,954.24             |                      | 366,956,549.89   |                       | 2,920,563,328.27    | 554,495,287.40             | 8,843,515,588.79        |
| Add: Change of accounting policy            |   |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| Correcting of previous errors               |   |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| Merger of entities under common control     |   |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| Other                                       |   |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| II.Balance at the beginning of current year | 2,090,806,126.00                                  |                         |                   |       | 2,508,408,342.99 |                       | 402,285,954.24             |                      | 366,956,549.89   | 0.00                  | 2,920,563,328.27    | 554,495,287.40             | 8,843,515,588.79        |
| III.Changed in the current year             |   |                         |                   |       | 1,661,406.77     |                       | -75,022,130.07             |                      | 177,864,580.14   | 0.00                  | 629,546,960.22      | -123,455,724.40            | 610,595,092.66          |

| Items  | Amount in this period                             |                         |                  |       |                  |                       |                            |                     |                  |                       |                     |                            |                         |
|--|---|-------------------------|------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|---------------------|----------------------------|-------------------------|
|  | Owner's equity Attributable to the Parent Company |                         |                  |       |                  |                       |                            |                     |                  |                       |                     | Minor shareholders' equity | Total of owners' equity |
|  | Share Capital                                     | Other Equity instrument |                  |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Attributable profit |                            |                         |
|  |   | preferred stock         | Sustainable debt | Other |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| (1) Total comprehensive income                           |   |                         |                  |       |                  |                       | -75,022,130.07             |                     |                  |                       | 1,509,922,398.70    | 200,301,288.72             | 1,635,201,557.35        |
| (II) Investment or decreasing of capital by owners       |   |                         |                  |       |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| 1. Ordinary Shares invested by shareholders              |   |                         |                  |       |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| 2. Holders of other equity instruments invested capital  |   |                         |                  |       |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| 3. Amount of shares paid and accounted as owners' equity |   |                         |                  |       |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| 4. Other   |   |                         |                  |       |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| (III) Profit allotment                                   |   |                         |                  |       |                  |                       |                            |                     | 177,864,580.14   |                       | -880,375,438.48     | -323,757,013.12            | -1,026,267,871.46       |

| Items  | Amount in this period                             |                         |       |  |                  |                       |                            |                            |                  |                       |                     |                            |                         |
|--|---|-------------------------|-------|--|------------------|-----------------------|----------------------------|----------------------------|------------------|-----------------------|---------------------|----------------------------|-------------------------|
|  | Owner’s equity Attributable to the Parent Company |                         |       |  |                  |                       |                            |                            |                  |                       |                     | Minor shareholders’ equity | Total of owners’ equity |
|  | Share Capital                                     | Other Equity instrument |       |  | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Speciali<br>zed<br>reserve | Surplus reserves | Common risk provision | Attributable profit |                            |                         |
| prefer<br>red<br>stock                                     |   | Sustai<br>nable<br>debt | Other |  |                  |                       |                            |                            |                  |                       |                     |                            |                         |
| 1.Providing of surplus reserves                            |   |                         |       |  |                  |                       |                            |                            | 177,864,580.14   |                       | -177,864,580.14     |                            |                         |
| 2.Providing of common risk provisions                      |   |                         |       |  |                  |                       |                            |                            |                  |                       |                     |                            |                         |
| 3. Allotment to the owners (or shareholders)               |   |                         |       |  |                  |                       |                            |                            |                  |                       | -702,510,858.34     | -323,757,013.12            | -1,026,267,871.46       |
| 4. Other   |   |                         |       |  |                  |                       |                            |                            |                  |                       |                     |                            |                         |
| (IV) Internal transferring of owners’ equity               |   |                         |       |  |                  |                       |                            |                            |                  |                       |                     |                            |                         |
| 1. Capitalizing of capital reserves (or to capital shares) |   |                         |       |  |                  |                       |                            |                            |                  |                       |                     |                            |                         |
| 2. Capitalizing of surplus reserves (or to capital shares) |   |                         |       |  |                  |                       |                            |                            |                  |                       |                     |                            |                         |

| Items                                    | Amount in this period                             |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
|--|---|-------------------------|-------------------|-------|------------------|-----------------------|----------------------------|----------------------|------------------|-----------------------|---------------------|----------------------------|-------------------------|
|  | Owner’s equity Attributable to the Parent Company |                         |                   |       |                  |                       |                            |                      |                  |                       |                     | Minor shareholders’ equity | Total of owners’ equity |
|  | Share Capital                                     | Other Equity instrument |                   |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Speciali zed reserve | Surplus reserves | Common risk provision | Attributable profit |                            |                         |
|  |   | prefer red stock        | Sustai nable debt | Other |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| 3. Making up losses by surplus reserves. |   |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| 4. Other                                 |   |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| (V). Special reserves                    |   |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| 1. Provided this year                    |   |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| 2. Used this term                        |   |                         |                   |       |                  |                       |                            |                      |                  |                       |                     |                            |                         |
| (VI) Other                               |   |                         |                   |       | 1,661,406.77     |                       |                            |                      |                  |                       |                     |                            | 1,661,406.77            |
| IV. Balance at the end of this term      | 2,090,806,126.00                                  |                         |                   |       | 2,510,069,749.76 |                       | 327,263,824.17             |                      | 544,821,130.03   |                       | 3,550,110,288.49    | 431,039,563.00             | 9,454,110,681.45        |

Amount in last year

In RMB

| Items                                       | Amount in last year                               |                         |       |  |                  |                       |                            |                       |                  |                           |                     |                            |                         |
|---|---|-------------------------|-------|--|------------------|-----------------------|----------------------------|-----------------------|------------------|---------------------------|---------------------|----------------------------|-------------------------|
|   | Owner’s equity Attributable to the Parent Company |                         |       |  |                  |                       |                            |                       |                  |                           |                     | Minor shareholders’ equity | Total of owners’ equity |
|   | Share Capital                                     | Other Equity instrument |       |  | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Speciali- zed reserve | Surplus reserves | Commo- n risk provisio- n | Attributable profit |                            |                         |
| prefer- red stock                           |   | Sustai- nable debt      | Other |  |                  |                       |                            |                       |                  |                           |                     |                            |                         |
| I.Balance at the end of last year           | 1,257,117,748.00                                  |                         |       |  | 1,643,484,871.70 |                       | 479,920,085.76             |                       | 295,642,270.96   |                           | 2,179,239,324.01    | 1,261,282,480.94           | 7,116,686,781.37        |
| Add: Change of accounting policy            |   |                         |       |  |                  |                       |                            |                       |                  |                           |                     |                            |                         |
| Correcting of previous errors               |   |                         |       |  |                  |                       |                            |                       |                  |                           |                     |                            |                         |
| Merger of entities under common control     |   |                         |       |  |                  |                       |                            |                       |                  |                           |                     |                            |                         |
| Other                                       |   |                         |       |  |                  |                       |                            |                       |                  |                           |                     |                            |                         |
| II.Balance at the beginning of current year | 1,257,117,748.00                                  |                         |       |  | 1,643,484,871.70 |                       | 479,920,085.76             |                       | 295,642,270.96   |                           | 2,179,239,324.01    | 1,261,282,480.94           | 7,116,686,781.37        |
| III.Changed in the current year             | 833,688,378.00                                    |                         |       |  | 864,923,471.29   |                       | -77,634,131.52             |                       | 71,314,278.93    |                           | 741,324,004.26      | -706,787,193.54            | 1,726,828,807.42        |

| Items   | Amount in last year                               |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
|---|---|-------------------------|-------|--|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|---------------------|----------------------------|-------------------------|
|   | Owner’s equity Attributable to the Parent Company |                         |       |  |                  |                       |                            |                     |                  |                       |                     | Minor shareholders’ equity | Total of owners’ equity |
|   | Share Capital                                     | Other Equity instrument |       |  | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Attributable profit |                            |                         |
| preferred stock   |   | Sustainable debt        | Other |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| (1) Total comprehensive income                          |   |                         |       |  |                  |                       | -77,634,131.52             |                     |                  |                       | 1,001,205,945.39    | 171,151,762.05             | 1,094,723,575.92        |
| (II) Investment or decreasing of capital by owners      | 833,688,378.00                                    |                         |       |  | 1,824,865,776.82 |                       |                            |                     |                  |                       |                     |                            | 2,658,554,154.82        |
| 1. Ordinary Shares invested by shareholders             | 833,688,378.00                                    |                         |       |  | 1,824,865,776.82 |                       |                            |                     |                  |                       |                     |                            | 2,658,554,154.82        |
| 2. Holders of other equity instruments invested capital |   |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| 3. Allotment to the owners (or shareholders)            |   |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| 4. Other  |   |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| (IV) Internal transferring of owners’ equity            |   |                         |       |  |                  |                       |                            |                     | 71,314,278.93    |                       | -259,881,941.13     | -10,266,231.67             | -198,833,893.87         |

| Items  | Amount in last year                               |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
|--|---|-------------------------|-------|--|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|---------------------|----------------------------|-------------------------|
|  | Owner’s equity Attributable to the Parent Company |                         |       |  |                  |                       |                            |                     |                  |                       |                     | Minor shareholders’ equity | Total of owners’ equity |
|  | Share Capital                                     | Other Equity instrument |       |  | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Attributable profit |                            |                         |
| preferred stock  |   | Sustainable debt        | Other |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| 1. Capitalizing of capital reserves (or to capital shares) |   |                         |       |  |                  |                       |                            |                     | 71,314,278.93    |                       | -71,314,278.93      |                            |                         |
| 2. Capitalizing of surplus reserves (or to capital shares) |   |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| 3. Making up losses by surplus reserves.                   |   |                         |       |  |                  |                       |                            |                     |                  |                       | -188,567,662.20     | -10,266,231.67             | -198,833,893.87         |
| 4. Other   |   |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| (VI )Special reserves                                      |   |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| 1. Provided this year                                      |   |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| 2. Used this term  |   |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| (VII ) Other   |   |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |
| IV. Balance at the   |   |                         |       |  |                  |                       |                            |                     |                  |                       |                     |                            |                         |

| Items                               | Amount in last year                               |                         |       |  |                  |                       |                            |                      |                  |                         |                     |                            |                         |
|-------------------------------------|---|-------------------------|-------|--|------------------|-----------------------|----------------------------|----------------------|------------------|-------------------------|---------------------|----------------------------|-------------------------|
|                                     | Owner’s equity Attributable to the Parent Company |                         |       |  |                  |                       |                            |                      |                  |                         |                     | Minor shareholders’ equity | Total of owners’ equity |
|                                     | Share Capital                                     | Other Equity instrument |       |  | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Speciali zed reserve | Surplus reserves | Commo n risk provisio n | Attributable profit |                            |                         |
| prefer red stock                    |   | Sustai nable debt       | Other |  |                  |                       |                            |                      |                  |                         |                     |                            |                         |
| end of this term                    |   |                         |       |  |                  |                       |                            |                      |                  |                         |                     |                            |                         |
| (V) Special reserves                |   |                         |       |  |                  |                       |                            |                      |                  |                         |                     |                            |                         |
| 1. Provided this year               |   |                         |       |  |                  |                       |                            |                      |                  |                         |                     |                            |                         |
| 2. Used this term                   |   |                         |       |  |                  |                       |                            |                      |                  |                         |                     |                            |                         |
| (VI) Other                          |   |                         |       |  | -959,942,305.53  |                       |                            |                      |                  |                         |                     | -867,672,723.92            | -1,827,615,029.45       |
| IV. Balance at the end of this term | 2,090,806,126.00                                  |                         |       |  | 2,508,408,342.99 |                       | 402,285,954.24             |                      | 366,956,549.89   |                         | 2,920,563,328.27    | 554,495,287.40             | 8,843,515,588.79        |

Legal Representative:Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

## 8.Statement of change in owner's Equity of the Parent Company

Amount in this period

In RMB

| Items                                       | Amount in this period |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
|---|-----------------------|-------------------------|-------------------------|-------|------------------|-----------------------------|----------------------------------|-------------------------|------------------|---------------------|----------------------------|
|   | Share Capital         | Other Equity instrument |                         |       | Capital reserves | Less:<br>Shares in<br>stock | Other<br>Comprehensive<br>Income | Specialize<br>d reserve | Surplus reserves | Attributable profit | Total of owners'<br>equity |
|   |                       | preferre<br>d stock     | Sustain<br>able<br>debt | Other |                  |                             |                                  |                         |                  |                     |                            |
| I.Balance at the end of last year           | 2,090,806,126.00      |                         |                         |       | 3,359,791,693.12 |                             | 402,285,954.24                   |                         | 351,112,266.24   | 1,764,609,695.85    | 7,968,605,735.45           |
| Add: Change of accounting policy            |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| Correcting of previous errors               |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| Other                                       |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| II.Balance at the beginning of current year | 2,090,806,126.00      |                         |                         |       | 3,359,791,693.12 |                             | 402,285,954.24                   |                         | 351,112,266.24   | 1,764,609,695.85    | 7,968,605,735.45           |
| III.Changed in the current year             |                       |                         |                         |       | -437,833,711.74  |                             | -75,022,130.07                   |                         | 177,864,580.14   | 898,270,362.93      | 563,279,101.26             |
| (I) Total comprehensive income              |                       |                         |                         |       |                  |                             | -75,022,130.07                   |                         |                  | 1,778,645,801.41    | 1,703,623,671.34           |
| (II) Investment or decreasing of            |                       |                         |                         |       | -437,833,711.74  |                             |                                  |                         |                  |                     | -437,833,711.74            |

| Items   | Amount in this period |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
|---|-----------------------|-------------------------|-------------------------|-------|------------------|-----------------------------|----------------------------------|-------------------------|------------------|---------------------|----------------------------|
|   | Share Capital         | Other Equity instrument |                         |       | Capital reserves | Less:<br>Shares in<br>stock | Other<br>Comprehensive<br>Income | Specialize<br>d reserve | Surplus reserves | Attributable profit | Total of owners'<br>equity |
|   |                       | preferre<br>d stock     | Sustain<br>able<br>debt | Other |                  |                             |                                  |                         |                  |                     |                            |
| capital by owners                                       |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 1. Ordinary Shares invested by shareholders             |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 2. Holders of other equity instruments invested capital |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 3.Amount of shares paid and accounted as owners' equity |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 4. Other  |                       |                         |                         |       | -437,833,711.74  |                             |                                  |                         |                  |                     | -437,833,711.74            |
| (III) Profit allotment                                  |                       |                         |                         |       |                  |                             |                                  |                         | 177,864,580.14   | -880,375,438.48     | -702,510,858.34            |
| 1.Providing of surplus reserves                         |                       |                         |                         |       |                  |                             |                                  |                         | 177,864,580.14   | -177,864,580.14     |                            |
| 2. Allotment to the owners (or shareholders)            |                       |                         |                         |       |                  |                             |                                  |                         |                  | -702,510,858.34     | -702,510,858.34            |
| 3. Other  |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| (IV)Internal  |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |

| Items   | Amount in this period |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
|---|-----------------------|-------------------------|-------------------------|-------|------------------|-----------------------------|----------------------------------|-------------------------|------------------|---------------------|----------------------------|
|   | Share Capital         | Other Equity instrument |                         |       | Capital reserves | Less:<br>Shares in<br>stock | Other<br>Comprehensive<br>Income | Specialize<br>d reserve | Surplus reserves | Attributable profit | Total of owners'<br>equity |
|   |                       | preferre<br>d stock     | Sustain<br>able<br>debt | Other |                  |                             |                                  |                         |                  |                     |                            |
| transferring of<br>owners' equity                                   |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 1. Capitalizing of<br>capital reserves (or<br>to capital shares)    |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 2. Capitalizing of<br>surplus reserves<br>(or to capital<br>shares) |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 3. Making up<br>losses by surplus<br>reserves.                      |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 4. Other  |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| (V) Special<br>reserves   |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 1. Provided this<br>year  |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 2. Used this term   |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| (VI) Other  |                       |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| IV. Balance at the<br>end of this term                              | 2,090,806,126.00      |                         |                         |       | 2,921,957,981.38 |                             | 327,263,824.17                   |                         | 528,976,846.38   | 2,662,880,058.78    | 8,531,884,836.71           |

Amount in last year

In RMB

| Items                                       | Amount in last year |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
|---|---------------------|-------------------------|-------------------------|-------|------------------|-----------------------------|----------------------------------|-------------------------|------------------|---------------------|----------------------------|
|   | Share Capital       | Other Equity instrument |                         |       | Capital reserves | Less:<br>Shares in<br>stock | Other<br>Comprehensive<br>Income | Specialize<br>d reserve | Surplus reserves | Attributable profit | Total of owners'<br>equity |
|   |                     | preferre<br>d stock     | Sustain<br>able<br>debt | Other |                  |                             |                                  |                         |                  |                     |                            |
| I.Balance at the end of last year           | 1,257,117,748.00    |                         |                         |       | 1,534,920,742.49 |                             | 479,920,085.76                   |                         | 279,797,987.31   | 1,311,348,847.67    | 4,863,105,411.23           |
| Add: Change of accounting policy            |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| Correcting of previous errors               |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| Other                                       |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| II.Balance at the beginning of current year | 1,257,117,748.00    |                         |                         |       | 1,534,920,742.49 |                             | 479,920,085.76                   |                         | 279,797,987.31   | 1,311,348,847.67    | 4,863,105,411.23           |
| III.Changed in the current year             | 833,688,378.00      |                         |                         |       | 1,824,870,950.63 |                             | -77,634,131.52                   |                         | 71,314,278.93    | 453,260,848.18      | 3,105,500,324.22           |
| (I) Total comprehensive income              |                     |                         |                         |       |                  |                             | -77,634,131.52                   |                         |                  | 713,142,789.31      | 635,508,657.79             |
| (II) Investment or decreasing of            | 833,688,378.00      |                         |                         |       | 1,824,865,776.82 |                             |                                  |                         |                  |                     | 2,658,554,154.82           |

| Items   | Amount in last year |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
|---|---------------------|-------------------------|-------------------------|-------|------------------|-----------------------------|----------------------------------|-------------------------|------------------|---------------------|----------------------------|
|   | Share Capital       | Other Equity instrument |                         |       | Capital reserves | Less:<br>Shares in<br>stock | Other<br>Comprehensive<br>Income | Specialize<br>d reserve | Surplus reserves | Attributable profit | Total of owners'<br>equity |
|   |                     | preferre<br>d stock     | Sustain<br>able<br>debt | Other |                  |                             |                                  |                         |                  |                     |                            |
| capital by owners                                       |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 1. Ordinary Shares invested by shareholders             | 833,688,378.00      |                         |                         |       | 1,824,865,776.82 |                             |                                  |                         |                  |                     | 2,658,554,154.82           |
| 2. Holders of other equity instruments invested capital |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 3.Amount of shares paid and accounted as owners' equity |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 4. Other  |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| (III) Profit allotment                                  |                     |                         |                         |       |                  |                             |                                  |                         | 71,314,278.93    | -259,881,941.13     | -188,567,662.20            |
| 1.Providing of surplus reserves                         |                     |                         |                         |       |                  |                             |                                  |                         | 71,314,278.93    | -71,314,278.93      |                            |
| 2. Allotment to the owners (or shareholders)            |                     |                         |                         |       |                  |                             |                                  |                         |                  | -188,567,662.20     | -188,567,662.20            |
| 3. Other  |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| (IV)Internal  |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |

| Items   | Amount in last year |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
|---|---------------------|-------------------------|-------------------------|-------|------------------|-----------------------------|----------------------------------|-------------------------|------------------|---------------------|----------------------------|
|   | Share Capital       | Other Equity instrument |                         |       | Capital reserves | Less:<br>Shares in<br>stock | Other<br>Comprehensive<br>Income | Specialize<br>d reserve | Surplus reserves | Attributable profit | Total of owners'<br>equity |
|   |                     | preferre<br>d stock     | Sustain<br>able<br>debt | Other |                  |                             |                                  |                         |                  |                     |                            |
| transferring of<br>owners' equity                                   |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 1. Capitalizing of<br>capital reserves (or<br>to capital shares)    |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 2. Capitalizing of<br>surplus reserves<br>(or to capital<br>shares) |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 3. Making up<br>losses by surplus<br>reserves.                      |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 4. Other  |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| (V) Special<br>reserves   |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 1. Provided this<br>year  |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| 2. Used this term   |                     |                         |                         |       |                  |                             |                                  |                         |                  |                     |                            |
| (VI) Other  |                     |                         |                         |       | 5,173.81         |                             |                                  |                         |                  |                     | 5,173.81                   |
| IV. Balance at the<br>end of this term                              | 2,090,806,126.00    |                         |                         |       | 3,359,791,693.12 |                             | 402,285,954.24                   |                         | 351,112,266.24   | 1,764,609,695.85    | 7,968,605,735.45           |

Legal Representative: Zheng Renfa    General Manager: Wang Chunhua    Person in charge of accounting: Fang Zhi    Accounting Dept Leader: Zhou Fang

### III. Company Profile

#### (1) History

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

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

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 June 30, 2017, the quantity of the shares subject to

sale restriction held by senior executives is 92,404.

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. Upon the approval document of CSRC No.230-2016 Zheng Jian Xu ke-Approval of the Share-Issuing to Parties such as Guangdong Provincial Expressway Co., Ltd to Purchase Assets and Raise Matching Funds by Guangdong Provincial Expressway Development Co., Ltd, in June 2016 the company issued 33,355,263 shares and paid RMB 803.50 million to Guangdong Provincial Expressway Co., Ltd for purchasing the 25% stake of Guangdong Provincial Fokai Expressway Co., Ltd held by Guangdong Provincial Expressway Co., Ltd; and issued 466,325,020 shares to Guangdong Provincial Highway Construction Co., Ltd for purchasing the 100% stake of Guangzhou Guangzhou Traffic Investment Management Co., Ltd held by Guangdong Provincial Highway Construction Co., Ltd. On June 21, 2016, the company directionally issued 334,008,095 A-shares to Yadong Fuxing Yalian Investment Co.,Ltd, Tibet Yinyue Investment Management Co.,Ltd and GF Securities Co.,Ltd. The issuance of shares have been registered on July 7, 2016, the new shares will be listed on July 8, 2016.

## (2) Organization structure and the actual controller of the Company

As of December 31, 2017, Registration capital: RMB2,090,806,126, Legal representative: Zheng Renfa, Registration place: No.85, Baiyun Road, Guangzhou, Headquarters Office: 45-46/F, Litong Plaza, No.32, Zhujiang East Road, Zhujiang New City, Tihe District, 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, Project Office and Labour union etc.

Guangdong Communication Group Co., Ltd. is the largest shareholder of the Company. legal representative: Deng Xiaohua. Date of establishment: June 23, 2000. As of December 31, 2017, 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; The value-added communication business.

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

The company operated the construction of the highway construction, grading roads, bridges; Management fees and maintenance of roads, bridges, and car rescue, maintenance, cleaning, concurrently with the company's business supporting motor transport, warehousing operations.

The Company is mainly engaged in tolling and maintenance of Guangfo Expressway, Fokai Expressway, investment in technological industries and provision of relevant consultation while investing in Shenzhen Huiyan Expressway Co., Ltd., Guangzhou Guanghui Expressway Co., Ltd., Jingzhu Expressway Guangzhu Co., Ltd., Guangdong Jiangzhong Expressway Co., Ltd., Zhaoqing Yuezha Expressway Co., Ltd., Ganzhou Kangda Expressway , Ganzhou Gankang Expressway Co., Ltd., Guangdong Yueke Technology Micro Loan Co., Ltd., Guangdong Guangle Expressway Co., Ltd. and Guoyuan Securities Co., Ltd.

(4) Scope of consolidated financial statements

The company's 2017 annual consolidated subsidiaries of total 6 companies, one new business combination was added to the scope of consolidated financial statement in reason of being under the same control. Refer to financial statements XI(8), Change of consolidation scope and, financial statements XI(9), Equity in other entities for more details.

(5) Approval of the financial statements reported

The financial statements have been authorized for issuance by the Board of Directors of the Group on March 27, 2018.

#### **IV. Basis for the preparation of financial statements**

##### **1. Preparation basis**

The company prepares the financial statements on the basis of a continuous operation, the actual transactions, "Accounting Standards for Enterprises – Basic Standards", other accounting standards & related regulations. Furthermore, all the materials of financial statements of the company meet the relevant disclosure requirements of financial statements and notes on the "Editing and Reporting Rules Regarding Information Disclosure for Companies Publicly Issuing Securities No. 15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

##### **2. Continuation**

There will be no such events or situations in the 12 months from the end of the reporting period that will cause material doubts as to the continuation capability of the Company.

## **V. Significant Accounting Policies and Accounting Estimates**

Whether the Company needs to comply with the disclosure requirements for specific industries

No

Specific accounting policies and accounting estimates are indicated as follows:

Nil

### **1. Statement of Compliance with the Accounting Standards for Business Enterprises**

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.

#### **2.Fiscal Year**

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

#### **3.Operating cycle**

An operating cycle for the Company is 12 months, which is also the classification criteria for the liquidity of its assets and liabilities.

#### **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 acquired by the company in the business combination shall be measured as per the obtained book value of owner's equity of the combined party in the consolidated financial statements. As for the balance between the carrying amount of the net assets obtained by the combining party & the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted.

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

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

Where the accounting policies adopted by the combined parties are different from those adopted by the company, the company shall adjust them on the combining date according to the accounting

policy it adopts, and shall, pursuant to the Accounting Standards for Enterprises, recognize them on the basis of such adjustments.

## 2. Business Combinations not under the Same Control

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

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

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

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

## 6. Methods for Preparing the Consolidated Financial Statements

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

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

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

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

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

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

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

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

## 7. Joint venture arrangements classification and Co-operation accounting treatment

(1) A joint arrangement refers to an arrangement jointly controlled by two participants or above., the joint venture arrangements include co-operation and joint ventures.

(2) When the joint venture company for joint operations, confirm the following items and share common business interests related to:

- (1) Confirm individual assets and common assets held based on shareholdings;
- (2) Confirm individual liabilities and shared liabilities held based on shareholdings;
- (3) Confirm the income from the sales revenue of co-operate business output
- (4) Confirm the income from the sales of the co-operate business output based on shareholdings;
- (5) Confirm the individual expenditure and co-operate business cost based on shareholdings.

(3) When a company is a joint venture, joint venture investment will be recognized as long-term equity investments and long-term equity investments are accounted for in accordance with the method of the Notes to Financial Statements.

#### 8. 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.

#### 9. Foreign Currency Transaction

##### (1) Foreign Currency Transaction

For the company with non-functional currency business, the middle rate of the market exchange rate published by People's Bank of China on the date of occurrence of business are recorded as the functional currency, and the balances of foreign currency shall be adjusted by the end of the month according to the middle rate of the market exchange rate published by People's Bank of China at the end of period. The differences between the recording currency amount converted by the exchange rate at the end of period and the carrying currency amount are as "Finance Costs – Exchange Gains and Losses" and recorded into the current profits or losses. The exchange gains and losses related to borrowings on the fixed assets shall be made treatment according to the principles of borrowing costs capitalization.

##### (2) Conversion of Foreign Financial statement

If overseas subsidiaries, cooperative enterprises, joint ventures, branches of the company adopt the different functional recording currency and record the overseas business of the company into the financial statements through the consolidated statements and the accounting by the equity method, the overseas financial statements shall be translated as the recording functional currency. Before the translation, the company shall adjust the accounting period and policy of overseas business in order to make the consistent adjustment, and translate the overseas financial statements according to the financial statements of the preparation of corresponding currency after the accounting policy and period adjusted and as per the following methods:

- ① For the assets and liabilities in the balance sheet, the spot exchange rate on the balance sheet date is adopted as the translation exchange rate. For the owner's equity, the spot exchange rate on the transaction date is adopted as the translation exchange rate, with the exception of "undistributed profits".
- ② The incomes and expenses in the income statement shall be translated at the spot exchange rate or the approximate exchange rate on the transaction date.
- ③ The translation gap of financial statement of foreign currency shall be listed under the owner's equity in the consolidated balance sheet in the preparation of the consolidated financial statements.

Note: explain the follow items as the determination of conversion rate while foreign currency trade occurred, the conversion method for foreign currency monetary items in balance sheet date, the treatment for exchange gains or losses as well we the accounting treatment for foreign

currency statement translation.

## 10. 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 be recognized as financial liabilities.

#### 4. The conditions to stopping the financial liabilities

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

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

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

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

#### 5. Recognition basis of financial assets and financial liabilities

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

#### 6. Impairment provision for financial assets

##### ① Impairment provision for financial assets for sale:

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

##### 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.

#### 11. Accounts Receivable

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

|  |   |
|--|---|
| Judgment criteria or amount standard of material specific amount or amount criterial:          | The accounts receivable whose single amount is over RMB 1 million & accounts for over 10% of the accounts receivable amount.  |
| Provision method with material specific amount and provision of specific bad debt preparation: | Conduct the devalue test separately. Set up the bad debt reserve according to the shortfall of the present value of expected future cash flows against its carrying amount and record it into the profits & losses at the current period. |

## (2)The accounts receivable of bad debt provisions made by credit risk Group

The basis for determining the combination of Credit risk: The accounts receivable whose single amount is over RMB 1 million & accounts for over 10% of the accounts receivable amount. 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.

In the Groups, adopting aging analysis method to withdraw bad debt provision

☒ Applicable ☐ Not applicable

| Aging                           | Rate for receivables(%) | Rate for other receivables(%) |
|---------------------------------|-------------------------|-------------------------------|
| Within 1 year (Included 1 year) | 0.00%                   | 0.00%                         |
|                                 |                         |                               |
| 1—2 years                       | 10.00%                  | 10.00%                        |
| 2—3 years                       | 30.00%                  | 30.00%                        |
| Over 3 years                    |                         |                               |
| 3—4 years                       | 50.00%                  | 50.00%                        |
| 4—5 years                       | 90.00%                  | 90.00%                        |
| Over 5 years                    | 100.00%                 | 100.00%                       |
|                                 |                         |                               |

Accounts on percentage basis in group:

☐ applicable ☒ not applicable

Accounts on other basis in group:

☒ Applicable ☐ Not applicable

Separately carry out the impairment test, prepare the bad debt according to the expected future cash flow present value below the balance of its book value, and take account of the current profit and loss.

## (3)Account receivable with non-material specific amount but specific bad debt preparation

|   |   |
|---|---|
| Reason of individually withdrawing bad debt provision | The accounts receivable under 5 years of age which are not significant without any business connections any more. |
| Witharawal method for boad debt provision             | 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. |
|--|--|

## 12.Inventory

Whether the Company needs to comply with the disclosure requirements for specific industries

No

Whether the company is required to comply with the "Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 1 - listed companies engaged in seed industry, planting business" disclosure requirements

Note: (1) Disclosure of major accounting policies and accounting estimates should be combined with the Company's specific business, which is divided into disclosure inventory system of major products and the specific inventory method;

(2) Disclosure of major accounting policies and accounting estimates should be combined with the Company's specific business, which is divided into disclosure inventory cost carry-forward system of major products and the specific carry-forward method.

(3) Disclosure of major accounting policies and accounting estimates should be combined with the Company's specific business that is the basis for determining the net realizable value of inventories by disclosure of major products.

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,

4. Inventory System:Adopts the Perpetual Inventory System

Note: the types of inventories, the method of pricing inventories issued, the basis for determining the net realizable value of different categories of inventories, the inventory system for inventories and the amortization method for low value consumables and packaging shall be explained.

## 13. Divided as assets held for sale

In the presence of the following conditions are satisfied when non-current assets or a part of the company is classified as held for sale:

(1) The components should be immediately sold under the current condition only according to the usual terms of the parts sold.

(2) The enterprise has made resolution for the disposal of the components, the approval of shareholders' meeting or relevant authority agency if the shareholder's approval is requested by the rules.

(3) The enterprise has signed the irrevocable transfer agreement with the transferee.

(4) The transfer shall be completed within one year.

For the non-current assets held for sale (excluding the financial assets and the deferred income tax assets), the less amount after the book value and fair value respectively minus the disposal costs shall be presented as Divided as assets held for sale assets. If the amount of the fair value minus the disposal costs is less than that of the original book value, the assets impairment loss shall be recognized.

Note: recognition criteria for holding assets for sale shall be explained.

#### 14. Long-term equity investment

##### (1) The Classification of Long-term Equity Investments

The long-term equity investments of the company should include the investments in the subsidiaries and the investments in cooperative enterprises and joint ventures.

##### (2) The Recognition of Investment Cost

###### ① For the business combination under common control and the combining party paying in cash, transferring

non-monetary assets, bearing debts or issuing the equity securities as the consideration, the initial investment cost shall be recognized according to the shares of the book value in the consolidated financial statement of the ultimate controlling party that acquired by the combined party on the combination date. The capital reserves shall be adjusted for the difference between the initial investment cost of long-term equity investment and the book value of the paid cash, the transferred non-monetary assets and the borne debts. The retained earnings shall be adjusted if the capital reserves are insufficient to offset.

For the long-term equity investment after the business combination under common control realized step-by-step through multiple transactions, the shares of the book value of the owner's equity of the combined party shall be as the initial investment cost in the individual financial statements and the consolidated financial statements as per the shareholding proportion. The capital reserves shall be adjusted for the balance between the sums of the book value of the equity investment of the combined party held on the combination date and the new investment cost increased on the combination date minus the initial investment cost of long-term equity investment. The retained earnings shall be adjusted if the capital reserves are insufficient to offset.

②For the business combination under non-common control, the initial investment cost shall be recognized according to the fair value of the merger consideration paid on the purchase date. For the long-term equity investment after the business combination under non-common control realized step-by-step through multiple transactions, the relevant accounting treatment should be respectively conducted for the individual financial statement and the consolidated financial statements: 1) In the individual financial statements, the sum of the book value of equity investment from the purchased party held before the purchase date and the new investment cost at the purchase date shall be as the initial investment cost of the investment. Other comprehensive incomes related to the equity of the purchased party held before the purchase date shall be transferred into the current investment incomes in the disposal of the investment. 2) In the consolidated financial statements, the equity of the purchased party held before the purchase date should be measured again according to the fair value of the equity on the purchase date, and the gap of the fair value and the book value should be recorded into the current investment incomes.

Other comprehensive incomes related to the equity of the purchased party held before the purchase date shall be transferred into the current investment incomes on the purchase date.

③With the exception of the business combination:

The long-term equity investment acquired by the payment in cash should be as the investment cost as per the actual purchase payment. The investment costs include fees, taxes and other necessary expenses directly related to the achieved long-term equity investment.

The long-term equity investment acquired by the issuance of equity securities should be as the investment cost as per the fair value of the issued equity securities.

The long-term equity investment acquired by the non-monetary assets exchange (the exchange with the commercial substance) should be as the investment cost as per the fair value of the investment and the payable taxes.

For the long-term equity investment acquired by the debt reorganization, the creditors shall recognize the fair value of the enjoyed shares as the investment of the debtors.

(3) Subsequent Measurement and Recognition Method of Profit and Loss

The cost method shall be adopted to account the long-term equity investment controlled by the invested party and the equity method shall be adopted to account the long-term equity investment with joint control or significant influence.

(4) Recognition Criteria for the Invested Party with Joint Control or Significant Influence

The joint control on the economic activity appointed as per the contract shall exist when the major finance and the operating decision related to the economic activity are agreed by the invested party sharing the control right, which shall be regarded as the joint control on the invested party implemented by other parties. The decision power to participate in the finance and operating decision on the enterprise, but without control or joint control with other parties to formulate these policies, shall be regarded as the significant influence on the invested party implemented by the investment enterprise.

(5) Impairment Test Method and Withdrawing Method

For the impairment test method and the withdrawing method of the long-term equity investment, please refer to “Long-term Assets Impairment in Article 11 of Important Accounting Policies and Accounting Estimates in Notes 5 of Financial Statements”.

## 15. Entrusted Loans

The entrusted loans shall be made bookkeeping according to the actually entrusted loan amount. The receivable interests shall be withdrawn according to the interest rate stated in the entrusted loans.

For the impairment test method and the impairment provision withdrawing method of the entrusted loans, please refer to “Long-term Assets Impairment of Important Accounting Policies and Accounting Estimates in Notes 5 of Financial Statements”.

## 16..Investment Real Estates

The measurement mode of investment property

The measurement by the cost method

Depreciation or amortization method

The term “Investment real estates” refers to the real estates held for generating rentand/orcapital

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.

For the impairment test method and the impairment provision withdrawing method of the .Investment Real Estates, please refer to “Long-term Assets Impairment of Important Accounting Policies and Accounting Estimates in Notes 5 of Financial Statements”.

Basis for selecting fair value measuremen

## 17.Fixed assets

### (1) Confirmation conditions of fixed assets

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

### (2) Depreciation method

| Type                                       | Depreciation method      | Expected useful life(Year) | Residual rate (%) | Annual depreciation rate(%) |
|--|--------------------------|----------------------------|-------------------|-----------------------------|
| Guangfo Expressway                         | Working flow basis       | 28 years                   | 0%                | Working flow basis          |
| Fokai Expressway-Xiebian to Sanbao Section | Working flow basis       | 40 years                   | 0%                | Working flow basis          |
| Fokai Expressway-Sanbao to Shuikou Section | Working flow basis       | 30 years                   | 0%                | Working flow basis          |
| Jingzhu Expressway Guangzhu Section        | Working flow basis       | 30 years                   | 0%                | Working flow basis          |
| House Building                             | The straight-line method | 20-30 years                | 3%-10%            | 3%-4.85%                    |
| Machine Equipment                          | The straight-line method | 10 years                   | 3%-10%            | 9%-9.7%                     |
| Transportation Equipment                   | The straight-line method | 5-8 years                  | 3%-10%            | 11.25%-19.4%                |
| Electric Equipment and other               | The straight-line method | 5-15 years                 | 3%-10%            | 6 %-19.4%                   |

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 estimate 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.

### (3) Test Method for Fixed Asset Impairment and Counting & Drawing Method for Fixed Asset Impairment Reserves

For the impairment test method and the impairment provision withdrawing method of the Fixed assets, please refer to “Long-term Assets Impairment in Article 11 of Important Accounting Policies and Accounting Estimates in Notes 5 of Financial Statements”.

## 18. Construction-in process

Whether the Company needs to comply with the disclosure requirements for specific industries

No

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 the impairment test method and the impairment provision withdrawing method of the Construction-in process, please refer to “Long-term Assets Impairment in Article 11 of Important

Accounting Policies and Accounting Estimates in Notes 5 of Financial Statements”.

## 19. 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.

## 20. Intangible assets

### (1) Pricing method, useful life and impairment test

#### 1. The valuation methods of intangible assets

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

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

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

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

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

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

At the end of period, the Group shall check the service life and amortization method of intangible assets with finite service life, if there is any change, it shall be regarded as a change of the accounting estimates. Besides, the Group shall check the service life of intangible assets without certain service life, if there is any evidence showing that the period of intangible assets to bring

the economic benefits to the enterprise can be prospected, it shall be estimated the service life and amortized in accordance with the amortization policies for intangible assets with finite service life.

## (2) Provision for the depreciation of value of the intangible assets

For the impairment test method and the impairment provision withdrawing method of the Intangible assets, please refer to “Long-term Assets Impairment of Important Accounting Policies and Accounting Estimates in Notes 5 of Financial Statements”.

## 21.Impairment of Long-term assets

### (1) Scope

The assets Impairment main includes long-term equity investment, investment property (the investment property measured by the fair value excluded), fixed assets, projects under construction, engineering material, intangible assets (the capitalized development expenditure included), asset group, combination of asset group, business reputation, etc..

### (2) Recognition of Possible Impairment Assets

The company makes judgment of the assets if there exists the possible impairment at the balance sheet date. The intangible assets with indefinite goodwill and service life due to the combination of enterprise, shall be conducted the impairment test every year regardless of the impairment. The impairment may occurs for the assets if there is the following status:

- ① The market price of assets fall sharply in the current period, and the decline is obviously beyond that estimated due to the passage of time or normal use.
- ② The significant changes in the economy, technology or legal environment operated by the company and the assets market in the current or the near future adversely affect the company.
- ③ The improvement of the market interest rates or other market investment returns in the current period, influence the company to calculate assets estimating the discount rate of the present value of future cash flow and result in the sharp drop of the recoverable amount of the assets.
- ④ There is evidence that shows the assets have become obsolete or the entities have been damaged.
- ⑤ The assets have been or will be idle, terminated the use or planned to dispose in advance.
- ⑥ The evidence in the internal report of the company shows that the economic performance of assets has been less than or lower than the expected, such as the net cash flow created by assets or the achieved operating profit (or loss) is far below (or above) the estimated amount.
- ⑦ Other evidences indicate the impairment of assets may have occurred.

### (3) Measurement of the Recoverable Amount of the Assets

The recoverable amount shall be estimated if there exists the impairment for the assets. The recoverable amount should be recognized according to the higher one between the net amount of the fair value minus the disposal costs and the present value of the cash flow of assets expected in the future.

### (4) Determination of Asset Impairment Loss

The measurement results of the recoverable amount show that the book value of assets shall be reduced to the recoverable amount and the reduced amount shall be recognized as the impairment loss of assets and recorded into the current profits and losses, and the impairment provisions of the relevant assets are withdrawn if the recoverable amount of the assets is less than the book value.

After the recognition of the assets impairment loss, the depreciation or amortization costs of the impairment assets should be made adjustment accordingly in the future period in order to make the assets to systematically amortize the book value of the assets after adjusted within the remaining service life (the estimated residual value deducted). The impairment loss of assets after recognized shouldn't be reversed in the future accounting period.

#### (5) Recognition and Impairment Treatment of Assets Group

If there is the impairment for one asset, the company shall estimate the recoverable amount based on the individual asset. If it is difficult for the company to estimate the recoverable amount of the individual asset, the recoverable amount of asset group shall be recognized on the basis of the asset group which the asset is belong to. The recognition of the asset group should be made on the basis of the main cash inflow generated by the assets group that if is independent to the cash inflow of other assets or assets group.

The corresponding impairment loss shall be recognized if the recoverable amount of the assets group or the assets group combination is less the book value (the book value of the assets group or the assets group combination should include the amortization quota relevant to corporate assets and goodwill for the assets group or the assets group combination amortized by the corporate assets and the goodwill). The book value of goodwill in the amortized assets group or assets group combination shall be firstly offset for the impairment losses, and the book value of other assets shall be offset in proportion according to the proportion of the book value of other assets in the assets group or the assets group combination, with the exception of the goodwill.

#### (6) The Goodwill Impairment

The company has conducted the impairment test at least every year for the goodwill established by the business combination. The book value of the goodwill generated by the combination shall be amortized into the related asset group from the purchase date. If difficult to amortize into the relevant asset group, the book value shall be amortized into the relevant asset group combination. The relevant asset group or asset group combination refers to that benefitting from the synergistic effect of the business combination and is not more than the report portion recognized by the company.

When the relevant asset group or the asset group combination including the goodwill are conducted the impairment test, the impairment test should be firstly conducted for the asset group without the goodwill or the asset group combination, the recoverable amount shall be calculated and the corresponding impairment loss shall be recognized by comparison with the relevant book value if there exists the impairment for the asset group relevant to the goodwill or the asset group combination. Then the impairment test should be conducted for the asset group with the goodwill or the asset group combination, the impairment loss of the goodwill shall be recognized and made the treatment according to the provisions of the asset group impairment stated in the notes if the recoverable amount of the relevant asset group or the asset group combination is less than the book value by comparison of the book value of these relevant asset group or the asset group combination (including the book value of the goodwill amortized) with the recoverable amount.

### 22. 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.

## 23. Remuneration

### (1) Scope of employees' salary

Remuneration refers to all kinds of rewards or compensation that the Company gives to get in return for the services its employees provide or employment termination. It includes short-term compensation, post-employment benefits, demission benefits and other long-term employee benefits. Enterprises to provide employees spouse, child welfare, dependents, survivors and other beneficiaries of deceased employees, etc., also belong to payroll.

During the company's accounting staff to provide services, the actual wages, bonuses, allowances and subsidies, welfare, medical insurance, work injury insurance and maternity insurance and other social insurance, housing fund confirmed, labor union funds, employee education funds and as a liability profit or loss or costs related assets. If the debt is expected to provide services after the end of the annual reporting period in which an employee can not be fully paid within twelve months, and the financial impact is material, the amount will be discounted liabilities measured after.

### (2) Accounting methods for post-employment benefits

Post-employment benefits refer to the compensation and benefits that the Company gives to get in return for employees' services for their retirement or employment termination, excluding short-term compensation and demission benefits. It falls into two categories, defined contribution plans and defined benefit plans.

① The defined contribution plan: the company shall no longer bear the further obligation to pay severance benefit plans after the company deposits the fixed costs to the independent funds. The basic pension insurance and the unemployment insurance shall be recognized as the liability according to the payable amount accounted by the defined contribution plans and recorded onto the current profits and losses or the relevant asset costs during the accounting period of the services provided by the staffs.

② The defined benefit plan: the severance benefit plans with the exception of the defined contribution plans.

### (3) Accounting Treatment Method of Demission Welfare

The Company offers compensation to terminate employment with its employees before it expires or encourage them to accept lay-off. Such compensation is demission benefits and counted in current profit and loss. The employee compensation liabilities generated by the demission welfare shall be recognized on the early date and recorded into the current profits and losses: (1) when the company can't withdraw the demission welfare provided due to the rundown suggestion or the termination of labor relations plans. (2) when the enterprise recognizes the costs or the expenses related to the reorganization of demission welfare payment.

The economic compensation before the official retirement date shall be belong to the demission welfare when the implementation of the internal retirement plan for workers. During the period from the termination of service date to the normal retirement date, the paid internal retirement payroll and social insurance charges shall be once recorded into the current profits and losses. The economic compensation after the official retirement date (such as the normal retirement pension) should be handled according to the welfares after the demission.

## 24. Estimated liabilities

The company should recognize the related obligation as a provision for liability when the obligation meets the following conditions:

- (1) That obligation is a present obligation of the enterprise;
- (2) It is probable that an outflow of economic benefits from the enterprise will be required to settle the obligation;
- (3) A reliable estimate can be made of the amount of the obligation. On the balance sheet date, an enterprise shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies to measure the estimated liabilities in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

When all or some of the expenses necessary for the liquidation of an estimated liabilities of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. Besides, the amount recognized for the reimbursement should not exceed the book value of the estimated liabilities

## 25. Bond payable

When the company is issuing bonds, the total price issued should be included in the “Payable bonds” subject.

The difference between bond issuance total amount and the total amount of bond face values 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.

## 26. Revenues

The company's incomes mainly include the toll service revenues and the services provision.

- (1) The recognition principle of the toll service revenues is that the toll revenues refer to the charges of operating the toll roads and shall be recognized in the actual charge.
- (2) The recognition principle of the services provision is as follows:

The labor services started and completed within the same fiscal year shall be recognized as the revenues when the labor services finished. If the labor services started and completed in the different fiscal year and under the reliable estimation of the provided services transaction results, the company shall recognize the relevant service incomes according to the completion percentage method at the balance sheet date. The results of the transaction can be estimated reliably when the following requirements are all met: (1) total revenues and total labor costs can be measured reliably. (2) the economic benefits relevant to the transaction will flow into the enterprise. (3) the competition degree of the labor services can be reliably determined.

## 27. Other Comprehensive Incomes

Other comprehensive incomes refer to the profits and losses unrecognized in the current profits and losses according to other provisions of accounting standards. There are two reports:

- (1) Other comprehensive incomes that unable to be reclassified into the profits and losses in the future accounting period, mainly including the changes caused by the net liabilities and the net

assets of the defined benefit plan that re-measured and the shares of other comprehensive incomes that accounted and unable to be reclassified into the profits and losses for the invested party in the future accounting period according to the equity method.

(2) Other comprehensive incomes that reclassified into the profits and losses in the future accounting period when the requirements are met, the shares of other comprehensive incomes that accounted and reclassified into the profits and losses for the invested party in the future accounting period according to the equity method when the requirements are met, the profits or losses caused by the fair value changes of the sellable financial assets, the profits or losses generated by the sellable financial assets reclassified for the held-to-maturity investment, the effective hedging portion of the profits and losses issued by the cash flow hedging instruments, and the translation differences of foreign financial statements.

## 28. Government Grants

### (1) Government Grants

Government grants means that the Company obtains monetary or non monetary assets free of charge from the government, excluding the capital invested by the government as an owner.

The company recognizes the government grants when the company can meet the conditions of government grants and be able to receive the government grants. Thereinto:

(1) If the government grant is a monetary asset, it shall be measured according to the amount received or receivable; If the government grant is a non-monetary asset, it shall be measured at fair value, and if the fair value cannot be obtained reliably, it shall be measured according to the nominal amount.

(2) The government grants pertinent to assets are used to write down the carrying value of the underlying assets or are recognized as deferred income. If the government grants pertinent to assets are recognized as deferred gains, it shall be included in the profits and losses in a reasonable and systematic manner within the useful life of the underlying asset. The Government grants, measured in nominal amounts, are directly included in current profits and losses. The government grants pertinent to income that are used to compensate the relevant costs or losses of the subsequent period of the enterprise are recognized as deferred income and are credited to the current profit or loss or are written down to offset the costs for the period when the relevant expenses are recognized; those government grants used for compensating the related expenses or losses incurred shall be directly included in the current profits and losses.

(3) Government grants related to the daily activities of the enterprise are included in other income or are written down to offset costs in accordance with the economic business nature. Government grants that are not related to the day-to-day activities of the enterprise are included in non-operating income and expenditure.

Where the recognized government grant needs to be refunded, then the accounting treatment shall be carried out in the period that it needs to be refunded according to the following stipulations: (1) Where it was written down the book value of the underlying assets at the time of initial recognition, then the book value of the assets shall be adjusted; (2) Where there is a related deferred income, it shall write-down the book balance of related deferred income and the excess

part shall be included in the current profit and loss; (3) Where belongs to other cases, that shall be directly included in the current profits and losses.

#### 29. Deferred income tax assets and deferred income tax liabilities

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.

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.

#### 30. Accounting Methods of Income tax

The company's income tax is accounted in Balance sheet liability approach.

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

#### 31. Change of main accounting policies and estimations

##### (1) Change of accounting policies

√ Applicable    □ Not applicable

In accordance with requirements of the Notice Concerning Printing of the Revised Accounting Standards for Business Enterprises No. 16- Governmental Subsidies (CK[2017] No.15), the company shall include the governmental subsidies related to the enterprise daily activities into the other income or offset relevant costs subject to the economic business property; and include those irrelevant to the enterprise daily activities into the non-business income. Therefore, the company shall adopt the prospective application for such accounting policy change, which will not produce any influence on profits and losses, total assets and net assets listed in the current and previous periods.

Pursuant to the Notice on the Revision and Issuance of the Format for General Enterprise Financial Statements (Cai Kuai [2017] No.30), the gains and losses on the disposal of non-current assets and the gains and losses of non-monetary asset exchange previously stated in "Non-operating income" and "Non-operating expenses" are required to be presented in the "Gains on disposal of assets". Accordingly, the Company applied retrospective adjustment method to the change of such accounting policy, reduced non-operating income by RMB10,105,140.34 in 2016 and increased gains on disposal of assets by RMB10,105,140.34 in 2016, which would not affect the net profit presented in the previous period.

(2)Change of accounting estimations

☐ Applicable ☒ Not applicable**VI. Taxation**

## 1. Major category of taxes and tax rates

| Tax category                          | Tax basis                                  | Tax rate         |
|---------------------------------------|--|------------------|
| VAT                                   | Toll income, Rent income and Labour income | 3%、5%、6%、11%、17% |
| City maintenance and construction tax | The actual payment of turnover tax         | 7%、5%            |
| Enterprise income tax                 | Taxable income                             | 25%              |
| .Education surcharges                 | The actual payment of turnover tax         | 3%               |
| Local Education surcharges            | The actual payment of turnover tax         | 2%               |

## 2.Preferential tax

Nil

**VII. Notes to the major items of consolidated financial statement**

## 1.Monetary Capital

In RMB

| Items        | Amount in year-end | Amount in year-begin |
|--------------|--------------------|----------------------|
| Cash         | 66,065.04          | 50,695.89            |
| Bank deposit | 2,362,279,050.70   | 2,602,516,079.26     |
| Other        | 697,584.68         | 712,869.10           |
| Total        | 2,363,042,700.42   | 2,603,279,644.25     |

Other notes

Nil

## 2. Account receivable

## 1. Classification account receivables.

In RMB

| Classification  | Amount in year-end |               |                    |               |               | Amount in year- begin |               |                    |               |               |
|---|--------------------|---------------|--------------------|---------------|---------------|-----------------------|---------------|--------------------|---------------|---------------|
|   | Book Balance       |               | Bad debt provision |               | Book value    | Book Balance          |               | Bad debt provision |               | Book value    |
|   | Amount             | Proportion(%) | Amount             | Proportion(%) |               | Amount                | Proportion(%) | Amount             | Proportion(%) |               |
| Account receivable with single major amount and withdrawal bad debt provision for single item | 65,760,470.23      | 70.64%        |                    |               | 65,760,470.23 | 32,054,176.60         | 78.46%        |                    |               | 32,054,176.60 |
| Account receivable withdrawal bad debt provision by group of credit risk characteristics      | 27,331,295.37      | 29.36%        | 449,140.15         | 1.64%         | 26,882,155.22 | 8,800,188.07          | 21.54%        | 173,167.66         | 1.97%         | 8,627,020.41  |
| Total   | 93,091,765.60      | 100.00%       | 449,140.15         | 0.48%         | 92,642,625.45 | 40,854,364.67         | 100.00%       | 173,167.66         | 0.42%         | 40,681,197.01 |

Receivable accounts with large amount individually and bad debt provisions were provided

☒ Applicable ☐ Not applicable

In RMB

| Receivable accounts (Unit)                     | Amount in year-end  |                    |            |                                 |
|--|---------------------|--------------------|------------|---------------------------------|
|  | Receivable accounts | Bad debt provision | Proportion | Reason                          |
| Guangdong Union Electronic Services Co., Ltd.  | 45,447,260.32       |                    |            | Been recovered after the period |
| Shandong Boan Intelligent Technology Co., Ltd. | 10,887,387.60       |                    |            | Been recovered after the period |
| Guangdong Humen Bridge Co., Ltd.               | 9,425,822.31        |                    |            | Been recovered after the period |
| Total  | 65,760,470.23       |                    | --         | --                              |

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

☒ Applicable ☐ Not applicable

In RMB

| Aging                  | Balance in year-end |                    |                       |
|------------------------|---------------------|--------------------|-----------------------|
|                        | Receivable accounts | Bad debt provision | Withdrawal proportion |
| Subitem within 1 year  |                     |                    |                       |
| Subtotal within 1 year | 24,434,703.20       |                    |                       |
| 1-2 years              | 2,307,520.86        | 230,752.09         | 10.00%                |
| 2-3 years              | 509,071.31          | 152,721.39         | 30.00%                |
| 3-4 years              | 15,833.33           | 7,916.67           | 50.00%                |
| 4-5 years              | 64,166.67           | 57,750.00          | 90.00%                |
| Over 5 years           |                     |                    | 100.00%               |
| Total                  | 27,331,295.37       | 449,140.15         | 1.64%                 |

Notes of the basis of recognizing the group:

Refer to "Notes 5 the financial statements of the important accounting policies and accounting estimates No. 11 Recognition and withdrawal method of bad debts.

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting other methods to accrue bad debt provision::

Nil

(2) Accrual period, recovery or reversal of bad debts situation

The current amount of provision for bad debts is RMB275,972.49; recovery or payback for bad debts Amount is RMB0.00.

Where the current bad debts back or recover significant amounts:Nil

(3) The current accounts receivable write-offs situation

Nil

Explanation for write-off of account receivables:Nil

(4) The ending balance of other receivables owed by the imputation of the top five parties

| Name  | Amount        | Aging         | Proportion(%) | Bad debt provision |
|---|---------------|---------------|---------------|--------------------|
| Guangdong Union Electronic Services Co., Ltd.                 | 45,447,260.32 | Within 1 year | 48.81         |                    |
| Shandong Boan Intelligent Technology Co., Ltd.                | 10,887,387.60 | Within 1 year | 11.70         |                    |
| Guangdong Humen Bridge Co., Ltd.                              | 9,425,822.31  | Within 1 year | 10.13         |                    |
| Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd. | 4,821,700.01  | Within 1 year | 5.18          |                    |
| Guangdong Guanghui Expressway Co., Ltd.                       | 4,025,633.55  | Within 1 year | 4.32          |                    |
| Total   | 74,607,803.79 | --            | 80.14         |                    |

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

Nil

(6)The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Nil

### 3. Prepayments

(1) Age analysis

In RMB

| Age           | Balance in year-end |                | Balance in year-begin |                |
|---------------|---------------------|----------------|-----------------------|----------------|
|               | Amount              | Proportion (%) | Amount                | Proportion (%) |
| Within 1 year | 4,238,442.26        | 95.21%         | 2,655,392.35          | 92.84%         |
| 1-2 years     | 8,721.49            | 0.20%          | 35,000.00             | 1.22%          |
| 2-3 years     | 35,000.00           | 0.79%          |                       |                |
| Over 3 years  | 169,738.00          | 3.80%          | 169,738.00            | 5.94%          |
| Total         | 4,451,901.75        | --             | 2,860,130.35          | --             |

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time:

Nil

(2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

| Name  | Amount       | Time          | Proportion(%) |
|---|--------------|---------------|---------------|
| Ping An Insurance                                 | 1,331,158.74 | Within 1 year | 29.90         |
| Guangzhou Tuzhiling Computer Technology Co., Ltd. | 910,259.37   | Within 1 year | 20.45         |
| Guangzhou Haohang Electronic Technology Co., Ltd. | 851,784.42   | Within 1 year | 19.13         |
| Guangdong Litong Real estate Investment Co., Ltd. | 700,087.62   | Within 1 year | 15.73         |
| Guangzhou Maritime Court                          | 169,738.00   | Over 5 years  | 3.81          |
| Total   | 3,963,028.15 |               | 89.02         |

## 4. Other accounts receivable

## (1) Other accounts receivable disclosed by category

In RMB

| Type  | Balance in year-end |                |                    |                |               | Balance in year-begin |                |                    |                |               |
|---|---------------------|----------------|--------------------|----------------|---------------|-----------------------|----------------|--------------------|----------------|---------------|
|   | Book Balance        |                | Bad debt provision |                | Book value    | Book Balance          |                | Bad debt provision |                | Book value    |
|   | Amount              | Proportion (%) | Amount             | Proportion (%) |               | Amount                | Proportion (%) | Amount             | Proportion (%) |               |
| Other Account receivable with single major amount and withdrawal bad debt provision for single item | 53,351,565.01       | 75.72%         | 53,351,565.01      | 100.00%        |               | 53,351,565.01         | 66.56%         | 53,351,565.01      | 100.00%        |               |
| Other Account receivable withdrawal bad debt provision by group of credit risk characteristics      | 17,110,594.66       | 24.28%         | 1,695,082.59       | 9.91%          | 15,415,512.07 | 26,807,191.45         | 33.44%         | 1,639,311.92       | 6.12%          | 25,167,879.53 |
| Other Account receivable with minor individual amount but bad debt provision is provided            |                     |                |                    |                |               |                       |                |                    |                |               |

|       |               |         |               |        |               |               |         |               |        |               |
|-------|---------------|---------|---------------|--------|---------------|---------------|---------|---------------|--------|---------------|
| Total | 70,462,159.67 | 100.00% | 55,046,647.60 | 78.12% | 15,415,512.07 | 80,158,756.46 | 100.00% | 54,990,876.93 | 68.60% | 25,167,879.53 |
|-------|---------------|---------|---------------|--------|---------------|---------------|---------|---------------|--------|---------------|

Other receivable accounts with large amount and were provided had debt provisions individually at end of period.

√ Applicable □ Not applicable

In RMB

| Other receivable( Unit )                        | Balance in year-end |                    |            |   |
|---|---------------------|--------------------|------------|---|
|   | Other receivable    | Bad debt provision | Proportion | Reason  |
| Kunlun Securities Co.,Ltd.                      | 49,343,885.10       | 49,343,885.10      | 100.00%    | The parent company once paid RMB 33,683,774.79 into Kunlun Securities Co., Ltd, Guangdong Expressway technology investment Co., Ltd once paid RMB 18,000,000.00 into Kunlun Securities Co., Ltd. Qinghai Province Xining City's intermediate people's court made a adjudication under law declared that Kunlun Securities Co., Ltd went bankrupt and repaid debt in Novemeber 11, 2006. On March 2007, The Company and Guangdong Expressway Technology Investment Co., Ltd had switched the money that paid into Kunlun Secutities Co., Ltd to other account receivable, and follow the careful principle to doubtful debts provision. The RMB 710,349.92 Credit was Recovered in 2008, and the provision for bad debt is deducted, The RMB977,527.77 credit was recovered in 2011, and the provision for had debt is deducted.The RMB 652,012.00 Cridit was recovered in 2014, and the provision for had debt is deducted. |
| Beijing Gelin Enze Organic Fertilizer Co., Ltd. | 4,007,679.91        | 4,007,679.91       | 100.00%    | Guangdong Expresswaytechnology investment Co., Ltd .should charge Beijing Gelin Enze Organic Fertilizer Co., Ltd.for RMB12,220,079.91. Eight millions of it was entrust loan, three million was temporary borrowing RMB 12,400.00 is the commission loan interest, the rest of it was advance money for another, Beijing Gelin Enze Organic Fertilizer Co., Ltd's operating status was had and had already ceased producing, Accordingly, the controlling   |

|       |               |               |    |   |
|-------|---------------|---------------|----|---|
|       |               |               |    | <p>subsidiary of the company Guangdong Expressway Investment Co., Ltd. accounted full provision for Bad debt RMB 12,220,079.91 rprovision.</p> <p>The company in 2014 recovered arrears of RMB 8,000,000.00, rushed back to the provision f or bad debts and write off uncollected interest entrusted loans according to the settlement agre ement of RMB 212,400.00.</p> |
| Total | 53,351,565.01 | 53,351,565.01 | -- | --  |

Other receivable accounts in Group on which bad debt provisions were provided on age analyze basis:

√ Applicable ☐ Not applicable

In RMB

| Aging                  | Amount in year-end |                    |                       |
|------------------------|--------------------|--------------------|-----------------------|
|                        | Other receivable   | Bad debt provision | Withdrawal proportion |
| Subitem within 1 year  |                    |                    |                       |
|                        |                    |                    |                       |
| Subtotal within 1 year | 8,992,779.33       |                    |                       |
| 1-2 years              |                    |                    | 10.00%                |
| 2-3 years              | 32,457.98          | 9,737.39           | 30.00%                |
| Over 3 years           |                    |                    |                       |
| 3-4 years              | 302,715.87         | 151,357.94         | 50.00%                |
| 4-5 years              |                    |                    | 90.00%                |
| Over 5 years           | 1,533,987.26       | 1,533,987.26       | 100.00%               |
| Total                  | 10,861,940.44      | 1,695,082.59       | 15.61%                |

Notes of the basis of recognizing the group:

Refer to "Notes 5 the financial statements of the important accounting policies and accounting estimates No. 11 Recognition and withdrawal method of bad debts.

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Not applicable

In the groups, other accounts receivable adopting other methods to accrue bad debt provision:

√ Applicable ☐ Not applicable

| Name   | Amount in year-end       |                    |                           |  |
|--|--------------------------|--------------------|---------------------------|--|
|  | Other account receivable | Bad debt provision | Withdrawal proportion (%) | Reason   |
| Guangdong Litong Real estate Investment Co., Ltd | 1,505,864.00             |                    |                           | Deposit  |
| Guangdong Guanghui Expressway Co., Ltd           | 1,413,708.90             |                    |                           | Deposit  |
| Guangdong Expressway Co., Ltd.                   | 588,877.38               |                    |                           | Administration expenses, Quality guarantees fund |
| Zhaoqing Yuezhao Highway Co., Ltd.               | 415,614.00               |                    |                           | Administration expenses, Quality                 |

| Name   | Amount in year-end       |                    |                           |                    |
|--|--------------------------|--------------------|---------------------------|--------------------|
|  | Other account receivable | Bad debt provision | Withdrawal proportion (%) | Reason             |
|  |                          |                    |                           | guarantees fund    |
| Guangdong Xinyue Traffic Investment Co.,Ltd.                     | 415,442.60               |                    |                           | Quality guarantees |
| Beijing Shibang Weilishi Property Management Services Co., Ltd.  | 393,331.00               |                    |                           | Deposit            |
| Guangdong Guangzhu West Line Expressway Co., Ltd.                | 185,366.60               |                    |                           | Quality guarantees |
| Guangshen Zhu Expressway Co., Ltd.                               | 185,014.40               |                    |                           | Quality guarantees |
| CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.        | 165,169.25               |                    |                           | Quality guarantees |
| Beijing Gongke Feida Transport Engineering Development Co., Ltd. | 115,475.20               |                    |                           | Quality guarantees |
| Sichuan Intelligent Trafficv systems Management Co., Ltd.        | 100,000.00               |                    |                           | Bid deposit        |
| Guangdong Feida Transportation Engineering Development Co., Ltd. | 90,920.75                |                    |                           | Quality guarantees |
| Guangdong Highway Construction Co., Ltd.                         | 76,563.00                |                    |                           | Quality guarantees |
| Chengdu Shuguang Fibre-optical Metwork Co., ltd.                 | 59,758.09                |                    |                           | Quality guarantees |
| Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.    | 55,694.00                |                    |                           | Quality guarantees |
| Guangdong Boda Expressway Co., Ltd.                              | 51,808.80                |                    |                           | Quality guarantees |
| Guangdong West Coastal Expressway Zhuhai Section Co., Ltd.       | 40,967.05                |                    |                           | Quality guarantees |
| Guangzhou Chengcheng Auto Leasing Service Co., ltd.              | 30,000.00                |                    |                           | Deposit            |
| Guangdong Jiangzhong Expressway Co., Ltd.                        | 28,120.00                |                    |                           | Quality guarantees |
| Guangzhou Tuzhiling Computer Technology Co., Ltd.                | 25,438.80                |                    |                           | Quality guarantees |
| Guangdong Road & Bridge Construction Development Co., Ltd.       | 24,972.70                |                    |                           | Quality guarantees |
| Guangzhou Express Transportation Construction Co., Ltd.          | 22,094.40                |                    |                           | Quality guarantees |
| Guangzhou Beihuan Expressway Co., Ltd.                           | 16,590.40                |                    |                           | Quality guarantees |

| Name   | Amount in year-end       |                    |                           |                         |
|--|--------------------------|--------------------|---------------------------|-------------------------|
|  | Other account receivable | Bad debt provision | Withdrawal proportion (%) | Reason                  |
| Guangzhou Huanan Luqiao Industry Co., Ltd.                             | 16,000.00                |                    |                           | Quality guarantees      |
| Guangzhou Saitisi Electromechanical Installation Engineering Co., Ltd. | 15,875.00                |                    |                           | Quality guarantees      |
| Shanxi Hantang Computer Co., Ltd.                                      | 14,250.00                |                    |                           | Quality guarantees      |
| Guangdong Humen Bridge Co., Ltd.                                       | 12,775.50                |                    |                           | Quality guarantees      |
| Guangzhou Daguang Expressway Co., Ltd.                                 | 12,749.60                |                    |                           | Quality guarantees      |
| Guangzhou Dingrong Information Technology Co., Ltd.                    | 10,950.00                |                    |                           | Quality guarantees      |
| Guangzhou Expressway Co., Ltd.   | 10,799.20                |                    |                           | Quality guarantees      |
| Guangdong Kaiyang Expressway Co., Ltd.                                 | 10,608.00                |                    |                           | Quality guarantees      |
| Guangzhou Suihua Expressway Co., Ltd.                                  | 10,400.00                |                    |                           | Quality guarantees      |
| Zhongshan Global Environmental Engineering Co., Ltd.                   | 10,000.00                |                    |                           | Deposit                 |
| Guangdong Gaoda Property Development Co., Ltd.                         | 9,940.70                 |                    |                           | Deposit                 |
| Guangdong Jiangzhao Expressway Management Center                       | 9,098.40                 |                    |                           | Quality guarantees      |
| Guangdong Zhonglin Electrical Installation Engineering Co., Ltd.       | 8,820.00                 |                    |                           | Quality guarantees fund |
| Guangdong Maozhan Expressway Co., Ltd.                                 | 8,747.20                 |                    |                           | Quality guarantees fund |
| Guangdong Shanfen Expressway Co., Ltd.                                 | 8,028.80                 |                    |                           | Quality guarantees fund |
| Guangdong Baomao Expressway Co., Ltd.                                  | 7,633.60                 |                    |                           | Quality guarantees fund |
| Guangdong Yuedong Expressway Industry Development Co., Ltd.            | 7,367.20                 |                    |                           | Quality guarantees fund |
| Guangdong Guangle Expressway Co., Ltd.                                 | 7,248.00                 |                    |                           | Quality guarantees fund |
| Foshan Guangsan Expressway Co., Ltd.                                   | 6,492.00                 |                    |                           | Quality guarantees fund |
| Guangdong Yangmao Expressway Co., Ltd.                                 | 6,004.80                 |                    |                           | Quality guarantees fund |
| Guangdong West Coastal Expressway Xinhui                               | 5,753.20                 |                    |                           | Quality guarantees      |

| Name   | Amount in year-end       |                    |                           |                         |
|--|--------------------------|--------------------|---------------------------|-------------------------|
|  | Other account receivable | Bad debt provision | Withdrawal proportion (%) | Reason                  |
| Section Co., Ltd.  |                          |                    |                           | fund                    |
| Huishen(Yantian)Expressway Huizhou Co., Ltd.                                 | 5,600.00                 |                    |                           | Quality guarantees fund |
| Guangdong Litong Technology Investment Co., Ltd.                             | 5,273.00                 |                    |                           | Quality guarantees fund |
| Guangdong Maoming Nanda Electric Power Construction Co., Ltd. Huizhou Branch | 5,000.00                 |                    |                           | Deposit                 |
| Guangdong Zhaoyang Expressway Co., Ltd.                                      | 4,304.00                 |                    |                           | Quality guarantees fund |
| Guangdong Yueyun Traffic Co., Ltd.   | 3,032.00                 |                    |                           | Quality guarantees fund |
| Jiangmen Jianghe Expressway Co., Ltd.  | 2,539.20                 |                    |                           | Quality guarantees fund |
| Guangzhou Guangcong Expressway Co., Ltd.                                     | 2,027.20                 |                    |                           | Quality guarantees fund |
| Foshan Nanhai Jiasheng Drinking Water Chain                                  | 1,800.00                 |                    |                           | Deposit                 |
| Shanxi Sihe Traffic Engineering Co., Ltd.                                    | 1,600.00                 |                    |                           | Quality guarantees fund |
| Beijing Zhonghe Tianxia Management Consultation Co., Ltd.                    | 1,000.00                 |                    |                           | Guarantees fund         |
| Guangdong Weishi Highway Engineering Co., Ltd.                               | 146.30                   |                    |                           | Quality guarantees fund |
| Total  | 6,248,654.22             |                    |                           |                         |

- Other receivable accounts with no large amount and were provided had debt provisions individually at end of period.: Nil

(2) Accrual period, recovery or reversal of bad debts situation

The current amount of provision for bad debts is RMB

139,367.68 ; recovery or payback for bad debts Amount is RMB 0.00.

Where the current bad debts back or recover significant amounts: Nil

(3) The actual write-off other accounts receivable

In RMB

| Items   | Amount    |
|---|-----------|
| <b>The actual write-off other accounts receivable</b> | 83,597.01 |

Including major written-off other receivable

Nil

(4) Other accounts receivable classified by the nature of accounts

In RMB

| Nature                                      | Closing book balance | Opening book balance |
|---|----------------------|----------------------|
| Securities trading settlement funds balance | 49,343,885.10        | 49,343,885.10        |
| Guarantee deposit                           | 5,973,582.34         | 4,641,268.72         |
| Current account of gelin enze               | 4,007,679.91         | 4,007,679.91         |
| Pretty cash                                 | 3,950,100.00         | 3,850,100.00         |
| Advertising and service fee                 | 2,187,578.36         | 2,818,648.03         |
| Other                                       | 4,999,333.96         | 15,497,174.70        |
| <b>Total</b>                                | <b>70,462,159.67</b> | <b>80,158,756.46</b> |

(5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

In RMB

| Name   | Nature                              | Closing balance      | Aging                        | Proportion of the total year end balance of the accounts receivable(%) | Closing balance of bad debt provision |
|--|-------------------------------------|----------------------|------------------------------|--|---------------------------------------|
| Kunlun Securities Co.,Ltd                            | Securities trading settlement funds | 49,343,885.10        | Over 5 years                 | 70.03%   | 49,343,885.10                         |
| Beijing Gelin Enze                                   | Current account                     | 4,007,679.91         | Over 5 years                 | 5.69%  | 4,007,679.91                          |
| Guangdong Litong Real estate Investment Co., Ltd.    | Guarantees fund                     | 1,505,864.00         | Within 5 years               | 2.14%  |                                       |
| Heshan Communication Real estate Development Company | Current account                     | 1,470,000.00         | Over 5 years                 | 2.09%  | 1,470,000.00                          |
| Guangdong Guanghui Expressway Co., Ltd.              | Guarantees fund                     | 1,463,995.66         | Within 3 years, Over 5 years | 2.08%  |                                       |
|  |                                     |                      | --                           |  |                                       |
| <b>Total</b>   | --                                  | <b>57,791,424.67</b> | --                           | <b>82.03%</b>  | <b>54,821,565.01</b>                  |

(6) Accounts receivable involved with government subsidies

Nil

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets Nil

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Nil

Other notes

Nil

## 5.Inventory

Whether the Company needs to comply with the disclosure requirements for specific industrie

No

### (1) Inventory types

In RMB

| Items     | Year-end balance |                         |            | Year-beginning balance |                         |            |
|-----------|------------------|-------------------------|------------|------------------------|-------------------------|------------|
|           | Book Balance     | Provision for bad debts | Book value | Book Balance           | Provision for bad debts | Book value |
| Inventory |                  |                         |            | 323,888.89             |                         | 323,888.89 |
| Total     |                  |                         |            | 323,888.89             |                         | 323,888.89 |

Whether the company is required to comply with the "Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 4 - listed companies engaged in seed industry, planting business" disclosure requirements

### (2) Inventory falling price reserves

Nil

(3) Description of The closing balance of inventories contain the amount of borrowing costs capitalized

(4) Completed unsettled assets formed from the construction contract at the period-end

Nil

## 6. Non-current asset due within 1 year

In RMB

| Items                | Year-end balance | Year-beginning balance |
|----------------------|------------------|------------------------|
| Advance business tax | 55,669.14        | 55,719.14              |
| Total                | 55,669.14        | 55,719.14              |

Other notes

## 7. Other current assets

In RMB

| Items                    | Year-end balance | Year-beginning balance |
|--------------------------|------------------|------------------------|
| Input tax to be deducted | 76,576.08        |                        |
| Total                    | 76,576.08        | 0.00                   |

Other notes

Nil

## 8. Available-for-sale financial assets

## (1) List of available-for-sale financial assets

In RMB

| Items                                 | Amount in year-end |                    |                  | Amount in year- begin |                    |                  |
|---------------------------------------|--------------------|--------------------|------------------|-----------------------|--------------------|------------------|
|                                       | Book balance       | Bad debt provision | Book value       | Book balance          | Bad debt provision | Book value       |
| Available-for-sale equity Instruments | 1,788,150,824.93   | 36,793,200.00      | 1,751,357,624.93 | 1,755,215,132.77      | 36,793,200.00      | 1,718,421,932.77 |
| Measured by fair value                | 952,782,523.20     |                    | 952,782,523.20   | 919,846,831.04        |                    | 919,846,831.04   |
| Measured by cost                      | 835,368,301.73     | 36,793,200.00      | 798,575,101.73   | 835,368,301.73        | 36,793,200.00      | 798,575,101.73   |
| Total                                 | 1,788,150,824.93   | 36,793,200.00      | 1,751,357,624.93 | 1,755,215,132.77      | 36,793,200.00      | 1,718,421,932.77 |

## (2) Available-for-sale financial assets measured by fair value at the period-end

In RMB

| Type | Available-for-sale equity instruments | Available-for-sale Debt instruments | Total |
|------|---------------------------------------|-------------------------------------|-------|
|------|---------------------------------------|-------------------------------------|-------|

|   |                |  |                |
|---|----------------|--|----------------|
| Cost of the equity<br>instruments/amortized<br>cost of the liabilities<br>instruments           | 517,560,876.80 |  | 517,560,876.80 |
| Fair value  | 952,782,523.20 |  | 952,782,523.20 |
| Changed amount of the<br>fair value accumulatively<br>included in other<br>comprehensive income | 435,221,646.40 |  | 435,221,646.40 |

As at the end of the period, the company holds shares 235,254,944 shares of China Everbright Bank. According to the closing price of December 31, 2017 of RMB 4.05, the final calculation of fair value was RMB952,782,523.20.

## (3) Available-for-sale financial assets measured by cost at the period-end

In RMB

| Investee   | Book balance   |              |              |                | Impairment provision |              |              |               | Sharehold<br>ing<br>proportio<br>n among<br>the<br>investees | Cash bonus<br>of the<br>reporting<br>period |
|--|----------------|--------------|--------------|----------------|----------------------|--------------|--------------|---------------|--|---|
|  | Period-begin   | Incre<br>ase | Decre<br>ase | Period -end    | Period-begin         | Increa<br>se | Decre<br>ase | Period -end   |  |   |
| Guangdong Radio and Television Networks investment No.1 Limited partnership enterprise | 50,000,000.00  |              |              | 50,000,000.00  |                      |              |              |               | 2.97%  | 1,272,937.23                                |
| Kunlun Securities Co., Ltd. (Notes1)   | 30,000,000.00  |              |              | 30,000,000.00  | 30,000,000.00        |              |              | 30,000,000.00 | 5.74%  |   |
| Huaxia Securities Co., Ltd. (Notes 2)  | 5,400,000.00   |              |              | 5,400,000.00   | 5,400,000.00         |              |              | 5,400,000.00  | 0.27%  |   |
| Huazheng Assets Management Co. Ltd. (Notes3)   | 1,620,000.00   |              |              | 1,620,000.00   | 1,393,200.00         |              |              | 1,393,200.00  | 0.54%  |   |
| Guangdong Guangle Expressway Co., Ltd.   | 748,348,301.73 |              |              | 748,348,301.73 |                      |              |              |               | 9.00%  |   |
| Total  | 835,368,301.73 |              |              | 835,368,301.73 | 36,793,200.00        |              |              | 36,793,200.00 | --   | 1,272,937.23                                |

Notes 1.The owner's equity of Kunlun Securities Co., Ltd. was negative and it entered liquidation procedure in October 2005. A wholly owned subsidiary of Guangdong Expressway Technology Investment Co., Ltd. Will invest Kunlun Securities Co., Ltd.'s full provision for impairment of RMB 30 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: 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 investm ent of RMB 1.62 million.

## (4) Changes of the impairment of the available-for-sale financial assets during the reporting period

In RMB

| Type  | Available-for-sale<br>Equity instruments | Available-for-sale<br>Debt instruments | Total         |
|---|--|--|---------------|
| Balance of the withdrawn<br>impairment at the<br>period-begin | 36,793,200.00                            |  | 36,793,200.00 |
| Balance of the withdrawn<br>impairment at the<br>period-end   | 36,793,200.00                            |  | 36,793,200.00 |

## (5) Relevant description of the end of the fair value of the equity instruments at the end of a serious decline in fair value or non temporary decline but not related to impairment provision

Nil

## 9. Long-term equity investment

In RMB

| Investees                                 | Opening balance  | Increase/decrease     |                     |   |  |                         |  |                                    |       | Closing balance  | Closing balance of impairment provision |
|---|------------------|-----------------------|---------------------|---|--|-------------------------|--|------------------------------------|-------|------------------|---|
|   |                  | Additional investment | Negative investment | Investment profit and loss recognized under the equity method | Adjustment of other comprehensive income | Changes of other equity | Cash bonus or profits announced to issue | Withdrawal of impairment provision | Other |                  |   |
| I. Joint venture                          |                  |                       |                     |   |  |                         |  |                                    |       |                  |   |
| Guangdong Guanghui Expressway Co., Ltd.   | 963,806,710.36   |                       |                     | 282,006,496.89  |  | 1,200,000.00            | 297,106,373.29                           |                                    |       | 949,906,833.96   |   |
| Zhaoqing Yuezhao Highway Co., Ltd.        | 298,347,974.37   |                       |                     | 48,730,821.40   |  |                         | 55,172,678.59                            |                                    |       | 291,906,117.18   |   |
| Subtotal                                  | 1,262,154,684.73 |                       |                     | 330,737,318.29  |  | 1,200,000.00            | 352,279,051.88                           |                                    |       | 1,241,812,951.14 |   |
| 2. Affiliated Company                     |                  |                       |                     |   |  |                         |  |                                    |       |                  |   |
| Shenzhen Huiyan Expressway Co., Ltd.      | 162,435,484.69   |                       |                     | 33,761,713.52   |  |                         |  |                                    |       | 196,197,198.21   |   |
| Guangdong Jiangzhong Expressway Co., Ltd. | 173,505,923.37   |                       |                     | 11,038,071.84   |  |                         | 11,041,691.10                            |                                    |       | 173,502,304.11   |   |

|   |                  |                |  |                |            |              |                |  |  |                  |  |
|---|------------------|----------------|--|----------------|------------|--------------|----------------|--|--|------------------|--|
| Ganzhou Kangda Expressway Co., Ltd.             | 204,137,265.86   |                |  | 25,170,250.23  |            | 461,406.77   | 21,000,000.00  |  |  | 208,768,922.86   |  |
| Ganzhou Gankang Expressway Co., Ltd.            | 210,007,188.89   |                |  | 3,997,514.46   |            |              | 9,600,000.00   |  |  | 204,404,703.35   |  |
| Guangdong Yueke Technology Petty Loan Co., Ltd. | 208,564,582.77   |                |  | 13,042,538.35  |            |              | 6,058,788.22   |  |  | 215,548,332.90   |  |
| Guoyuan Sectricities Co., Ltd.                  |                  | 799,999,959.30 |  | 6,193,038.76   | 847,589.37 |              |                |  |  | 807,040,587.43   |  |
| Subtotal  | 958,650,445.58   | 799,999,959.30 |  | 93,203,127.16  | 847,589.37 | 461,406.77   | 47,700,479.32  |  |  | 1,805,462,048.86 |  |
| Total   | 2,220,805,130.31 | 799,999,959.30 |  | 423,940,445.45 | 847,589.37 | 1,661,406.77 | 399,979,531.20 |  |  | 3,047,275,000.00 |  |

Other notes

Nil

## 10. Investment property

## (1) Investment property adopted the cost measurement mode

√ Applicable □ Not applicable

In RMB

| Items  | Houses and buildings | Land use right | Construction in progress | Total         |
|--|----------------------|----------------|--------------------------|---------------|
| I.Original value   |                      |                |                          |               |
| 1.Opening balance  | 12,664,698.25        |                |                          | 12,664,698.25 |
| 2.Increased amount of the period                         |                      |                |                          |               |
| (1) Outsourcing  |                      |                |                          |               |
| (2)Inventory, Fixed assets and Construction project into |                      |                |                          |               |
| (3)Enterprise consolidation                              |                      |                |                          |               |
|  |                      |                |                          |               |
| 3.Decreased amount of the period                         |                      |                |                          |               |
| (1) Disposal   |                      |                |                          |               |
| (2) Other Out  |                      |                |                          |               |
|  |                      |                |                          |               |
| 4.Closing balance  | 12,664,698.25        |                |                          | 12,664,698.25 |
| II.Accumulated depreciation accumulated amortization     |                      |                |                          |               |
| 1.Opening balance  | 9,444,727.17         |                |                          | 9,444,727.17  |
| 2.Increased amount of the period                         | 464,213.40           |                |                          | 464,213.40    |
| (1)Withdrawal or   | 464,213.40           |                |                          | 464,213.40    |

| Items                            | Houses and buildings | Land use right | Construction in progress | Total        |
|----------------------------------|----------------------|----------------|--------------------------|--------------|
| amortization                     |                      |                |                          |              |
|                                  |                      |                |                          |              |
| 3.Decreased amount of the period |                      |                |                          |              |
| (1) Disposal                     |                      |                |                          |              |
| (2) Other Out                    |                      |                |                          |              |
|                                  |                      |                |                          |              |
| 4.Closing balance                | 9,908,940.57         |                |                          | 9,908,940.57 |
| III. Impairment provision        |                      |                |                          |              |
| 1.Opening balance                |                      |                |                          |              |
| 2.Increased amount of the period |                      |                |                          |              |
| (1) Withdrawal                   |                      |                |                          |              |
|                                  |                      |                |                          |              |
| 3.Decreased amount of the period |                      |                |                          |              |
| (1) Disposal                     |                      |                |                          |              |
| (2) Other Out                    |                      |                |                          |              |
|                                  |                      |                |                          |              |
| 4.Closing balance                |                      |                |                          |              |
| IV. Book value                   |                      |                |                          |              |
| 1.Closing book value             | 2,755,757.68         |                |                          | 2,755,757.68 |
| 2.Opening book                   | 3,219,971.08         |                |                          | 3,219,971.08 |

## (2) Investment property adopted fair value measurement mode

□Applicable√ Not applicable

## (3) Details of investment property failed to accomplish certification of property

In RMB

| Items                              | Book value   | Reason                             |
|------------------------------------|--------------|------------------------------------|
| Transportation and other ancillary | 1,735,394.10 | Transportation and other ancillary |

|            |  |                               |
|------------|--|-------------------------------|
| facilities |  | facilities, Not accreditation |
|------------|--|-------------------------------|

Other notes Nil

## 11. Fixed assets

## (1) List of fixed assets

In RMB

| Items                                      | Guangfo Expressway | Fokai Expressway | Jingzhu Expressway<br>Guangzhu section | House and buildings | Machinery equipment | Transportation equipment | Electricity equipment and other | Total             |
|--|--------------------|------------------|--|---------------------|---------------------|--------------------------|---------------------------------|-------------------|
| I. Original price                          |                    |                  |  |                     |                     |                          |                                 |                   |
| 1. Opening balance                         | 1,460,270,190.66   | 8,955,187,667.08 | 5,120,405,509.44                       | 350,137,770.35      | 126,710,600.83      | 64,871,708.40            | 613,998,510.08                  | 16,691,581,956.84 |
| 2. Increased amount of the period          |                    |                  | 10,168,899.09                          | 1,726,377.11        |                     | 1,189,556.00             | 32,660,407.59                   | 45,745,239.79     |
| (1) Purchase                               |                    |                  |  |                     |                     | 1,189,556.00             | 11,705,344.42                   | 12,894,900.42     |
| (2) Transfer of project under construction |                    |                  | 10,168,899.09                          | 1,726,377.11        |                     |                          | 20,955,063.17                   | 32,850,339.37     |
| (3) Increased of Enterprise consolidation  |                    |                  |  |                     |                     |                          |                                 |                   |
|  |                    |                  |  |                     |                     |                          |                                 |                   |
| 3. Decreased amount of the period          |                    | 7,891,796.28     |  |                     | 224,520.00          | 5,531,966.62             | 6,128,417.36                    | 19,776,700.26     |
| (1) Disposal or scrap                      |                    | 7,891,796.28     |  |                     | 224,520.00          | 5,531,966.62             | 6,128,417.36                    | 19,776,700.26     |

| Items                            | Guangfo Expressway | Fokai Expressway | Jingzhu Expressway<br>Guangzhu section | House and buildings | Machinery equipment | Transportation equipment | Electricity equipment and other | Total             |
|----------------------------------|--------------------|------------------|--|---------------------|---------------------|--------------------------|---------------------------------|-------------------|
|                                  |                    |                  |  |                     |                     |                          |                                 |                   |
| 4.Closing balance                | 1,460,270,190.66   | 8,947,295,870.80 | 5,130,574,408.53                       | 351,864,147.46      | 126,486,080.83      | 60,529,297.78            | 640,530,500.31                  | 16,717,550,496.37 |
| II. Accumulated depreciation     |                    |                  |  |                     |                     |                          |                                 |                   |
| 1.Opening balance                | 1,438,198,286.26   | 2,961,877,190.13 | 2,310,553,044.84                       | 207,381,103.40      | 48,853,742.40       | 49,709,577.10            | 389,185,709.94                  | 7,405,758,654.07  |
| 2.Increased amount of the period | 22,071,904.40      | 484,195,098.09   | 243,167,170.92                         | 16,910,391.70       | 11,732,609.40       | 3,359,826.64             | 41,392,331.20                   | 822,829,332.35    |
| (1) Withdrawal                   | 22,071,904.40      | 484,195,098.09   | 243,167,170.92                         | 16,910,391.70       | 11,732,609.40       | 3,359,826.64             | 41,392,331.20                   | 822,829,332.35    |
|                                  |                    |                  |  |                     |                     |                          |                                 |                   |
| 3.Decreased amount of the period |                    | 5,531,877.31     |  |                     | 202,068.00          | 5,041,593.75             | 5,696,841.70                    | 16,472,380.76     |
| (1) Disposal or scrap            |                    | 5,531,877.31     |  |                     | 202,068.00          | 5,041,593.75             | 5,696,841.70                    | 16,472,380.76     |
|                                  |                    |                  |  |                     |                     |                          |                                 |                   |
| 4.Closing balance                | 1,460,270,190.66   | 3,440,540,410.91 | 2,553,720,215.76                       | 224,291,495.10      | 60,384,283.80       | 48,027,809.99            | 424,881,199.44                  | 8,212,115,605.66  |
| III. Impairment provision        |                    |                  |  |                     |                     |                          |                                 |                   |
| 1.Opening balance                |                    |                  |  |                     |                     |                          |                                 |                   |
| 2.Increased amount of the        |                    |                  |  |                     |                     |                          |                                 |                   |

| Items                            | Guangfo Expressway | Fokai Expressway | Jingzhu Expressway<br>Guangzhu section | House and buildings | Machinery equipment | Transportation equipment | Electricity equipment and other | Total            |
|----------------------------------|--------------------|------------------|--|---------------------|---------------------|--------------------------|---------------------------------|------------------|
| period                           |                    |                  |  |                     |                     |                          |                                 |                  |
| (1) Withdrawal                   |                    |                  |  |                     |                     |                          |                                 |                  |
|                                  |                    |                  |  |                     |                     |                          |                                 |                  |
| 3.Decreased amount of the period |                    |                  |  |                     |                     |                          |                                 |                  |
| (1) Disposal or scrap            |                    |                  |  |                     |                     |                          |                                 |                  |
|                                  |                    |                  |  |                     |                     |                          |                                 |                  |
| 4.Closing balance                |                    |                  |  |                     |                     |                          |                                 |                  |
| IV. Book value                   |                    |                  |  |                     |                     |                          |                                 |                  |
| 1.Closing book value             |                    | 5,506,755,459.89 | 2,576,854,192.77                       | 127,572,652.36      | 66,101,797.03       | 12,501,487.79            | 215,649,300.87                  | 8,505,434,890.71 |
| 2.Opening book value             | 22,071,904.40      | 5,993,310,476.95 | 2,809,852,464.60                       | 142,756,666.95      | 77,856,858.43       | 15,162,131.30            | 224,812,800.14                  | 9,285,823,302.77 |

(2)Temporarily idle fixed assets Nil

(3)Fixed assets through financial leasing Nil

(4)Tenancy of fixed assets through operating lease Nil

(5)Details of fixed assets failed to accomplish certification of property

In RMB

| Items               | Book value    | Reason   |
|---------------------|---------------|--|
| House and buildings | 94,268,585.08 | Transportation and other ancillary facilities,<br>Not accreditation                            |
| House and buildings | 759,354.12    | Due to absorption, merger and<br>reorganization, the formalities for change<br>are in progress |

Other notes Nil

## 12. Project under construction

## (1) Project under construction

In RMB

| Items                               | Year-end balance |                           |                | Year-beginning balance |                           |                |
|-------------------------------------|------------------|---------------------------|----------------|------------------------|---------------------------|----------------|
|                                     | Book balance     | Provision for devaluation | Book value     | Book balance           | Provision for devaluation | Book value     |
| Sanbao To Shuikou Expansion project | 347,299,458.95   |                           | 347,299,458.95 | 128,709,237.02         |                           | 128,709,237.02 |
| Odd project                         | 8,763,197.00     |                           | 8,763,197.00   | 20,534,873.28          |                           | 20,534,873.28  |
| Total                               | 356,062,655.95   |                           | 356,062,655.95 | 149,244,110.30         |                           | 149,244,110.30 |

## (2) Changes of significant construction in progress

In RMB

| Name of project                     | Budget           | Opening balance | Increase       | Transferred to fixed assets | Other decrease | End balance    | Proportion % | Project process | Capitalization of interest | Including: capitalization of interest this period | Capitalization of interest rate (%) | Source of funding |
|-------------------------------------|------------------|-----------------|----------------|-----------------------------|----------------|----------------|--------------|-----------------|----------------------------|---|-------------------------------------|-------------------|
| Sanbao To Shuikou Expansion project | 3,426,206,660.00 | 128,709,237.02  | 218,590,221.93 |                             |                | 347,299,458.95 | 21.21%       | 21.21           | 5,934,771.97               | 5,808,337.50                                      | 4.41%                               | Other             |
| Odd project                         |                  | 20,534,873.28   | 22,682,342.91  | 32,850,339.37               | 1,603,679.82   | 8,763,197.00   |              |                 |                            |   |                                     | Other             |
| Total                               | 3,426,206,660.00 | 149,244,110.30  | 241,272,564.84 | 32,850,339.37               | 1,603,679.82   | 356,062,655.95 | --           | --              | 5,934,771.97               | 5,808,337.50                                      |                                     |                   |

Notes :

Sanbo to section expansion project has been included in the progress of the new Jiangluo line section of the total amount of river has been transferred to the fixed amount

## (2) Provision for impairment of construction projects in the current period

Nil

## 13. Engineering material

In RMB

| Items    | Balance in year-end | Balance in year-begin |
|----------|---------------------|-----------------------|
| Signpost | 1,549,556.00        | 1,549,556.00          |
| Total    | 1,549,556.00        | 1,549,556.00          |

Other notes

Nil

## 14. Intangible assets

## (1) List of intangible assets

In RMB

| Items                                  | Land use right | Patent right | Non-patent right | Software      | Logo | Total         |
|--|----------------|--------------|------------------|---------------|------|---------------|
| I. Original price                      |                |              |                  |               |      |               |
| 1.Opening balance                      | 1,311,658.00   |              |                  | 23,183,107.63 |      | 24,494,765.63 |
| 2.Increased amount of the period       |                |              |                  | 4,175,878.58  |      | 4,175,878.58  |
| (1) Purchase                           |                |              |                  | 4,175,878.58  |      | 4,175,878.58  |
| (2)Internal Development                |                |              |                  |               |      |               |
| (3)Increased of Enterprise Combination |                |              |                  |               |      |               |
|  |                |              |                  |               |      |               |
| 3.Decreased amount of the period       |                |              |                  |               |      |               |
| (1) Disposal                           |                |              |                  |               |      |               |
|  |                |              |                  |               |      |               |
| 4.Closing balance                      | 1,311,658.00   |              |                  | 27,358,986.21 |      | 28,670,644.21 |
| II.Accumulated amortization            |                |              |                  |               |      |               |
| 1.Opening balance                      | 1,223,373.70   |              |                  | 17,133,097.03 |      | 18,356,470.73 |
| 2.Increased amount of the period       | 88,284.30      |              |                  | 3,129,454.01  |      | 3,217,738.31  |

| Items                            | Land use right | Patent right | Non-patent right | Software      | Logo | Total         |
|----------------------------------|----------------|--------------|------------------|---------------|------|---------------|
| (1) Withdrawal                   | 88,284.30      |              |                  | 3,129,454.01  |      | 3,217,738.31  |
|                                  |                |              |                  |               |      |               |
| 3.Decreased amount of the period |                |              |                  |               |      |               |
| (1) Disposal                     |                |              |                  |               |      |               |
|                                  |                |              |                  |               |      |               |
| 4.Closing balance                | 1,311,658.00   |              |                  | 20,262,551.04 |      | 21,574,209.04 |
| III. Impairment provision        |                |              |                  |               |      |               |
| 1.Opening balance                |                |              |                  |               |      |               |
| 2.Increased amount of the period |                |              |                  |               |      |               |
| (1) Withdrawal                   |                |              |                  |               |      |               |
|                                  |                |              |                  |               |      |               |
| 3.Decreased amount of the period |                |              |                  |               |      |               |
| (1) Disposal                     |                |              |                  |               |      |               |
|                                  |                |              |                  |               |      |               |
| 4.Closing balance                |                |              |                  |               |      |               |
| IV. Book value                   |                |              |                  |               |      |               |
| 1.Closing book value             |                |              |                  | 7,096,435.17  |      | 7,096,435.17  |
| 2.Opening book value             | 88,284.30      |              |                  | 6,050,010.60  |      | 6,138,294.90  |

The intangible assets by the end of the formation of the company's internal R & D accounted of the proportion of the balance of intangible assets

(2)Details of Land use right failed to accomplish certification of property

Other notes :Nil

#### 15. Long-term amortize expenses

In RMB

| Items | Balance in year-begin | Increase in this period | Amortized expenses | Other loss | Balance in year-end |
|-------|-----------------------|-------------------------|--------------------|------------|---------------------|
|       |                       |                         |                    |            |                     |

|                    |              |  |              |  |           |
|--------------------|--------------|--|--------------|--|-----------|
| Renovation fee     | 1,559,874.44 |  | 1,559,874.44 |  |           |
| Property Insurance | 204,091.63   |  | 111,322.80   |  | 92,768.83 |
| Total              | 1,763,966.07 |  | 1,671,197.24 |  | 92,768.83 |

Other notes

Nil

#### 16. Deferred income tax assets/deferred income tax liabilities

##### (1) Deferred income tax assets had not been off-set

In RMB

| Items  | Balance in year-end             |                            | Balance in year-begin           |                            |
|--|---------------------------------|----------------------------|---------------------------------|----------------------------|
|  | Deductible temporary difference | Deferred income tax assets | Deductible temporary difference | Deferred income tax assets |
| Asset impairment provision                         |                                 |                            | 3,000.00                        | 750.00                     |
| Deductible loss                                    | 773,658,624.73                  | 193,414,656.18             |                                 |                            |
| Amortization of intangible assets                  | 995,735.86                      | 248,933.97                 | 1,298,590.36                    | 324,647.59                 |
| Timing difference between accumulated depreciation |                                 |                            | 41,939,701.40                   | 10,484,925.35              |
| Asset valuation appreciation                       | 566,541,740.54                  | 141,635,435.13             |                                 |                            |
| Total  | 1,341,196,101.13                | 335,299,025.28             | 43,241,291.76                   | 10,810,322.94              |

##### (2) Deferred income tax liabilities had not been off-set

In RMB

| Items  | Balance in year-end             |                                 | Balance in year-begin           |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  | Deductible temporary difference | Deferred income tax liabilities | Deductible temporary difference | Deferred income tax liabilities |
| Changes in fair value of available for sale financial assets | 435,221,646.40                  | 108,805,411.60                  |                                 |                                 |
| Deductible temporary   | 607,306,748.61                  | 151,826,687.15                  | 1,113,854,587.99                | 278,463,647.00                  |

|  |                  |                |                  |                |
|--|------------------|----------------|------------------|----------------|
| differences in the formation of asset impairment |                  |                |                  |                |
| Total  | 1,042,528,395.01 | 260,632,098.75 | 1,113,854,587.99 | 278,463,647.00 |

## (3) Deferred tax assets of Liabilities that are presented at the net amount after offsetting

In RMB

| Items                    | Closing amount of deferred tax assets and liabilities that are offset | Closing amount of deferred tax assets or liabilities after offsetting | Opening amount of deferred tax assets and liabilities that are offset | Opening amount of deferred tax assets or liabilities after offsetting |
|--------------------------|---|---|---|---|
| Deferred tax assets      |   | 335,299,025.28  |   | 10,810,322.94   |
| Deferred tax liabilities |   | 260,632,098.75  |   | 278,463,647.00  |

## (4) Details of unrecognized deferred tax assets

In RMB

| Items                            | Closing balance | Opening balance  |
|----------------------------------|-----------------|------------------|
| Deductible temporary differences | 92,288,987.75   | 91,954,244.59    |
| Deductible losses                | 11,374,068.41   | 977,316,303.49   |
| Total                            | 103,663,056.16  | 1,069,270,548.08 |

Note: Because it is uncertain that whether the wholly-owned subsidiary ---- Guangdong Expressway Technology Investment Co., Ltd. can obtain taxable income in the future, the deductible temporary differences of this part are not recognized as deferred tax assets.

## (5) Deductible losses of the un-recognized deferred income tax asset will expire in the following years

In RMB

| Year | Balance in year-end | Balance in year-begin | Remark |
|------|---------------------|-----------------------|--------|
| 2017 |                     | 218,901,780.38        |        |
| 2018 | 4,932,481.22        | 160,481,639.35        |        |
| 2019 | 3,456,570.30        | 227,972,299.53        |        |
| 2020 |                     | 200,645,733.66        |        |
| 2021 |                     | 169,314,850.57        |        |
| 2022 | 2,985,016.89        |                       |        |

|       |               |                |    |
|-------|---------------|----------------|----|
| Total | 11,374,068.41 | 977,316,303.49 | -- |
|-------|---------------|----------------|----|

Other notes

Nil

## 17. Other Non-current assets

In RMB

| Items                                 | Balance in year-end | Balance in year-begin |
|---------------------------------------|---------------------|-----------------------|
| Prepaid fixed assets engineering fees | 39,871,644.68       | 505,397.83            |
| Advance software payment              | 268,155.00          |                       |
| Prepaid business tax                  | 566,594.58          | 618,339.90            |
| Prepaid land occupation tax           |                     | 1,176,432.55          |
| Total                                 | 40,706,394.26       | 2,300,170.28          |

Other notes

Nil

## 18. Account payable

## (1) List of Account payable

In RMB

| Items                            | Balance in year-end | Balance in year-begin |
|----------------------------------|---------------------|-----------------------|
| Within 1 year (Including 1 year) | 104,264,020.37      | 259,955,112.29        |
| 1-2 year (Including 2 years)     | 135,095,312.76      | 20,004,237.58         |
| 2-3 year (Including 3 years)     | 16,838,384.14       | 9,038,060.80          |
| Over 3 years                     | 10,736,309.72       | 10,416,636.40         |
| Total                            | 266,934,026.99      | 299,414,047.07        |

## (2) Notes of the accounts payable aging over one year

In RMB

| Items                                    | Balance in year-end | Unpaid reason |
|--|---------------------|---------------|
| Guangdong Highway Construction Co., Ltd. | 75,980,021.00       | Unsettled     |
| Heshan Land and resources Bureau         | 38,186,893.60       | Unsettled     |
| Foshan Land and resources Bureau         | 30,507,598.21       | Unsettled     |
| Guangdong Expressway Co., Ltd.           | 8,746,491.18        | Unsettled     |
| Luochun Street Office(Finance Office)    | 1,043,431.50        | Unsettled     |
| Total                                    | 154,464,435.49      | --            |

Other notes

Nil

## 19. Advance from customers

## (1) List of advance from customers

In RMB

| Items                            | Balance in year-end | Balance in year-begin |
|----------------------------------|---------------------|-----------------------|
| Within 1 year (Including 1 year) | 2,413,914.18        | 1,004,503.09          |
| 1-2 years (Including 2 years)    | 459,858.97          | 51,000.00             |
| 2-3 years (Including 3 years)    |                     |                       |
| Over 3 years                     | 11,982,340.75       | 16,384,520.31         |
| Total                            | 14,856,113.90       | 17,440,023.40         |

## (2) Significant advance from customers aging over one year

In RMB

| Items  | Closing balance | Unpaid/Uncarry over reason                 |
|--|-----------------|--|
| Guangzhou Huanlong Expressway Co., Ltd.          | 10,497,463.22   | Land rent is not in the settlement period  |
| Guangdong Xinle Technology Development Co., Ltd. | 1,342,639.61    | The Rental is not in the settlement period |
| Total  | 11,840,102.83   | --   |

(3)The completion of the final construction contract has been completed and the project is not completed

Nil

## 20. Payable Employee wage

## (1) Payable Employee wage

In RMB

| Items   | Year-beginning balance | Increase in the current period | Decrease in the current period | Year-end balance |
|---|------------------------|--------------------------------|--------------------------------|------------------|
| I. Short-term compensation                                | 8,840,599.13           | 300,260,847.83                 | 297,767,264.80                 | 11,334,182.16    |
| II. Post-employment benefits - defined contribution plans |                        | 32,145,935.11                  | 32,145,935.11                  |                  |
| III. Dismiss welfare                                      |                        | 408,939.06                     | 408,939.06                     |                  |

|       |              |                |                |               |
|-------|--------------|----------------|----------------|---------------|
| Total | 8,840,599.13 | 332,815,722.00 | 330,322,138.97 | 11,334,182.16 |
|-------|--------------|----------------|----------------|---------------|

## (2) Short-term Remuneration

In RMB

| Items   | Year-beginning<br>balance | Increase in the<br>current period | Decrease in the<br>current period | Year-end balance |
|---|---------------------------|-----------------------------------|-----------------------------------|------------------|
| 1.Wages, bonuses, allowances<br>and subsidies | 1,202,663.49              | 214,491,849.31                    | 214,064,149.51                    | 1,630,363.29     |
| 2.Employee welfare                            |                           | 22,938,607.65                     | 22,938,607.65                     |                  |
| 3. Social insurance premiums                  |                           | 18,238,091.83                     | 18,238,091.83                     |                  |
| Including : Medical<br>insurance              |                           | 11,494,354.54                     | 11,494,354.54                     |                  |
| Work injury insurance                         |                           | 535,872.93                        | 535,872.93                        |                  |
| Maternity insurance                           |                           | 1,317,172.78                      | 1,317,172.78                      |                  |
| Supplementary medical<br>insurance            |                           | 4,890,691.58                      | 4,890,691.58                      |                  |
| 4.Public reserves for housing                 |                           | 26,873,863.61                     | 26,873,863.61                     |                  |
| 5.Union funds and staff<br>education fee      | 7,637,935.64              | 8,864,324.37                      | 6,939,200.09                      | 9,563,059.92     |
| 8.Other                                       |                           | 8,854,111.06                      | 8,713,352.11                      | 140,758.95       |
| Total   | 8,840,599.13              | 300,260,847.83                    | 297,767,264.80                    | 11,334,182.16    |

## (3) List of drawing scheme

In RMB

| Items                                  | Balance in<br>year-begin | <u>Increase in this<br/>period</u> | Payable in this<br>period | Balance in<br>year-end |
|--|--------------------------|------------------------------------|---------------------------|------------------------|
| 1. Basic old-age<br>insurance premiums |                          | 21,551,317.63                      | 21,551,317.63             |                        |
| 2.Unemployment<br>insurance            |                          | 774,713.43                         | 774,713.43                |                        |
| 3.Enterprise annuity<br>payment        |                          | 9,819,904.05                       | 9,819,904.05              |                        |
| Total                                  |                          | 32,145,935.11                      | 32,145,935.11             |                        |

Other notes: Nil

## 21. Tax Payable

In RMB

| Items                      | Balance in year-end | Balance in year-begin |
|----------------------------|---------------------|-----------------------|
| VAT                        | 14,248,594.77       | 10,107,421.05         |
| Enterprise Income tax      | 404,574,001.58      | 86,569,385.59         |
| Individual Income tax      | 6,572,617.38        | 4,955,473.49          |
| City Construction tax      | 1,022,178.29        | 694,432.76            |
| Land use tax               | 1,050,431.75        | 983,920.72            |
| Property tax               | 253,014.94          | 2,303,583.10          |
| Education subjoin          | 466,899.60          | 323,432.09            |
| Locality Education subjoin | 297,234.60          | 202,594.86            |
| Stamp tax                  | 63,071.56           | 132,488.16            |
| Other                      | 99,349.82           | 98,166.49             |
| Total                      | 428,647,394.29      | 106,370,898.31        |

Other notes: Nil

## 22. Interest payable

In RMB

| Items   | Balance in year-end | Balance in year-begin |
|---|---------------------|-----------------------|
| Pay the interest for long-term loans by installments. | 8,494,355.93        | 8,873,911.85          |
| Interest payable on entrusted loans                   |                     | 71,371.67             |
| Total   | 8,494,355.93        | 8,945,283.52          |

- Particulars of significant overdue unpaid interest

Nil

## 23. Dividends payable

In RMB

| Items                                 | Year-end balance | Year-Beginning balance |
|---------------------------------------|------------------|------------------------|
| Common stock dividends                | 14,340,792.20    | 12,506,777.92          |
| Xinyue Highway Construction Co., Ltd. | 12,500,000.00    |                        |
| Total                                 | 26,840,792.20    | 12,506,777.92          |

Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

Final dividend payable RMB12,446,296.50 for more than a year in unpaid dividends to shareholders over the year was mainly due to non-payment of shareholder dividends did not provide informati

on an interest-bearing bank, did not share reform of shareholders to receive dividends or provide an application to receive dividends the bank information is incorrect, resulting in failure to pay a dividend or refund.

#### 24. Other accounts payable

##### (1) Other accounts payable listed by nature of the account

In RMB

| Items                  | Year-end balance | Year-Beginning balance |
|------------------------|------------------|------------------------|
| Quality guarantee fund | 36,254,269.95    | 105,901,434.85         |
| Deposit                | 1,676,667.00     | 1,819,863.15           |
| Other                  | 48,732,300.99    | 26,544,843.34          |
| Total                  | 86,663,237.94    | 134,266,141.34         |

##### (2) Other significant accounts payable with aging over one year

In RMB

| Items  | Closing balance | Unpaid/un-carry over reason                        |
|--|-----------------|--|
| Guangdong Guanyue luqiao Co., Ltd.                 | 2,299,501.38    | Project Quality guarantees / Deposit               |
| Guangdong Changda Engineering Co., Ltd             | 2,044,899.53    | Project Quality guarantees/ Bid Guarantees/Deposit |
| Dongguan Yueyu Optoelectronic Technology Co., Ltd. | 1,534,850.00    | Project Quality guarantees                         |
| Guangdong Xinyue Traffic Investment Co., Ltd.      | 1,133,380.18    | Project Quality guarantees/ Bid Guarantees         |
| Total  | 7,012,631.09    | --   |

Other notes

Nil

#### 25. Non-current liabilities due within 1 year

In RMB

| Items                                       | Balance year-end | Year-beginning balance |
|---|------------------|------------------------|
| Long-term loans due within 1 year           | 1,218,610,000.00 | 907,880,000.00         |
| Long-term payable account due within 1 year |                  | 50,000,000.00          |

|       |                  |                |
|-------|------------------|----------------|
| Total | 1,218,610,000.00 | 957,880,000.00 |
|-------|------------------|----------------|

Other notes:

Long-term borrowing rate is 4.20%-5.60%。

## 26. Long-term loan

### (1) Category of long-term loan

In RMB

| Items            | Balance year-end | Year-beginning balance |
|------------------|------------------|------------------------|
| Pledge loan      | 199,000,000.00   | 449,000,000.00         |
| Guaranteed loans | 1,125,000,000.00 | 1,500,000,000.00       |
| Credit loans     | 3,420,170,000.00 | 3,453,780,000.00       |
| Total            | 4,744,170,000.00 | 5,402,780,000.00       |

Notes :

Nil

Other notes including interest rate range:

The Pledge loan rate is 4.275%-4.35%; the guaranteed loan interest rate is 5.6%; the credit interest rate is 4.20%-4.41%.

## 27. Long-term payable

### (1) Long-term payable listed by nature of the account

In RMB

| Items                       | Balance year-end | Year-beginning balance |
|-----------------------------|------------------|------------------------|
| Non-operating asset payable | 2,022,210.11     | 2,022,210.11           |
| Total                       | 2,022,210.11     | 2,022,210.11           |

Other notes: Nil

## 28. Stock capital

In RMB

|                            | Balance<br>Year-beginning | Balance Year-beginning  |                 |                                 |       |          | Balance year-end |
|----------------------------|---------------------------|-------------------------|-----------------|---------------------------------|-------|----------|------------------|
|                            |                           | Issuing of<br>new share | Bonus<br>shares | Transferred<br>from<br>reserves | Other | Subtotal |                  |
| Total of<br>capital shares | 2,090,806,126.00          |                         |                 |                                 |       |          | 2,090,806,126.00 |

Other notes: Nil

## 29. Capital reserves

In RMB

| Items                  | Year-beginning<br>balance | Increase in the<br>current period | Decrease in the<br>current period | Year-end balance |
|------------------------|---------------------------|-----------------------------------|-----------------------------------|------------------|
| Share premium          | 2,508,401,790.51          |                                   |                                   | 2,508,401,790.51 |
| Other capital reserves | 6,552.48                  | 1,661,406.77                      |                                   | 1,667,959.25     |
| Total                  | 2,508,408,342.99          | 1,661,406.77                      |                                   | 2,510,069,749.76 |

- The situation of change in the current capital reserve is as follows:

The capital reserve in this period was increased RMB 1,200,000.00 due to the change of the owner's equity of the joint-stock company ---- Guangdong Guanghui Expressway Co., Ltd. and was increased RMB 461,406.77 due to the change of owner's equity of the joint-stock company ---- Ganzhou Gankang Expressway Co., Ltd.

## 30. Other comprehensive income

In RMB

| Items  | Year-beginning balance | Amount of current period                |  |                  |  |   | Year-end balance |
|--|------------------------|---|--|------------------|--|---|------------------|
|  |                        | Amount for the period before income tax | Less : Previously recognized in profit or loss in other comprehensive income | Less: Income tax | After - tax attributable to the parent company | After - tax attributable to minority shareholders |                  |
| 2.Other comprehensive income reclassifiable to profit or loss in subsequent  | 402,285,954.24         | 33,783,281.53                           |  | 108,805,411.60   | -75,022,130.07                                 |   | 327,263,824.17   |
| Includng: Share of other combined gains and losses that will be reclassified into profits and losses after the invested unit under the equity method |                        | 847,589.37                              |  |                  | 847,589.37                                     |   | 847,589.37       |
| Gains and losses from changes in fair value of available for sale financial assets   | 402,285,954.24         | 32,935,692.16                           |  | 108,805,411.60   | -75,869,719.44                                 |   | 326,416,234.80   |
| Total of other comprehensive income  | 402,285,954.24         | 33,783,281.53                           |  | 108,805,411.60   | -75,022,130.07                                 |   | 327,263,824.17   |

Other notes, including the adjustment of the recognition of initial amount of effective part of the cash flow hedging gains and losses transfer into arbitrated items:

Notes 1. The initial balance and the ending balance refer to other comprehensive incomes in the balance sheet. The initial balance + other comprehensive incomes belong to the parent company after taxes = the ending balance. The occurrence amount in the period refers to other comprehensive incomes in the profit statement, and the occurrence amount before income tax in the period – Other comprehensive income recorded in the earlier stage and transferred into the profits and losses in the current period – income taxes = other comprehensive incomes belong to the parent company after taxes + other comprehensive incomes belong to the minority shareholders after taxes.

Notes 2: In accordance with the company strategical planning and operation decisions in the future, the company shall pay the income tax incurred due to the sale

of the available-for-sale financial assets and begin to calculate the deferred income tax influence corresponding to the fair value thereof from the current period.

## 31. Surplus reserve

In RMB

| Items                        | Year-beginning<br>balance | Increase in the<br>current period | Decrease in the<br>current period | Year-end balance |
|------------------------------|---------------------------|-----------------------------------|-----------------------------------|------------------|
| Statutory surplus<br>reserve | 366,956,549.89            | 177,864,580.14                    |                                   | 544,821,130.03   |
| Total                        | 366,956,549.89            | 177,864,580.14                    |                                   | 544,821,130.03   |

Statement on surplus reserves. Please state the related resolutions of the Board on capitalizing of reserves, making up losses, and dividends: Nil

## 32. Retained profits

In RMB

| Items   | Amount of this period | Amount of last period |
|---|-----------------------|-----------------------|
| Before adjustments: Retained profits in last<br>period end      | 2,920,563,328.27      | 2,179,239,324.01      |
| After adjustments: Retained profits at the period<br>beginning  | 2,920,563,328.27      | 2,179,239,324.01      |
| Add: Net profit belonging to the owner of the<br>parent company | 1,509,922,398.70      | 1,001,205,945.39      |
| Less: Statutory surplus reserve                                 | 177,864,580.14        | 71,314,278.93         |
| Common stock dividend payable                                   | 702,510,858.34        | 188,567,662.20        |
| Retained profit at the end of this term                         | 3,550,110,288.49      | 2,920,563,328.27      |

As regards the details of adjusted the beginning undistributed profits

(1) As the retroactive adjustment on Enterprise Accounting Standards and its related new regulations, the affected beginning undistributed profits are RMB 0.00.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB 0.00.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.00.

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.00.

(5) Other adjustment of the total affected beginning undistributed profits are RMB 0.00.

## 33. Operation income and operation cost

In RMB

| Items           | Amount of this period |                  | Amount of last period |                  |
|-----------------|-----------------------|------------------|-----------------------|------------------|
|                 | Income                | Cost             | Income                | Cost             |
| Main operation  | 3,038,375,611.56      | 1,220,538,502.82 | 2,767,695,321.80      | 1,254,593,564.99 |
| Other operation | 50,679,787.65         | 26,583,850.53    | 57,354,486.56         | 26,438,995.51    |
| Total           | 3,089,055,399.21      | 1,247,122,353.35 | 2,825,049,808.36      | 1,281,032,560.50 |

## 34. Business tax and subjoin

In RMB

| Items                        | Amount of this period | Amount of last period |
|------------------------------|-----------------------|-----------------------|
| Urban construction tax       | 6,251,001.50          | 5,622,674.73          |
| Education surcharge          | 2,910,849.26          | 2,595,905.20          |
| Land use tax                 | 1,824,262.72          | 1,080,794.74          |
| Stamp tax                    | 644,841.06            | 208,422.13            |
| Business tax                 | 52,777.05             | 26,048,319.92         |
| Property tax                 | 2,078,526.94          | 2,144,980.98          |
| Locality Education surcharge | 1,940,251.33          | 1,741,251.41          |
| Defend expense               | 384.04                | 675,586.06            |
| Other                        | 297,307.55            | 464,232.62            |
| Total                        | 16,000,201.45         | 40,582,167.79         |

Other notes:

Nil

## 35. Administrative expenses

In RMB

| Items                         | Amount of this period | Amount of last period |
|-------------------------------|-----------------------|-----------------------|
| Wage                          | 122,014,401.26        | 123,350,619.03        |
| Depreciation and Amortization | 13,686,060.04         | 13,212,988.09         |
| R & D expenses                | 9,773,866.38          | 6,171,805.27          |
| Low consumables amortization  | 858,414.10            | 1,287,939.45          |
| Travel expenses               | 699,038.04            | 614,219.75            |
| Office expenses               | 6,768,155.85          | 6,811,678.05          |
| Leased expenses               | 10,987,865.79         | 11,298,505.38         |

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| The fee for hiring agency            | 3,938,990.41   | 2,877,611.81   |
| Consultation expenses                | 3,359,297.28   | 682,526.84     |
| Directorate expenses                 | 9,376.00       | 35,061.00      |
| Expenses of taxation                 |                | 1,317,800.12   |
| Listing fee                          | 558,490.56     | 801,340.42     |
| Information cost and maintenance fee | 2,039,350.41   | 1,842,583.26   |
| Other                                | 14,892,269.85  | 19,485,213.48  |
| Total                                | 189,585,575.97 | 189,789,891.95 |

Other notes:

Nil

### 36. Financial expenses

In RMB

| Items                            | Amount of this period | Amount of last period |
|----------------------------------|-----------------------|-----------------------|
| Interest expenses                | 276,594,308.94        | 361,220,930.13        |
| Deposit interest income (-)      | -33,696,479.00        | -24,008,234.62        |
| Exchange Income and loss (Gain-) | -1,522,372.61         | 533,980.14            |
| Bank commission charge           | 5,931,293.75          | 3,107,331.78          |
| Total                            | 247,306,751.08        | 340,854,007.43        |

Other notes:

Nil

### 37 Asset impairment loss

In RMB

| Items            | Amount of this period | Amount of last period |
|------------------|-----------------------|-----------------------|
| I. Bad debt loss | 415,340.17            | -123,935.18           |
| Total            | 415,340.17            | -123,935.18           |

Other notes:

Nil

### 38. Investment income

In RMB

| Items                                 | Amount of this period | Amount of last period |
|---------------------------------------|-----------------------|-----------------------|
| Long-term equity investment income by | 423,940,445.45        | 395,658,692.77        |

|  |                |                |
|--|----------------|----------------|
| equity method  |                |                |
| Hold the investment income during from available-for-sale financial assets | 24,327,921.74  | 45,878,955.51  |
| Total  | 448,268,367.19 | 441,537,648.28 |

Other notes:

Nil

### 39.Assets disposal income

In RMB

| Source                               | Amount of this period | Amount of last period |
|--------------------------------------|-----------------------|-----------------------|
| Income form disposal of fixed assets |                       | 10,105,140.34         |
| Total                                |                       | 10,105,140.34         |

### 40. Non-Operation income

In RMB

| Items   | Amount of this period | Amount of last period | Recorded in the amount of the non-recurring gains and losses |
|---|-----------------------|-----------------------|--|
| Government Subsidy                              | 385,932.17            | 704,645.87            | 385,932.17   |
| Total gains from disposal of non-current assets | 180,797.81            | 118,181.03            | 180,797.81   |
| Including: Gains from disposal of fixed assets  | 180,797.81            | 111,514.37            | 180,797.81   |
| Intangible assets scrapped gains                |                       |                       |  |
| Construction in progress scrapped gains         |                       |                       |  |
| Other   |                       | 6,666.66              |  |
| Road property claim income                      | 3,539,319.69          | 3,330,672.74          | 3,539,319.69   |
| Other income(Notes)                             | 61,673,767.04         | 62,691,849.34         | 61,673,767.04  |
| Total   | 65,779,816.71         | 66,845,348.98         | 65,779,816.71  |

- Government subsidy reckoned into current gains/losses

In RMB

| Subsidy items | Issuing body | Issuing reason | Nature | Whether the impact | Whhether special | Amount of current | Amount of previous | Assets-rela ted/income |
|---------------|--------------|----------------|--------|--------------------|------------------|-------------------|--------------------|------------------------|
|---------------|--------------|----------------|--------|--------------------|------------------|-------------------|--------------------|------------------------|

|  |    |    |    | of<br>subsidies<br>on the<br>current<br>profit and<br>loss | subsidies | period     | period     | –related          |
|--|----|----|----|--|-----------|------------|------------|-------------------|
| Research on "Blue Channel" Project based on "Internet Plus" Recognition and Payment Technology |    |    |    |  |           | 120,000.00 |            | Related to income |
| Stable job subsidies   |    |    |    |  |           | 265,932.17 | 433,445.87 | Related to income |
| Special fund for energy saving and consumption reduction                                       |    |    |    |  |           |            | 210,000.00 | Related to income |
| Subsidies for yellow-label vehicle scrapping   |    |    |    |  |           |            | 31,200.00  | Related to income |
| Guidelines for space safety management and application under highway bridge                    |    |    |    |  |           |            | 30,000.00  | Related to income |
| Total  | -- | -- | -- | --   | --        | 385,932.17 | 704,645.87 | --                |

Other notes:

Note: the other gains in this period include the early termination of toll payment compensation of RMB 59,995,667.68 received from State Road 325 Jiujiang Bridge, which is included in the cash flow statement Other Cash Received Relating To Investing Activities.

#### 41. Non-Operation expense

In RMB

| Items                                       | Amount of current period | Amount of previous period | The amount of non-operating gains & losses |
|---|--------------------------|---------------------------|--|
| Expense of fine                             | 465,323.21               | 5,511.89                  | 465,323.21                                 |
| Other                                       | 3,289,687.56             | 3,254,436.14              | 3,289,687.56                               |
| Total of non-current asset Disposition loss | 2,926,481.49             | 1,578,554.82              | 2,926,481.49                               |

|  |              |              |              |
|--|--------------|--------------|--------------|
| Incl: loss of fixed assets disposition | 2,926,481.49 | 1,578,554.82 | 2,926,481.49 |
| Intangible assets scrapping loss       |              |              |              |
| Construction in progress scrapped loss |              |              |              |
| Total                                  | 6,681,492.26 | 4,838,502.85 | 6,681,492.26 |

Other notes:

Nil

#### 40. Income tax expense

##### (1) Lists of income tax expense

In RMB

| Items                       | Amount of current period | Amount of previous period |
|-----------------------------|--------------------------|---------------------------|
| Current income tax expense  | 636,893,843.60           | 343,646,040.13            |
| Deferred income tax expense | -451,125,662.19          | -29,438,996.95            |
| Total                       | 185,768,181.41           | 314,207,043.18            |

##### (2) Adjustment process of accounting profit and income tax expense

In RMB

| Items   | Amount of current period |
|---|--------------------------|
| Total profits   | 1,895,991,868.83         |
| Current income tax expense accounted by tax and relevant regulations  | 473,997,967.22           |
| Influence of income tax before adjustment   | 612,443.45               |
| Influence of non taxable income   | -112,067,091.80          |
| Impact of non-deductible costs, expenses and losses   | 22,952,649.21            |
| Affect the use of deferred tax assets early unconfirmed deductible losses   | -200,359,255.72          |
| The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss | 829,940.01               |
| Research and development plus deduction   | -198,470.96              |
| Income tax expense  | 185,768,181.41           |

Other notes:

Nil

#### 43. Items of Cash flow statement

## (1) Other cash received from business operation

In RMB

| Items                        | Amount of current period | Amount of previous period |
|------------------------------|--------------------------|---------------------------|
| Newwork received toll income | 7,830,682.35             | 788,456.24                |
| Interest income              | 33,696,479.00            | 24,008,234.62             |
| Unit current account         | 59,072,397.31            | 35,747,674.54             |
| Total                        | 100,599,558.66           | 60,544,365.40             |

Notes:

Nil

## (2) Other cash paid related to oprating activities

In RMB

| Items                        | Amount of current period | Amount of previous period |
|------------------------------|--------------------------|---------------------------|
| Management expense           | 48,176,229.85            | 49,312,523.04             |
| Network received toll income | 1,432,404.59             |                           |
| Unit current account         | 45,078,758.91            | 48,953,852.68             |
| Total                        | 94,687,393.35            | 98,266,375.72             |

Notes:

Nil

## (3) Other Cash received related to investment activities

In RMB

| Items                                   | Amount of current period | Amount of previous period |
|---|--------------------------|---------------------------|
| Jiujiang bridge to receive compensation | 59,995,667.68            | 60,770,000.00             |
| Total                                   | 59,995,667.68            | 60,770,000.00             |

Notes:

Nil

## (4) Other Cash payable related to investment activities

In RMB

| Items  | Amount of current period | Amount of previous period |
|--|--------------------------|---------------------------|
| Acquisition and construction company creditor's rights |                          | 987,903,684.98            |
| Total  | 0.00                     | 987,903,684.98            |

Notes:

Nil

## (5) Other Cash received related to Financing activities

In RMB

| Items              | Amount of current period | Amount of previous period |
|--------------------|--------------------------|---------------------------|
| Interest discount  | 10,277,777.78            |                           |
| Piecemeal dividend |                          | 5,173.81                  |
| Total              | 10,277,777.78            | 5,173.81                  |

Notes:

Nil

## (6) Other Cash payable related to financing activities

In RMB

| Items                  | Amount of current period | Amount of previous period |
|------------------------|--------------------------|---------------------------|
| Recombination fee      |                          | 4,194,000.00              |
| Issue registration fee |                          | 533,368.84                |
| Total                  | 0.00                     | 4,727,368.84              |

Notes:

Nil

## 44. Supplement Information for cash flow statement

## (1) Supplement Information for cash flow statement

In RMB

| Supplement Information  | Amount of current period | Amount of previous period |
|---|--------------------------|---------------------------|
| I. Adjusting net profit to cash flow from operating activities                    | --                       | --                        |
| Net profit  | 1,710,223,687.42         | 1,172,357,707.44          |
| Add: Impairment loss provision of assets  | 415,340.17               | -123,935.18               |
| Depreciation of fixed assets, oil and gas assets and consumable biological assets | 823,038,155.84           | 888,249,405.57            |
| Amortization of intangible assets   | 3,128,134.31             | 3,873,858.09              |
| Amortization of Long-term deferred  | 1,671,197.24             | 1,813,004.04              |

| Supplement Information  | Amount of current period | Amount of previous period |
|---|--------------------------|---------------------------|
| expenses  |                          |                           |
| Loss on disposal of fixed assets, intangible assets and other long-term deferred assets |                          | -10,105,140.34            |
| Fixed assets scrap loss   | 2,745,683.68             | 1,460,373.79              |
| Financial cost  | 275,071,936.33           | 361,754,910.27            |
| Loss on investment  | -448,268,367.19          | -441,537,648.28           |
| Decrease of deferred income tax assets  | -324,488,702.34          | -10,361,925.74            |
| Increased of deferred income tax liabilities  | -17,831,548.25           | -19,077,071.21            |
| Decrease of inventories   | 323,888.89               | 477,109.91                |
| Decease of operating receivables  | -44,132,575.54           | 28,114,863.62             |
| Increased of operating Payable  | 213,093,094.79           | -52,635,553.70            |
| Net cash flows arising from operating activities  | 2,194,989,925.35         | 1,924,259,958.28          |
| II. Significant investment and financing activities that without cash flows:            | --                       | --                        |
| 3 . Movement of cash and cash equivalents:  | --                       | --                        |
| Ending balance of cash  | 2,363,042,700.42         | 2,603,279,644.25          |
| Less: Beginning balance of cash equivalents   | 2,603,279,644.25         | 1,199,629,276.85          |
| Net increase of cash and cash equivalents   | -240,236,943.83          | 1,403,650,367.40          |

## (2) Net Cash paid of obtaining the subsidiary

Nil

## (3) Net Cash receive of disposal of the subsidiary

Nil

## (4) Composition of cash and cash equivalents

In RMB

| Items                                  | Balance in year-end | Balance in year-Beginning |
|--|---------------------|---------------------------|
| I. Cash                                | 2,363,042,700.42    | 2,603,279,644.25          |
| Of which: Cash in stock                | 66,065.04           | 50,695.89                 |
| Bank savings could be used at any time | 2,362,279,050.70    | 2,602,516,079.26          |

|   |                  |                  |
|---|------------------|------------------|
| Other monetary capital could be used at any time            | 697,584.68       | 712,869.10       |
| III. Balance of cash and cash equivalents at the period end | 2,363,042,700.42 | 2,603,279,644.25 |

Other notes:

Nil

#### 45. Note of statement of changes in the owner's equity

Explain "other" project name and adjustment amount of the adjustment of closing balance in previous year, etc.: Nil

#### 46. The assets with the ownership or use right restricted

Other notes:

Up to December 31, 2017, Jingzhu Expressway Guangzhu Section Co., Ltd., the controlling grandchildren company of the Company, with the toll collection right of Panyu Tangkeng-Zhuhai Jinding section project in Jingzhu expressway, asked for RMB 449,000,000.00 of loan from Guangzhou Wuyang Branch of ICBC to provide pledge guarantee (of which the non-current debt balance with 1-year expiration was RMB 250,000,000.00 and the long-term loan balance was RMB 199,000,000.00).

#### 47. Foreign currency monetary items

##### (1) Foreign currency monetary items

Nil

(2) Note to overseas entities including: for significant overseas entities, shall disclose main operating place, recording currency and selection basis, if there are changes into recording currency, shall also disclose the reason.

☐ Applicable ☒ Not applicable

### VIII. Changes of consolidation scope

#### 1. Enterprise consolidation not under the same control

##### (1) Other notes

Nil

#### 2. Enterprise consolidation not under the same control

##### (1) Enterprise consolidation not under same control in reporting period

1. Enterprise consolidation not under the same control

Nil

2. Enterprise consolidation ont under the same control

Nil

3. Counter purchase

Nil

4. The disposal of subsidiary

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

☐ Yes ☒ No

5. Other reasons for the changes in combination scope

Notes to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information: Nil

6. Other

Nil

2. Enterprise consolidation ont under the same control

Nil

3. Counter purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process. Nil

4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

☐ Yes ☒ No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in

reporting period

☐ Yes ☒ No

## 5. Other reasons for the changes in combination scope

Notes to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information

On August 3, 2017, the Company established a wholly-owned subsidiary, Guangdong Yuegao Capital Investment (Hengqin) Co., Ltd., which was newly added into the scope of consolidation in 2017.

## 6. Other

Nil

**IX. Equity in other entities**

## 1. Equity in subsidiary

## (1) The structure of the enterprise group

| Name of Subsidiary   | Main Places of Operation | Registration Place | Nature of Business   | Shareholding Ratio (%) |          | Obtaining Method                            |
|--|--------------------------|--------------------|--|------------------------|----------|---|
|  |                          |                    |  | direct                 | indirect |   |
| Guangdong Fokai Expressway Co., Ltd.                       | Foshan                   | Guangzhou          | Expressway Management  | 100.00%                |          | Under the same control business combination |
| Guangfo Expressway Co., Ltd.                               | Guangzhou                | Guangzhou          | Expressway Management  | 75.00%                 |          | Under the same control business combination |
| Guangdong Expressway Technology Investment Co., Ltd.       | Guangzhou                | Guangzhou          | Investment in technical industries and provision of relevant | 100.00%                |          | Investment                                  |
| Guangzhuo Guangzhu Traffic Investment Management Co., Ltd. | Guangzhou                | Guangzhou          | Investment management  | 100.00%                |          | Under the same control business combination |
| Jingzhu Expressway Guangzhu Section Co., Ltd. (Notes)      | Zhongshan                | Guangzhou          | Expressway Management  | 20.00%                 | 55.00%   | Under the same control business combination |
| Yuegao Capital   | Guangzhou                | Zhuhai             | Investment   | 100.00%                | 100.00%  | Investment                                  |

|                              |    |    |            |  |  |  |
|------------------------------|----|----|------------|--|--|--|
| Investment(Hengqin)Co., Ltd. | ou | ai | management |  |  |  |
|------------------------------|----|----|------------|--|--|--|

Notes: holding proportion in subsidiary different from voting proportion:Nil

Basis of holding half or less voting rights but still been controlled investee and holding more than half of the voting rights not been controlled investee:Nil

Significant structure entities and controlling basis in the scope of combination:Nil

Basis of determine whether the Company is the agent or the principal: Nil

Other notes:

Jingzhu Expressway Guangzhu Section Co., Ltd. is a non-wholly owned subsidiary of Guangzhou Guangzhu Traffic Investment Management Co., Ltd.

## (2) Important Non-wholly-owned Subsidiary

In RMB

| Name of Subsidiary                           | Shareholding Ratio of Minority Shareholders (%) | Profit or Loss Owned by the Minority Shareholders in the Current Period | Dividends Distributed to the Minority Shareholders in the Current Period | Equity Balance of the Minority Shareholders in the End of the Period |
|--|---|---|--|--|
|  |   |   |  |  |
| Jingzhu Expressway Guangzhu Section Co.,Ltd. | 25.00%  | 145,679,970.74  | 307,667,120.66   | 303,745,963.68   |

Holding proportion of minority shareholder in subsidiary different from voting proportion:Nil

Other notes:

Nil

## (3) The main financial information of significant not wholly owned subsidiary

In RMB

| Name   | Year-end balance |                    |                  |                     |                         |                   | Year-beginning balance |                    |                  |                     |                         |                   |
|--|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|------------------------|--------------------|------------------|---------------------|-------------------------|-------------------|
|  | Current assets   | Non current assets | Total assets     | Current Liabilities | Non current liabilities | Total liabilities | Current assets         | Non current assets | Total assets     | Current Liabilities | Non current liabilities | Total liabilities |
| Guangfo Expressway Co., Ltd.                 | 544,211,527.04   | 21,454,392.65      | 565,665,919.69   | 56,491,522.41       |                         | 56,491,522.41     | 338,006,190.88         | 59,194,753.95      | 397,200,944.83   | 42,152,249.63       |                         | 42,152,249.63     |
| Jingzhu Expressway Guangzhu Section Co.,Ltd. | 168,092,185.25   | 2,692,035,039.19   | 2,860,127,224.44 | 526,412,997.55      | 1,118,730,372.13        | 1,645,143,369.68  | 385,446,003.69         | 2,934,252,031.69   | 3,319,698,035.38 | 547,397,234.64      | 1,465,372,938.76        | 2,012,770,173.40  |

In RMB

| Name   | Amount of current period |                |                            |                                      | Amount of previous period |                |                            |                                      |
|--|--------------------------|----------------|----------------------------|--------------------------------------|---------------------------|----------------|----------------------------|--------------------------------------|
|  | Business income          | Net profit     | Total Comprehensive income | Cash flows from operating activities | Business income           | Net profit     | Total Comprehensive income | Cash flows from operating activities |
| Guangfo Expressway Co., Ltd.                 | 439,509,806.68           | 218,485,271.91 | 218,485,271.91             | 269,129,385.44                       | 397,442,447.78            | 65,673,030.43  | 65,673,030.43              | 249,948,946.11                       |
| Jingzhu Expressway Guangzhu Section Co.,Ltd. | 1,318,255,057.77         | 582,719,882.98 | 582,719,882.98             | 950,191,703.45                       | 1,186,929,175.15          | 494,271,743.50 | 494,271,743.50             | 857,332,484.86                       |

Other notes:Nil

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

Nil

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

Nil

Other notes: Nil

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

Nil

## 3. Equity in joint venture arrangement or associated enterprise

## (1) Significant joint venture arrangement or associated enterprise

| Name  | Main operating place  | Registration place   | Business nature                | Proportion |            | Accounting treatment of the investment of joint venture or associated enterprise |
|---|-----------------------|----------------------|--------------------------------|------------|------------|--|
|   |                       |                      |                                | Directly   | Indirectly |  |
| Guangdong Guanghui Expressway Co., Ltd.         | Guangzhou, Guangdong  | Guangzhou, Guangdong | Expressway Management          | 30.00%     |            | Equity method  |
| Zhaoqing Yuezhao Highway Co., Ltd.              | Zhaoqing, Guangdong   | Zhaoqing, Guangdong  | Expressway Management          | 25.00%     |            | Equity method  |
| Shenzhen Huiyan Expressway Co., Ltd.            | Shenzhen Guangdong    | Shenzhen Guangdong   | Expressway Management          | 33.33%     |            | Equity method  |
| Guangdong Jiangzhong Expressway Co., Ltd.       | Zhongshan , Guangdong | Guangzhou, Guangdong | Expressway Management          | 15.00%     |            | Equity method  |
| Ganzhou kangda Expressway Co., Ltd.             | Ganzhou, Jiangxi      | Ganzhou, Jiangxi     | Expressway Management          | 30.00%     |            | Equity method  |
| Ganzhou Gankang Expressway Co., Ltd.            | Ganzhou, Jiangxi      | Ganzhou, Jiangxi     | Expressway Management          | 30.00%     |            | Equity method  |
| Guangdong Yueke Technology Petty Loan Co., Ltd. | Guangzhou, Guangdong  | Guangzhou, Guangdong | Hande all kinds of small loans | 20.00%     |            | Equity method  |
| Guangyuan Securities Co., Ltd.                  | Hefei, Anhui          | Hefei, Anhui         | Security business              | 2.37%      |            | Equity method  |

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Nil

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

Guangdong, Jiangzhong Expressway Co., Ltd and Guangyuan Securities Co., Ltd... holds 20% of the voting rights, but has the power to participate in making decisions on their financial and operating decisions, and therefore deemed to be able to

o exert significant influence over the investee.

## (2) Main financial information of significant joint venture

In RMB

|  | Year-end balance/ Amount of current period |                                    | Year-beginning balance/ Amount of previous period |                                    |
|--|--|------------------------------------|---|------------------------------------|
|  | Guangdong Guanghui Expressway Co., Ltd.    | Zhaoqing Yuezhao Highway Co., Ltd. | Guangdong Guanghui Expressway Co., Ltd.           | Zhaoqing Yuezhao Highway Co., Ltd. |
| Current assets                                     | 635,522,495.58                             | 181,912,624.81                     | 398,201,907.66                                    | 217,772,715.63                     |
| Including: Cash and cash equivalent                | 459,088,314.91                             | 168,071,076.84                     | 119,447,466.86                                    | 199,426,500.59                     |
| Non-current assets                                 | 4,004,796,494.08                           | 1,680,394,842.72                   | 4,288,934,082.82                                  | 1,780,232,314.01                   |
| Total assets                                       | 4,640,318,989.66                           | 1,862,307,467.53                   | 4,687,135,990.48                                  | 1,998,005,029.64                   |
| Current liabilities                                | 412,938,473.00                             | 176,531,063.96                     | 330,054,720.57                                    | 178,262,191.50                     |
| Non-current liabilities                            | 1,061,024,403.48                           | 518,151,934.87                     | 1,144,392,235.39                                  | 626,350,940.66                     |
| Total liabilities                                  | 1,473,962,876.48                           | 694,682,998.83                     | 1,474,446,955.96                                  | 804,613,132.16                     |
| Attributable to shareholders of the parent company | 3,166,356,113.18                           | 1,167,624,468.70                   | 3,212,689,034.52                                  | 1,193,391,897.48                   |
| Share of net assets calculated by stake            | 949,906,833.96                             | 291,906,117.18                     | 963,806,710.36                                    | 298,347,974.37                     |
| Book value of equity investment in joint ventures  | 949,906,833.96                             | 291,906,117.18                     | 963,806,710.36                                    | 298,347,974.37                     |
| Operating income                                   | 1,844,690,103.83                           | 511,470,748.89                     | 1,732,764,597.10                                  | 597,309,387.56                     |
| Financial expenses                                 | 41,164,514.80                              | 27,476,635.96                      | 45,685,710.96                                     | 33,693,501.91                      |
| Income tax expenses                                | 313,823,801.69                             | 66,259,297.93                      | 282,450,537.92                                    | 80,791,325.71                      |
| Net profit   | 940,021,656.29                             | 194,923,285.58                     | 846,305,799.89                                    | 245,788,530.25                     |
| Total comprehensive income                         | 940,021,656.29                             | 194,923,285.58                     | 846,305,799.89                                    | 245,788,530.25                     |
| Dividends received from joint ventures this year   | 297,106,373.29                             | 55,172,678.59                      | 360,000,000.00                                    | 37,376,405.10                      |

Other notes: Nil

## (3) Main financial information of significant associated enterprise

In RMB

|   | Year-end balance/ Amount of current period |   |                           |                                      |  |                              | Year-beginning balance/ Amount of previous period |   |                           |                                      |  |
|---|--|---|---------------------------|--------------------------------------|--|------------------------------|---|---|---------------------------|--------------------------------------|--|
|   | Shenzhen Huiyan Expressway Co., Ltd.       | Guangdong Jiangzhong Expressway Co., Ltd. | Ganzhou Kangda Expressway | Ganzhou Gankang Expressway Co., Ltd. | Guangdong Yueke Technology Petty Loan Co., Ltd | Guoyuan Securities Co., Ltd. | Shenzhen Huiyan Expressway Co., Ltd.              | Guangdong Jiangzhong Expressway Co., Ltd. | Ganzhou Kangda Expressway | Ganzhou Gankang Expressway Co., Ltd. | Guangdong Yueke Technology Petty Loan Co., Ltd |
| Current assets                                    | 430,404,563.50                             | 147,279,650.98                            | 21,995,366.33             | 208,757,705.55                       | 1,573,602,864.36                               | 45,296,573,799.43            | 361,323,243.16                                    | 70,211,690.33                             | 23,183,297.78             | 379,477,241.75                       | 1,631,773,621.73                               |
| Non-current assets                                | 190,289,654.66                             | 1,697,555,010.40                          | 1,509,053,324.26          | 1,434,291,913.76                     | 40,112,141.62                                  | 34,917,940,371.90            | 160,643,504.53                                    | 1,923,663,451.58                          | 1,549,188,958.89          | 1,487,207,118.19                     | 40,580,700.27                                  |
| Total assets                                      | 620,694,218.16                             | 1,844,834,661.38                          | 1,531,048,690.59          | 1,643,049,619.31                     | 1,613,715,005.98                               | 80,214,514,171.33            | 521,966,747.69                                    | 1,993,875,141.91                          | 1,572,372,256.67          | 1,866,684,359.94                     | 1,672,354,322.00                               |
| Current liabilities                               | 32,102,623.52                              | 129,152,634.01                            | 100,119,184.60            | 114,676,781.53                       | 236,708,624.01                                 | 36,083,651,550.94            | 34,660,293.62                                     | 512,668,986.06                            | 68,710,800.33             | 118,070,797.51                       | 336,978,730.26                                 |
| Non-current Liabilities                           |  | 559,000,000.00                            | 735,033,096.47            | 847,023,826.63                       | 2,006,250.00                                   | 18,738,432,070.64            |   | 324,500,000.00                            | 823,203,903.47            | 1,048,589,599.46                     | 20,757.29                                      |
| Total liabilities                                 | 32,102,623.52                              | 688,152,634.01                            | 835,152,281.07            | 961,700,608.16                       | 238,714,874.01                                 | 54,822,083,621.58            | 34,660,293.62                                     | 837,168,986.06                            | 891,914,703.80            | 1,166,660,396.97                     | 336,999,487.55                                 |
| MinorityShare holders' Equity                     |  |   |                           |                                      | 297,258,467.45                                 | 12,064,185.84                |   |   |                           |                                      | 292,531,920.59                                 |
| Shareholders' equity attributable to shareholders | 588,591,594.64                             | 1,156,682,027.37                          | 695,896,409.52            | 681,349,011.15                       | 1,077,741,664.52                               | 25,380,366,363.91            | 487,306,454.07                                    | 1,156,706,155.85                          | 680,457,552.87            | 700,023,962.97                       | 1,042,822,913.86                               |

|  | Year-end balance/ Amount of current period    |  |                                 |   |  |                                 | Year-beginning balance/ Amount of previous period |  |                                 |   |  |
|--|---|--|---------------------------------|---|--|---------------------------------|---|--|---------------------------------|---|--|
|  | Shenzhen<br>Huiyan<br>Expressway<br>Co., Ltd. | Guangdong<br>Jiangzhong<br>Expressway<br>Co., Ltd. | Ganzhou<br>Kangda<br>Expressway | Ganzhou<br>Gankang<br>Expressway<br>Co., Ltd. | Guangdong<br>Yueke<br>Technology<br>Petty Loan Co.,<br>Ltd | Guoyuan Securities<br>Co., Ltd. | Shenzhen<br>Huiyan<br>Expressway<br>Co., Ltd.     | Guangdong<br>Jiangzhong<br>Expressway<br>Co., Ltd. | Ganzhou<br>Kangda<br>Expressway | Ganzhou<br>Gankang<br>Expressway<br>Co., Ltd. | Guangdong<br>Yueke<br>Technology<br>Petty Loan<br>Co., Ltd |
| of the parent  |   |  |                                 |   |  |                                 |   |  |                                 |   |  |
| Pro rata share<br>of the net asse<br>ts calculated                 | 196,197,198.21                                | 173,502,304.11                                     | 208,768,922.86                  | 204,404,703.35                                | 215,548,332.90   | 600,314,769.41                  | 162,435,484.69                                    | 173,505,923.37                                     | 204,137,265.86                  | 210,007,188.89                                | 208,564,582.77   |
| --Goodwill   |   |  |                                 |   |  | 206,725,818.02                  |   |  |                                 |   |  |
| The book valu<br>e of equity inv<br>estments in joi<br>nt ventures | 196,197,198.21                                | 173,502,304.11                                     | 208,768,922.86                  | 204,404,703.35                                | 215,548,332.90   | 807,040,587.43                  | 162,435,484.69                                    | 173,505,923.37                                     | 204,137,265.86                  | 210,007,188.89                                | 208,564,582.77   |
| Buiness<br>incme   | 233,738,236.95                                | 487,119,486.42                                     | 245,700,515.43                  | 152,521,263.87                                | 177,208,471.56   | 3,502,796,791.77                | 223,816,057.53                                    | 443,464,456.50                                     | 252,603,197.60                  | 167,951,197.92                                | 133,977,902.86   |
| Net profit   | 101,285,140.57                                | 73,587,145.53                                      | 83,900,834.10                   | 13,325,048.18                                 | 65,212,691.74  | 1,223,834,271.48                | 88,126,144.89                                     | 35,249,701.81                                      | 89,512,587.83                   | 37,470,898.69                                 | 37,809,686.98  |
| Other<br>comprehensive<br>income                                   |   |  |                                 |   |  | -172,970,719.38                 |   |  |                                 |   |  |
| Total<br>comprehensiv<br>e income                                  | 101,285,140.57                                | 73,587,145.53                                      | 83,900,834.10                   | 13,325,048.18                                 | 65,212,691.74  | 1,050,863,552.10                | 88,126,144.89                                     | 35,249,701.81                                      | 89,512,587.83                   | 37,470,898.69                                 | 37,809,686.98  |
| Dividends rec<br>eived from ass<br>ociates during                  | 110,000,000.00                                | 11,041,691.10                                      | 21,000,000.00                   | 9,600,000.00                                  | 6,058,788.22   |                                 |   | 7,198,500.00                                       | 10,500,000.00                   | 6,000,000.00                                  |  |

|          | Year-end balance/ Amount of current period    |  |                                 |   |  |                                 | Year-beginning balance/ Amount of previous period |  |                                 |   |  |
|----------|---|--|---------------------------------|---|--|---------------------------------|---|--|---------------------------------|---|--|
|          | Shenzhen<br>Huiyan<br>Expressway<br>Co., Ltd. | Guangdong<br>Jiangzhong<br>Expressway<br>Co., Ltd. | Ganzhou<br>Kangda<br>Expressway | Ganzhou<br>Gankang<br>Expressway<br>Co., Ltd. | Guangdong<br>Yueke<br>Technology<br>Petty Loan Co.,<br>Ltd | Guoyuan Securities<br>Co., Ltd. | Shenzhen<br>Huiyan<br>Expressway<br>Co., Ltd.     | Guangdong<br>Jiangzhong<br>Expressway<br>Co., Ltd. | Ganzhou<br>Kangda<br>Expressway | Ganzhou<br>Gankang<br>Expressway<br>Co., Ltd. | Guangdong<br>Yueke<br>Technology<br>Petty Loan<br>Co., Ltd |
| the year |   |  |                                 |   |  |                                 |   |  |                                 |   |  |

Other notes :Nil

## (4) Summary financial information of insignificant joint venture or associated enterprise

Nil

## (5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds

to the Company

Nil

## (6) The excess loss of joint venture or associated enterprise

## (7) The unrecognized commitment related to joint venture investment

Nil

## (8) Contingent liabilities related to joint venture or associated enterprise investment

Nil

## 4. Significant common operation

Nil

## 5. Equity of structure entity not including in the scope of consolidated financial statements

Notes:

Nil

## 6. Other

Nil

**X. Risks Related to Financial Instruments**

The major financial instruments of the company include monetary capital, accounts receivable and accounts payable. These financial instruments are primarily related to operating and financing. For the details of the financial instruments, please refer to the related projects in Notes 5. The risk relevant to these financial instruments and the risk management policy adopted by the company for reducing these risks are described as below:

## 1. Credit Risk

The credit risk means that the party of the financial instrument fails to perform the obligations, and the risk of the financial loss is caused for the other party. The company is mainly facing the customer credit risk due to the credit sale. In order to reduce the credit risk, the company only makes transactions with the recognized and reputable customers, and carries out the continuous monitoring of accounts receivable through monitoring the credit of the existing customers and the aging analysis, in order to ensure the company not facing the risk of bad debts and control the overall credit risk within the controllable range.

## 2. Interest Rate Risk

The interest rate risk refers to the fluctuation risk appearing for the fair value of financial instruments or future

cash flows due to the changes in market interest rate. The interest rate risk faced by the company is mainly from the bank borrowings. Through the establishment of good relations between banks and enterprises, the company makes the reasonable design of credit range, credit variety and credit limit to guarantee the sufficient credit range of the banks and meet the financing demands. Shortening the duration of single borrowings and especially stating the prepayment terms is to reasonably reduce the risk of the interest rate fluctuations.

### 3. Foreign Exchange Risk

The foreign exchange risk refers to the fluctuation risk appearing for the fair value of financial instruments or future cash flows due to the changes in foreign exchange rate. The company matches the income and expenditure of foreign currency as far as possible in order to reduce the foreign exchange risk. During the reporting period, the company has little effect on the foreign exchange risk due to the short credit term of revenue and expenditure related to the foreign currency.

### 4. Liquidity Risk

The liquidity risk means that the risk of the shortage of funds occurs when the settlement obligations by the delivery of the cash or other financial assets are fulfilled by the company. The policy of the company is to ensure the sufficient cash for repaying the matured debts. The liquidity risk is under the centralized control of Finance department of the company, and Finance department shall guarantee the company having the sufficient funds to repay the debts under any reasonable forecast through monitoring the cash balance, the marketable securities available to be cash and the rolling forecast for the cash flow of the next six months.

### 5. Other Price Risk

The company holds the equity investment of other listed companies, and the management believes that these investments facing the market price risk is acceptable. For the equity investment of other listed companies held by the company, please refer to “Available-for-Sale Financial Assets in Article 8 of Consolidated Financial Statement in Notes 5 of Financial Statements”.

## XI. The disclosure of the fair value

### 1. Closing fair value of assets and liabilities calculated by fair value

In RMB

| Items                                      | Closing fair value                     |  |  |                |
|--|--|--|--|----------------|
|  | Fir value measurement items at level 1 | Fir value measurement items at level 2 | Fir value measurement items at level 3 | Total          |
| I. Consistent fair value measurement       | --                                     | --                                     | --                                     | --             |
| (II) Available-for-sale Financial Assets   | 952,782,523.20                         |  |  | 952,782,523.20 |
| (2) Equity instrument investment           | 952,782,523.20                         |  |  | 952,782,523.20 |
| Total of Consistent fair value measurement | 952,782,523.20                         |  |  | 952,782,523.20 |
| II.Non-continuous                          | --                                     | --                                     | --                                     | --             |

|                        |  |  |  |  |
|------------------------|--|--|--|--|
| measurement fair value |  |  |  |  |
|------------------------|--|--|--|--|

2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1.

As at the end of the period, the company holds shares 235,254,944 shares of China Everbright Bank According to the closing price of December 31, 2017 of RMB 4.05, the final calculation of fair value was RMB952,782,523.20.

3. Valuation technique adopted and nature and amount determination of important parameters for

consistent and inconsistent fair value measurement items at level 2.

Nil

4. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3.

Nil

5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3.

Nil

6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels

Nil

7. Changes in the valuation technique in the current period and the reason for change

Nil

8. Fair value of financial assets and liabilities not measured at fair value

Nil

9. Other

## XII. Related parties and related-party transactions

### 1. Parent company information of the enterprise

| Name | Registered address | Nature | Redistricted capital(RMB'0000 ) | The parent company of the Company's shareholding ratio | The parent company of the Company's vote ratio |
|------|--------------------|--------|---------------------------------|--|--|
|------|--------------------|--------|---------------------------------|--|--|

|  |   |  |              |        |        |
|--|---|--|--------------|--------|--------|
| Guangdong communication Group Co., Ltd | No.83,85, Baiyun Road, Yuexiu District, Guangzhou | Equity management, traffic infrastructure construction and railway project operation | 2,680,000.00 | 24.55% | 50.12% |
|--|---|--|--------------|--------|--------|

Notes :

Guangdong Communication Group Co., Ltd. is the largest shareholder of the Company. legal representative: Deng Xiaohua. Date of establishment: June 23, 2000. As of December 31, 2017, 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) .

The final control of the Company was State owned assets supervision and Administration Commission of Guangdong Provincial People's Government.

Other notes:

Nil

## 2. Subsidiaries of the Company

Subsidiaries of this enterprise, see Note IX the rights of other entity

## 3. Information on the joint ventures and associated enterprises of the Company

The details Notes IX of significant joint venture and associated enterprise of the Company

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or from balance due to related party transactions in previous period:

Nil

## 4. Other Related parties

| Name  | <u>Relation with the Company</u>                                    |
|---|---|
| Guangdong Changda highway Co., Ltd.               | Fully owned subsidiary of the parent company                        |
| Guangdong Hualu Traffic Technology Co., Ltd.      | Fully owned subsidiary of the parent company                        |
| Guangdong Litong Technology Investment Co., Ltd.  | Fully owned subsidiary of the parent company                        |
| Guangdong Humen Bridge Co., Ltd.                  | Controlled by the same parent company and equity participation unit |
| Guangdong Expressway Co., Ltd.                    | Fully owned subsidiary of the parent company                        |
| Guangdong Tongyi Expressway Service Area Co., Ltd | Fully owned subsidiary of the parent company                        |

| Name  | <u>Relation with the Company</u>                                    |
|---|---|
| Guangdong Xinyue Traffic Investment Co., Ltd.                       | Fully owned subsidiary of the parent company                        |
| Guangdong Lulutong Co., Ltd.  | Fully owned subsidiary of the parent company                        |
| Guangdong Litong Investformation Technology Investment Co., Ltd.    | Fully owned subsidiary of the parent company                        |
| Guangdong Highway Construction Co., Ltd.                            | Fully owned subsidiary of the parent company                        |
| Guangdong East Thinking Management Technology Development Co., Ltd. | Fully owned subsidiary of the parent company                        |
| Jingzhu Expressway Guangzhu Section Co., Ltd.                       | Controlled by the same parent company and equity participation unit |
| Guangdong Guanghui Expressway Co., Ltd.                             | Fully owned subsidiary of the parent company                        |
| Guang –Shen-Zhu Expressway Co., Ltd.                                | Fully owned subsidiary of the parent company                        |
| Guangdong Road & Bridge Construction Development Co., Ltd.          | Fully owned subsidiary of the parent company                        |
| Guangdong Guangzhu West line Expressway Co., Ltd.                   | Controlled by the same parent company and equity participation unit |
| Guangdong Kaiyang Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Chaohui Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Guangle Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Maozhan Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Baomao Expressway Co., Ltd.                               | Fully owned subsidiary of the parent company                        |
| Guangdong Jiangzhong Expressway Co., Ltd.                           | Fully owned subsidiary of the parent company                        |
| Guangdong Boda Expressway Co., Ltd.                                 | Fully owned subsidiary of the parent company                        |
| Guangdong West Coastal Expressway Zhuhai Section Co., Ltd.          | Fully owned subsidiary of the parent company                        |
| Guangdong Guangfo Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Yangmao Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Zhaoyang Expressway Co., Ltd.                             | Fully owned subsidiary of the parent company                        |
| Guangdong Shanfen Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Yuedong Expressway Industry Development Co.,Ltd.          | Fully owned subsidiary of the parent company                        |
| Guangdong Taishan Coastal Expressway Co., Ltd.                      | Fully owned subsidiary of the parent company                        |
| Guangdong Traffic Industry Investment Co., Ltd.                     | Fully owned subsidiary of the parent company                        |
| Guangdong West coastal Expressway Xinhui Section Co., Ltd.          | Fully owned subsidiary of the parent company                        |
| Guangdong Yueyun Traffic Co., Ltd.                                  | Fully owned subsidiary of the parent company                        |
| Guangdong Luoyang Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |

| Name  | <u>Relation with the Company</u>                             |
|---|--|
| Yunfu Guangyun Expressway Co., Ltd.                           | Fully owned subsidiary of the parent company                 |
| Guangdong Yunwu Expressway Co., Ltd.                          | Fully owned subsidiary of the parent company                 |
| Zhaoqing Guanghe Expressway Co., Ltd.                         | Fully owned subsidiary of the parent company                 |
| Guangdong Yuzhan Expressway Co., Ltd.                         | Fully owned subsidiary of the parent company                 |
| Guangdong Expressway Media Co., Ltd.                          | Fully owned subsidiary of the parent company                 |
| Guangdong Litong Real Estate Co., Ltd.                        | Fully owned subsidiary of the parent company                 |
| Guangdong Union Electron Service Co., Ltd.                    | Fully owned subsidiary of the parent company                 |
| Guangdong Nanyue Traffic Shaogan Expressway Management Center | Fully owned subsidiary of the parent company                 |
| Gungdong West coastal Expressway Co., Ltd.                    | Fully owned subsidiary of the parent company                 |
| Guangdong Gaoda Property Development Co., Ltd.                | Fully owned subsidiary of the parent company                 |
| Guangdong Jiangzhao Expressway Management Center              | Managed by the parent company                                |
| Guangdong Meihe Expressway Co., Ltd.                          | Fully owned subsidiary of the parent company                 |
| Heyuan Helong Expressway Co., Ltd.                            | Fully owned subsidiary of the parent company                 |
| Guangdong Two Guang Expressway Co., Ltd.                      | Fully owned subsidiary of the parent company                 |
| Guangdong Pingxing Expressway Co., Ltd.                       | Fully owned subsidiary of the parent company                 |
| Guangdong Hehui Expressway Co., Ltd.                          | Fully owned subsidiary of the parent company                 |
| Guangzhongjiang Expressway Project Management Office          | Managed by the parent company                                |
| Zhongshan Yueyun Airoort Express Passenger Co., Ltd.          | Fully owned subsidiary of the parent company                 |
| Xinyue Highway Construction Co., Ltd.                         | Minority shareholders of the holding Sun- <b>Subsidiarie</b> |

Other notes

## 5. List of related-party transactions

## (1) Information on acquisition of goods and reception of labor service

## Acquisition of goods and reception of labor service

In RMB

| Related parties                     | Content of related transaction | Amount of current period | Amount of previous period | Over the trading limit or not? | Amount of last period |
|-------------------------------------|--------------------------------|--------------------------|---------------------------|--------------------------------|-----------------------|
| Guangdong Changda highway Co., Ltd. | Project fund                   | 24,378,346.43            |                           |                                | 27,802,872.06         |

| Related parties   | Content of related transaction | Amount of current period | Amount of previous period | Over the trading limit or not? | Amount of last period |
|---|--------------------------------|--------------------------|---------------------------|--------------------------------|-----------------------|
| Guangdong Hualu Traffic Technology Co., Ltd.                        | Project fund                   | 7,535,263.53             |                           |                                | 4,327,300.74          |
| Guangdong Litong Technology Investment Co., Ltd.                    | Project fund                   | 1,431,442.00             |                           |                                | 721,330.00            |
| Guangdong Humen Bridge Co., Ltd.                                    | Project fund, service          | 174,000.00               |                           |                                | 986,696.61            |
| Guangdong Expressway Co., Ltd.                                      | Project fund                   | 144,221.17               |                           |                                | 1,819,114.07          |
| Guangdong Tongyi Expressway Service Area Co., Ltd                   | service                        | 820,276.93               |                           |                                |                       |
| Guangdong Xinyue traffic Investment Co., Ltd.                       | Project fund                   | 9,500.00                 |                           |                                | 36,000.00             |
| Guangdong Lulutong Co., Ltd.  | Project fund                   |                          |                           |                                | 136,500.00            |
| Guangdong Litong Information Technology Investment Co., Ltd.        | Project fund                   |                          |                           |                                | 50,000.00             |
| Ganzhou Gankang Expressway Co., Ltd.                                | Interest                       | 1,051,109.99             |                           |                                | 2,374,730.01          |
| Guangdong Highway Construction Co., Ltd.                            | Interest                       |                          |                           |                                | 37,356,795.08         |
| Guangdong East Thinking Management Technology Development Co., Ltd. | Service                        | 470,705.00               |                           |                                |                       |
| Guangdong Changda Highway Engineering Co., Ltd.                     | Project fund                   | 1,152,297.42             |                           |                                | 1,035,251.57          |
| Guangdong Litong Technology Investment Co., Ltd.                    | Project fund                   | 39,000.00                |                           |                                | 205,000.00            |
| Guangdong Xinyue Traffic Investment Co., Ltd.                       | Purchasing assets              | 219,756.38               |                           |                                | 3,934,671.10          |
| Guangdong Litong Technology Investment Co., Ltd.                    | Purchasing assets              | 323,000.00               |                           |                                |                       |
| Guangdong Hualu Traffic Technology Co., Ltd.                        | Purchasing assets              | 45,913.29                |                           |                                |                       |
| Guangdong Lulutong Co., Ltd.  | Purchasing assets              |                          |                           |                                | 344,996.00            |
| Guangdong East Thinking Management Technology Development Co., Ltd. | Purchasing assets              |                          |                           |                                | 145,888.00            |
| Guangdong Litong Information Technology Investment Co., Ltd.        | Purchasing assets              |                          |                           |                                | 37,524.00             |

| Related parties   | Content of related transaction | Amount of current period | Amount of previous period | Over the trading limit or not? | Amount of last period |
|---|--------------------------------|--------------------------|---------------------------|--------------------------------|-----------------------|
| Guangdong East Thinking Management Technology Development Co., Ltd. | Purchasing assets              | 614,275.80               |                           |                                | 532,000.00            |
| Guangdong Litong Technology Investment Co., Ltd.                    | Purchasing assets              | 950,000.00               |                           |                                |                       |
| Guangdong Hualu Traffic Technology Co., Ltd.                        | Purchasing assets              | 12,405.71                |                           |                                |                       |
| Guangdong Lulutong Co., Ltd.  | Purchasing assets              | 144,000.00               |                           |                                |                       |
| Guangdong Litong Information Technology Investment Co., Ltd.        | Purchasing assets              |                          |                           |                                | 240,000.00            |
| Guangdong Changda highway Co., Ltd.                                 | Purchasing assets              | 24,709,006.46            |                           |                                | 6,083,598.63          |
| Guangdong Xinyue Traffic Investment Co., Ltd.                       | Purchasing assets              | 2,858,773.68             |                           |                                | 1,748,478.00          |
| Guangdong Hualu Traffic Technology Co., Ltd.                        | Purchasing assets              | 2,717,447.60             |                           |                                | 24,078.02             |
| Guangdong Litong Technology Investment Co., Ltd.                    | Purchasing assets              | 678,996.00               |                           |                                |                       |
| Guangdong Highway Construction Co., Ltd.                            | Purchasing assets              |                          |                           |                                | 126,434.47            |

## Related transactions on sale goods and receiving services

In RMB

| Related party  | Content                   | Amount of current period | Amount of previous period |
|--|---------------------------|--------------------------|---------------------------|
| Jingzhu Expressway Guangzhou North section Co., Ltd. | Commission management fee | 16,328,018.89            | 16,668,320.79             |
| Guangdong Expressway Co., Ltd.                       | Project fund              | 6,304,510.75             | 4,358,123.39              |
| Guangdong Guanghui Expressway Co., Ltd.              | Project fund              | 5,873,759.61             | 5,700,367.67              |
| Guangdong Xinyue Traffic Investment Co., Ltd.        | Project fund              | 3,534,631.70             | 5,603,396.01              |
| Guang-Shen-Zhu Expressway Co., Ltd.                  | Project fund              | 1,683,819.56             | 401,886.81                |

| Related party   | Content      | Amount of current period | Amount of previous period |
|---|--------------|--------------------------|---------------------------|
| Guangdong Luqiao Construction Development Co., Ltd.         | Project fund | 839,724.05               |                           |
| Guangdong Guangzhu West Line Expressway Co., Ltd.           | Project fund | 758,317.15               |                           |
| Guangdong Kaiyang Expressway Co., Ltd.                      | Project fund | 682,612.31               | 536,336.69                |
| Guangdong Chaohui Expressway Co., Ltd.                      | Project fund | 457,548.31               | 82,075.47                 |
| Guangdong Guangle Expressway Co., Ltd.                      | Project fund | 445,418.32               | 338,949.84                |
| Guangdong Highway Construction Co., Ltd.                    | Project fund | 397,676.19               |                           |
| Guangdong Maozhan Expressway Co., Ltd.                      | Project fund | 350,468.19               | 125,943.40                |
| Guangdong Baomao Expressway Co., Ltd.                       | Project fund | 328,602.10               | 121,698.12                |
| Zhaoqing Yuezhaoh Highway Co., Ltd.                         | Project fund | 325,814.39               |                           |
| Guangdong Jiangzhong Expressway Co., Ltd.                   | Project fund | 319,266.57               | 147,169.81                |
| Guangdong Boda Expressway Co., Ltd.                         | Project fund | 317,618.56               | 77,830.19                 |
| Guangdong West Coastal Expressway Zhuhai Section Co., Ltd.  | Project fund | 312,705.95               | 277,591.66                |
| Guangdong Guangfo Expressway Co., Ltd.                      | Project fund | 297,452.82               |                           |
| Guangdong Yangmao Expressway Co., Ltd.                      | Project fund | 269,627.28               | 99,056.61                 |
| Guangdong Zhaoyang Expressway Co., Ltd.                     | Project fund | 246,214.16               | 116,037.74                |
| Guangdong Litong Technology Investment Co., Ltd.            | Project fund | 208,504.28               | 695,042.73                |
| Guangdong Shanfen Expressway Co., Ltd.                      | Project fund | 137,244.44               |                           |
| Guangdong Yuedong Expressway Industry Development Co., Ltd. | Project fund | 125,935.04               |                           |
| Guangdong Taishan Coastal Expressway Co., Ltd.              | Project fund | 118,867.92               |                           |
| Guangdong Humen Bridge Co., Ltd.                            | Project fund | 115,477.34               |                           |
| Shenzhen Huiyan Expressway Co., Ltd.                        | Project fund | 103,765.52               |                           |
| Guangdong Traffic Industry Investment Co., Ltd.             | Project fund | 101,018.80               |                           |
| Guangdong West Coastal Expressway Xinhui Section Co., Ltd.  | Project fund | 64,691.05                | 15,566.04                 |
| Guangdong Yueyun Traffic Co., Ltd.                          | Project fund | 56,603.78                |                           |
| Guangdong Luoyang Expressway Co., Ltd.                      | Project fund | 53,773.58                |                           |
| Yunfu Guangyun Expressway Co., Ltd.                         | Project fund | 50,943.40                | 36,792.46                 |
| Guangdong Yunwu Expressway Co., Ltd.                        | Project fund |                          | 161,320.76                |
| Zhaoqing Guanghe Expressway Co., Ltd.                       | Project fund |                          | 107,547.16                |
| Guangdong Yuzhan Expressway Co., Ltd.                       | Project fund |                          | 70,754.72                 |

## Notes

## (2) Related trusteeship/contract

Nil

## (3) Information of related lease

The Company was lessor:

In RMB

| Name of lessee                                     | Category of lease assets | The lease income confirmed in this year | The lease income confirmed in last year |
|--|--------------------------|---|---|
| Guangdong Tongyi Expressway Service Area Co., Ltd. | Service Area Lease       | 6,009,052.78                            | 12,769,015.99                           |
| Guangdong Expressway Media Co., Ltd.               | Advertising lease        | 3,912,772.37                            | 3,972,182.63                            |
| Guangdong Changda Highway Engineering Co., Ltd.    | Equipment lease          | 118,974.36                              |   |

- The company was lessee:

In RMB

| Lessor  | Category of leased assets | The lease income confirmed in this year | Category of leased assets |
|---|---------------------------|---|---------------------------|
| Guangdong Litong Property Investment Co., Ltd | Office space              | 8,619,987.40                            | 8,541,068.93              |
| Guangdong Guanghui Expressway Co., Ltd.       | Advertising column lease  | 948,300.00                              | 1,409,100.00              |
| Zhaoqing Yuezhao Highway Co., Ltd.            | Advertising column lease  | 234,609.00                              | 236,250.00                |
| Guangdong Kaiyang Expressway Co., Ltd.        | Equipment lease           | 116,504.85                              |                           |
| Zhaoqing Yuezhao Highway Co., Ltd.            | Equipment lease           | 116,504.85                              |                           |
| Guangdong Highway Construction Co., Ltd.      | Office space              | 109,182.36                              | 109,182.36                |
| Guangdong Maozhan Expressway Co., Ltd.        | Equipment lease           | 102,564.10                              |                           |

## Notes

The Company was Guarantor

Nil

The Company was secured party

In RMB

| Guarantor                               | Guarantee amount | Start date        | End date      | Execution accomplished or not |
|---|------------------|-------------------|---------------|-------------------------------|
| Guangdong Communication Group Co., Ltd. | 1,725,000,000.00 | September 25,2012 | March 25,2020 | No                            |

Notes:

Controlling shareholder Guangdong Communication Group Co., Ltd. accepted Pacific Asset Management Co., Ltd. insurance debt investment plan to provide joint liability guarantee of principal and interest in full and unconditional irrevocable. The company held Fokai Expressway Co., Ltd. 75% stake in Guangdong Communication Group Co., Ltd. to provide a counter-guarantee.

(5) Inter-bank lending of capital of related parties

In RMB

| Related party                        | Amount borrowed and loaned | Initial date | Due date     | Notes |
|--------------------------------------|----------------------------|--------------|--------------|-------|
| Borrowed                             |                            |              |              |       |
| Ganzhou Gankang Expressway Co., Ltd. | 50,000,000.00              | June 10,2015 | June 10,2017 |       |
| Loaned                               |                            |              |              |       |

(6) Related party asset transfer and debt restructuring

Nil

(7) Rewards for the key management personnel

In RMB

| Items                                    | Amount of current period | Amount of previous period |
|--|--------------------------|---------------------------|
| Rewards for the key management personnel | 6,003,229.80             | 5,970,400.00              |
| Numbers for the key management personnel | 32.00                    | 29.00                     |

(8) Other related-party transactions

-Capital Deposit Situation of Guangdong Provincial Communication Group Finance Co., Ltd.

| Items | Amount of current period | Amount of previous period |
|-------|--------------------------|---------------------------|
|-------|--------------------------|---------------------------|

| Items              | Amount of current period  | Amount of previous period |
|--------------------|---|---------------------------|
| Balance of Deposit | 366,841,521.49  |                           |
| Interest Income    |   | 1,991,524.18              |
| Pricing Principle  | Refer to deposit interest rate at the corresponding period of Bank of China |                           |

The Company's subsidiary, Jingzhu Expressway Guangzhu Section Co., Ltd. signed a cancellation agreement with Guangdong Communications Group Finance Co., Ltd. on June 29, 2016, and transferred out the balance of funds deposited with Guangdong Communications Group Finance Co., Ltd.

On December 25, 2017 and December 22, 2017, the Company signed the *Cash Management Business Cooperation Agreement* with Guangdong Communications Group Finance Co., Ltd. and Industrial and Commercial Bank of China Guangdong Branch and signed the *Cash Management Business Cooperation Agreement* with Guangdong Communications Group Finance Co., Ltd. and China Construction Bank Corporation. Guangdong Branch respectively, to join in the cash pool of Guangdong Communications Group Finance Co., Ltd.

- Approved by the “Reply on Approving Guangdong Provincial Expressway Development Co., Ltd Issue of Share and Cash to Buy Assets and Raise Matching Funds to Guangdong Provincial Expressway Co., Ltd. ”of CSRC’s Permission [2016] No.230, the Company purchased the creditor’s rights with RMB 987,903,684.98 in Jingzhu Expressway Guangzhu Section Co., Ltd. from Guangdong Provincial Expressway Co., Ltd. on June 2016

-On June 15, 2016,The company’s 29th meeting (Provisional) of the seventh board of directors was convened. The Proposal on Entrustment of Construction Management of the Renovation and Expansion Project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway was deliberated in the meeting, agreed that Guangdong Provincial Fokai Expressway Co., Ltd entrusts Guangdong Provincial Highway Construction Co., Ltd with the construction management of the renovation and expansion project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway, and handling the related matters of the entrustment of the construction management.

## 6. Receivables and payables of related parties

### (1) Receivables

In RMB

| Name               | Related party                              | Amount at year end |                    | Amount at year beginning |                    |
|--------------------|--|--------------------|--------------------|--------------------------|--------------------|
|                    |  | Balance of Book    | Bad debt Provision | Balance of Book          | Bad debt Provision |
| Account receivable | Guangdong Union electron Service Co., Ltd. | 45,447,260.32      |                    |                          |                    |
| Account            | Guangdong Humen Bridge Co., Ltd.           | 9,425,822.31       |                    | 5,095,878.42             |                    |

| Name               | Related party   | Amount at year end |                    | Amount at year beginning |                    |
|--------------------|---|--------------------|--------------------|--------------------------|--------------------|
|                    |   | Balance of Book    | Bad debt Provision | Balance of Book          | Bad debt Provision |
| receivable         |   |                    |                    |                          |                    |
| Account receivable | Jingzhu Expressway Guangzhu Section Co., Ltd.                 | 4,821,700.01       |                    | 4,812,500.02             |                    |
| Account receivable | Guangdong Guanghui Expressway Co., Ltd.                       | 4,025,633.55       |                    |                          |                    |
| Account receivable | Guangdong Xinyue Traffic Investment Co., Ltd.                 | 3,848,556.04       | 65,052.00          | 5,333,036.61             |                    |
| Account receivable | Guangdong Expressway Media Co., Ltd.                          | 1,799,600.00       |                    |                          |                    |
| Account receivable | Guangdong Expressway Co., Ltd.                                | 1,274,749.50       |                    | 117,500.00               |                    |
| Account receivable | Guangdong Kaiyang Expressway Co., Ltd.                        | 379,837.72         |                    | 178,414.29               |                    |
| Account receivable | Guangdong West coastal Expressway Zhuhai Section Co., Ltd.    | 352,194.00         | 55,258.00          | 259,194.00               | 18,419.40          |
| Account receivable | Guangdong Guangzhu West Line Expressway Co., Ltd.             | 356,850.40         |                    |                          |                    |
| Account receivable | Guangdong highway Construction Co., Ltd.                      | 207,000.00         |                    |                          |                    |
| Account receivable | Guangdong Litong Technology Investment Co., Ltd.              | 201,342.00         |                    | 813,200.00               |                    |
| Account receivable | Guang-Shen-Zhu Expressway Co., Ltd.                           | 189,000.00         |                    |                          |                    |
| Account receivable | Guangdong Nanyue Traffic Shaogan Expressway Management Center | 179,424.00         |                    |                          |                    |
| Account receivable | Guangdong Maozhan Expressway Co., Ltd.                        | 166,196.80         |                    |                          |                    |
| Account receivable | Guangdong Baomao Expressway Co., Ltd.                         | 145,038.40         |                    |                          |                    |
| Account receivable | Guangdong Yuedong Expressway Industry Development Co., Ltd.   | 139,976.80         |                    |                          |                    |
| Account receivable | Guangdong West coastal Expressway Xinhui Section Co., Ltd.    | 67,110.00          | 10,233.00          | 50,610.00                | 3,411.00           |
| Account receivable | Guangdong West Coastal Expressway Co., Ltd.                   | 30,000.00          | 2,830.00           |                          |                    |

| Name                     | Related party  | Amount at year end |                    | Amount at year beginning |                    |
|--------------------------|--|--------------------|--------------------|--------------------------|--------------------|
|                          |  | Balance of Book    | Bad debt Provision | Balance of Book          | Bad debt Provision |
| Prepayable account       | Guangdong Litong Property Investment Co., Ltd.               | 700,087.62         |                    | 700,087.62               |                    |
| Prepayable account       | Zhaoqing Yuezhaoh Highway Co., Ltd.                          | 144,703.00         |                    | 131,250.00               |                    |
| Other Account receivable | Guangdong Litong Property Investment Co., Ltd.               | 1,505,864.00       |                    | 1,435,856.00             |                    |
| Other Account receivable | Guangdong Guanghui Expressway Co., Ltd.                      | 1,463,995.66       |                    | 1,140,901.90             |                    |
| Other Account receivable | Guangdong Expressway Media Co., Ltd.                         | 1,213,926.84       |                    | 1,589,781.22             |                    |
| Other Account receivable | Guangdong Expressway Co., Ltd.                               | 597,164.23         |                    | 821,759.56               |                    |
| Other Account receivable | Zhaoqing Yuezhaoh Highway Co., Ltd.                          | 427,478.09         |                    | 419,326.00               |                    |
| Other Account receivable | Guangdong Xinyue Traffic Investment Co., Ltd.                | 415,442.60         |                    | 168,562.60               |                    |
| Other Account receivable | Guang-Shen-Zhu Expressway Co., Ltd.                          | 223,371.78         |                    | 146,737.75               |                    |
| Other Account receivable | Guangdong Guangzhu West Line Expressway Co., Ltd.            | 187,560.16         |                    |                          |                    |
| Other Account receivable | Guangdong Highway Construction Co., Ltd.                     | 115,058.75         |                    | 84,575.88                |                    |
| Other Account receivable | Guangdong Guangle Expressway Co., Ltd.                       | 104,353.10         |                    | 51,029.05                |                    |
| Other Account receivable | Guangdong Luqiao Construction Development Co., Ltd.          | 93,172.08          |                    | 12,669.38                |                    |
| Other Account receivable | Guangdong Kaiyang Expressway Co., Ltd.                       | 88,827.08          |                    | 109,943.37               |                    |
| Other Account receivable | Guangdong Jingzhu Expressway GuangzhuNorth Section Co., Ltd. | 63,612.63          |                    | 55,694.00                |                    |
| Other Account receivable | Guangdong Humen Bridge Co., Ltd.                             | 58,139.05          |                    | 8,692.22                 |                    |
| Other Account receivable | Guangdong Boda Expressway Co., Ltd.                          | 52,689.46          |                    |                          |                    |
| Other Account            | Guangdong Yangmao Expressway Co., Ltd.                       | 46,778.36          |                    | 35,214.28                |                    |

| Name                     | Related party   | Amount at year end |                    | Amount at year beginning |                    |
|--------------------------|---|--------------------|--------------------|--------------------------|--------------------|
|                          |   | Balance of Book    | Bad debt Provision | Balance of Book          | Bad debt Provision |
| receivable               |   |                    |                    |                          |                    |
| Other Account receivable | Guangdong West Coastal Expressway Zhuhai Section Co., Ltd.    | 40,967.05          |                    | 31,945.45                |                    |
| Other Account receivable | Guangdong Jiangzhong Expressway Co., Ltd.                     | 28,942.41          |                    | 20,607.68                |                    |
| Other Account receivable | Guangdong Maozhan Expressway Co., Ltd.                        | 17,591.49          |                    | 11,402.00                |                    |
| Other Account receivable | Yunfu Guangyun Expressway Co., Ltd.                           | 11,628.49          |                    | 9,269.17                 |                    |
| Other Account receivable | Guangdong Gaoda Property Development Co., Ltd.                | 9,940.70           |                    |                          |                    |
| Other Account receivable | Guangdong Jiangzhao Expressway Management Center              | 9,098.40           |                    |                          |                    |
| Other Account receivable | Guangdong Shanfen Expressway Co., Ltd.                        | 8,028.80           |                    |                          |                    |
| Other Account receivable | Guangdong Baomao Expressway Co., Ltd.                         | 7,633.60           |                    |                          |                    |
| Other Account receivable | Guangdong Yuedong Expressway Industry Development Co., Ltd.   | 7,367.20           |                    | 367.45                   |                    |
| Other Account receivable | Guangdong West coastal Expressway Xinhui Section Co., Ltd.    | 5,753.20           |                    | 3,790.00                 |                    |
| Other Account receivable | Guangdong Chaohui Expressway Co., Ltd.                        | 5,617.45           |                    | 342.29                   |                    |
| Other Account receivable | Guangdong Litong Technology Investment Co., Ltd.              | 5,273.00           |                    |                          |                    |
| Other Account receivable | Guangdong Zhaoyang Expressway Co., Ltd.                       | 4,309.15           |                    | 186.11                   |                    |
| Other Account receivable | Guangdong Meihe Expressway Co., Ltd.                          | 3,367.47           |                    | 1,780.00                 |                    |
| Other Account receivable | Guangdong Yueyun Traffic Co., Ltd.                            | 3,032.00           |                    |                          |                    |
| Other Account receivable | Guangdong Nanyue Traffic Zhaogan Expressway Management Center | 1,860.07           |                    |                          |                    |
| Other Account receivable | Guangdong Guangfozhao Expressway Co., Ltd.                    | 1,685.28           |                    |                          |                    |

| Name                     | Related party   | Amount at year end |                    | Amount at year beginning |                    |
|--------------------------|---|--------------------|--------------------|--------------------------|--------------------|
|                          |   | Balance of Book    | Bad debt Provision | Balance of Book          | Bad debt Provision |
| Other Account receivable | Heyuan Helong Expressway Co., Ltd.                                  | 1,428.35           |                    | 1,180.74                 |                    |
| Other Account receivable | Guangdong Two Guang Expressway Co., Ltd.                            | 556.32             |                    | 1,585.66                 |                    |
| Other Account receivable | Guangdong Pingxing Expressway Co., Ltd.                             | 243.34             |                    | 111.05                   |                    |
| Other Account receivable | Guangdong Tongyi Expressway Service Area Co., Ltd.                  |                    |                    | 9,170,589.80             |                    |
| Other Account receivable | Zhaoqing Guanghe Expressway Co., Ltd.                               |                    |                    | 202,257.23               |                    |
| Other Account receivable | Guangdong Boda Expressway Co., Ltd.                                 |                    |                    | 45,735.46                |                    |
| Other Account receivable | Guangdong Yueyun Traffic Co., Ltd.                                  |                    |                    | 3,032.00                 |                    |
| Other Account receivable | Guangdong Yunwu Expressway Co., Ltd.                                |                    |                    | 6,811.45                 |                    |
| Other Account receivable | Guangdong Hehui Expressway Co., Ltd.                                |                    |                    | 188.53                   |                    |
| Other Non-Current Assets | Guangdong Changda Highway Engineering Co., Ltd.                     | 15,937,725.40      |                    | 455,259.04               |                    |
| Other Non-Current Assets | Guangdong East Thinking Management Technology Development Co., Ltd. | 268,155.00         |                    |                          |                    |
| Other Non-Current Assets | Guangdong Xinyue Traffic Investment Co., Ltd.                       |                    |                    | 4,588.15                 |                    |

Note: if the related transaction is agreed to settle based on net amount, the amount after offsetting the amount due from related parties is filled in.

## (2) Payables

In RMB

| Name            | Related party                            | Amount at year end | Amount at year beginning |
|-----------------|--|--------------------|--------------------------|
| Account payable | Guangdong Highway Construction Co., Ltd. | 75,980,021.00      | 133,928,111.00           |
| Account payable | Guangdong Changda Highway                | 14,449,499.60      | 21,464,454.62            |

| Name                  | Related party   | Amount at year end | Amount at year beginning |
|-----------------------|---|--------------------|--------------------------|
|                       | Engineering Co.,Ltd.  |                    |                          |
| Account payable       | Guangdong Expressway Co., Ltd.                                      | 8,746,491.18       | 8,746,491.18             |
| Account payable       | Guangdong Litong Technology Investment Co., Ltd.                    | 2,152,850.00       |                          |
| Account payable       | Guangdong Guanghui Expressway Co.,Ltd.                              | 948,300.00         |                          |
| Account payable       | Guangdong Xinyue Traffic Investment Co., Ltd.                       | 776,543.24         | 4,342,684.85             |
| Account payable       | Guangdong Hualu Traffic Technology Co., Ltd.                        | 383,282.00         | 2,492,830.89             |
| Account payable       | Guangdong Maozhan Expressway Co.,Ltd.                               | 120,000.00         |                          |
| Account payable       | Guangdong Union Electron Service Co.,Ltd.                           | 1.59               |                          |
| Account payable       | Guangdong Lulutong Co., Ltd.  |                    | 136,500.00               |
| Account payable       | Zhaoqing Yuezhao Highway Co., Ltd.                                  |                    | 19,500.00                |
| Interest payable      | Ganzhou Gankang Expressway Co., Ltd.                                |                    | 71,371.67                |
| Advances account      | Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.       | 0.06               |                          |
| Other Payable account | Guangdong Changda Highway Engineering Co.,Ltd.                      | 3,953,559.55       | 42,399,234.18            |
| Other Payable account | Guangdong Union Electron Service Co.,Ltd.                           | 2,238,981.27       |                          |
| Other Payable account | Guangdong Xinyue Traffic Investment Co., Ltd.                       | 1,636,943.30       | 2,036,630.68             |
| Other Payable account | Guangdong Litong Technology Investment Co., Ltd.                    | 465,228.30         | 448,542.95               |
| Other Payable account | Guangdong Expressway Co., Ltd.                                      | 350,680.10         | 63,398.31                |
| Other Payable account | Guangdong Kaiyang Expressway Co., Ltd.                              | 272,445.68         |                          |
| Other Payable account | Guangdong East Thinking Management Technology Development Co., Ltd. | 230,713.19         | 207,736.40               |
| Other Payable account | Guangdong Jiangzhong Expressway Co., ltd.                           | 215,384.63         | 289.81                   |
| Other Payable account | Guangzhongjiang Expressway Project                                  | 200,000.00         |                          |

| Name                  | Related party  | Amount at year end | Amount at year beginning |
|-----------------------|--|--------------------|--------------------------|
|                       | Management office  |                    |                          |
| Other Payable account | Guangdong Maozhan Expressway Co.,Ltd.                          | 188,931.56         |                          |
| Other Payable account | Guangdong Hualu Traffic Technology Co., Ltd.                   | 181,253.14         | 140,100.65               |
| Other Payable account | Guangdong Lulutong Co., Ltd.                                   | 133,249.80         | 17,249.80                |
| Other Payable account | Guangdong Tongyi Expressway Service Area Co., Ltd.             | 120,000.00         | 20,000.00                |
| Other Payable account | Guangdong Expressway Media Co., Ltd.                           | 70,000.00          | 70,000.00                |
| Other Payable account | Guangdong Jiangzhao Expressway Management Center               | 62,047.64          |                          |
| Other Payable account | Guangdong Zhaoyang Expressway Co.,Ltd.                         | 49,171.27          |                          |
| Other Payable account | Guangdong Baomao Expressway Co., Ltd.                          | 48,950.59          | 662.16                   |
| Other Payable account | Guangdong West Coastal Expressway Zhuhai Section Co., Ltd.     | 48,146.64          |                          |
| Other Payable account | Zhongshan Yueyun Airport EXPRESS Passenger Transport Co., Ltd. | 34,568.85          |                          |
| Other Payable account | Guang-Shen-Zhu Expressway Co., Ltd.                            | 20,344.23          |                          |
| Other Payable account | Guangdong Guanghui Expressway Co.,Ltd.                         | 20,221.75          |                          |
| Other Payable account | Guangdong Guangzhu West Line Expressway Co., Ltd.              | 18,981.84          |                          |
| Other Payable account | Guangdong Litong Information Technology Investment Co., Ltd.   | 16,376.20          | 16,376.20                |
| Other Payable account | Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.  | 13,553.00          | 1,172.00                 |
| Other Payable account | Guangdong Highway Construction Co.,Ltd.                        | 11,158.46          | 176.02                   |
| Other Payable account | Guangdong Shanfen Expressway Co., Ltd.                         | 5,843.90           | 110.35                   |
| Other Payable account | Guangdong West Coastal Expressway Co., Ltd.                    | 3,342.12           | 2,667.96                 |
| Other Payable account | Guangdong Yangmao Expressway Co.,Ltd.                          | 2,817.71           |                          |

| Name  | Related party   | Amount at year end | Amount at year beginning |
|---|---|--------------------|--------------------------|
| Other Payable account                       | Guangdong Yuedong Expressway Industry Development Co., Ltd. | 2,566.50           |                          |
| Other Payable account                       | Guangdong Luqiao Construction Development Co., Ltd.         | 2,435.71           | 270.72                   |
| Other Payable account                       | Zhaoqing Yuezhaoh Highway Co., Ltd.                         | 2,388.80           |                          |
| Other Payable account                       | Guangdong Two Guang Expressway Co., Ltd.                    | 1,603.02           |                          |
| Other Payable account                       | Guangdong Luoyang Expressway Co., Ltd.                      | 1,202.48           |                          |
| Other Payable account                       | Shenzhen Huiyan Expressway Co., Ltd.                        | 946.81             |                          |
| Other Payable account                       | Heyuan Helong Expressway Co., Ltd.                          | 896.89             |                          |
| Other Payable account                       | Guangdong Boda Expressway Co., Ltd.                         | 408.23             |                          |
| Other Payable account                       | Guangdong Hehui Expressway Co., Ltd.                        | 216.43             |                          |
| Dividend payable                            | Xinyue Highway Construction Co., Ltd.                       | 12,500,000.00      |                          |
| Non current liabilities due within one year | Ganzhou Gankang Expressway Co.,Ltd.                         |                    | 50,000,000.00            |

### XIII. Stock payment

#### 1. The Stock payment overall situation

☐ Applicable ☒ Not applicable

#### 2. The Stock payment settled by equity

☐ Applicable ☒ Not applicable

#### 3. The Stock payment settled by cash

☐ Applicable ☒ Not applicable

#### 4. Modification and termination of the stock payment

Nil

#### 5. Other

Nil

**XIV. Commitments****1. Significant commitments****Significant commitments at balance sheet date**

On June 15, 2016, the Company's 29th meeting (Provisional) of the seventh board of directors was convened. In the meeting, the Proposal on Increasing Funding for Guangdong Fokai Expressway Co., Ltd pertaining to the Renovation and Expansion Project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway was examined and approved, agreed that based on the approved total investment amount by relevant government department, then the company's subsidiary- Guangdong Fokai Expressway Co., Ltd carries out the investment and construction of the renovation and expansion project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway; the company increases funding for Guangdong Provincial Fokai Expressway Co., Ltd pertaining to the renovation and expansion project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway, with the contributed funds as a proportion of 35% of the total investment amount approved by relevant government department. The afore-said item had been examined and approved in the first extraordinary general shareholder meeting, The Company had received the approval of the National Development and Reform Commission about the Guangdong Provincial Sanbao-Shuikou Expressway Section Rebuilding and Expansion Project(NO.1874-2016-NDRC Infrastructure Document)from Guangdong Provincial Development and Reform Commission On October 11, 2016, agreed with the implementation of the Guangdong Provincial Sanbao-Shuikou Expressway Section Rebuilding and Expansion Project. It's estimated that the total investment of this project is about RMB 3.513 billion(the static investment is about RMB 3.289 billion), of which the project capital is RMB 1.23 billion that accounts for 35% of the total investment and such amount of the project capital will be provided by Guangdong Provincial Fokai Expressway Co., Ltd, and the rest amount of RMB 2,283 billion will be solved by using bank loans. According to the "Official Reply to the preliminary design of reconstruction and extension project of Guangdong Sanbao to Shuikou Road by Ministry of Transport" (No.73-2017 Transport Road Document) issued by Guangdong Provincial Department of Transport, the Ministry of Transport checked and ratified that the general estimate of the preliminary design of reconstruction and extension project of Guangdong Sanbao to Shuikou Road is RMB 3.426 billion. As of December 31, 2017, The accumulated expenses occurred of Guangdong Fokai Expressway Co.,Ltd was RMB 726.6538 million.

**2. Contingency****(1) Significant contingency at balance sheet date**

This matter. did not occur in this accounting period.

**(2) The Company have no significant contingency to disclose, also should be stated**

There was no significant contingency in the Company.

**XV. Events after balance sheet date****1. Significant events had not adjusted**

Nil

## 2.Profit distribution

In RMB

|  |                  |
|--|------------------|
| Profits or dividends to be distributed                   | 1,057,947,899.76 |
| Profits or dividends declared to issue after examination | 1,057,947,899.76 |

## 3.Sales return

Nil

## 4.Notes of other significant event after balance sheet date

Nil

**XVI.Other significant events**

## 1.The accounting errors correction in previous period

This matter. did not occur in this accounting period. During the reporting period.

## 2.Debt restructuring

This matter. did not occur in this accounting period. During the reporting period.

## 3.Replacement of assets

## (1) Non-monetary assets exchange

Nil

## (2) Replacement of other assets

Nil

## 4.Pension plan

The company does not disclose the pension plan undisclosed matter should exist.

## 5.Discontinuing operation

This matter. did not occur in this accounting period. During the reporting period,.

## 6. Segment information

The company's business for the Guangfo Expressway, the Fokai Expressway and Jingzhu Expressway Guangzhou Section toll collection and maintenance work, the technology industry and provide investment advice, no other nature of the business, no reportable segment.

## 7. Other important transactions and events have an impact on investors decision-making

(1) The toll collection period of Jiujiang Bridge of No. 325 National Highway owned by Jiujiang Bridge Branch of Guangdong Fokai Expressway Co., Ltd., a controlled subsidiary of the Company, which was approved by Ministry of Communications, is 30 years. Up to the present, the accumulative toll collection period is 25 years. According to the Notice of Relevant Matters Concerning Quickening Special Clearing of Toll Highways in Guangdong Province (Yue Jiao Ming Dian (2013) No. 56 Document), the rectification measure proposed for Jiujiang Bridge is "toll collection period shall be no more than 20 years". The result of rectification is "toll collection shall be cancelled due to the expiration of toll collection period." As required by this document, Jiujiang Bridge will stop toll collection from 24:00 of June 30, 2013. Jiujiang Bridge is a construction project in which an enterprise under provincial administration invested. As for relevant problems occurred after rectification, the Provincial State-owned Assets Commission shall coordinate in handling such problems according to the requirements of the document.

In view of the cancellation of tolls, the relevant assets on Jiujiang Bridge are neither owned or controlled by the company, nor brings any economic benefits to enterprise in future. According to the provision of Accounting Standards, the company has made disposal of the assets at the end of 2013, and the relevant losses have been recorded into the annual expenses outside of operation in 2013.

In May 2014, the company received Guangdong Provincial People's Government Office documents on the opinions of the compensation for cancellation fee of Jiujiang Bridge as follow. The loss to the company resulted from the early cancellation of Jiujiang Bridge toll fee will be compensated by Guangdong Communication Group. The provincial SASAC conjunction with relevant units will examine the compensation amount base on Provincial Legal Office; work with Provincial Department of Finance to make the compensation arrangements for provincial government to approve.

Approved by the Jiujiang Bridge early termination fee the amount of loss caused to 140,765,667.68 yuan, to be divided from 2015 included three years of state-owned capital management budget arrangements. In view of the recovery period is not yet clear, the company intends to recognized operating income when received.

Fokai Expressway Co., Ltd. had received in advance of Jiujiang Bridge cancellation fees compensate for the loss of funds RMB 20 million, 60.77 million and 59.9957 million on August 7, 2015, June 16, 2016 and June 29, 2017, the extra operating income the company has confirmed.

(2) June 15, 2007 early in the morning, The 325 Jiujiang Bridge collapsed on # 23 pier for —Nanguijii 035# collision owned by the controlling subsidiary of the company Guangdong Fokai Expressway Company leads the collapse and the traffic jam of 200 meters long of the Jiujiang Bridge. On June 10, 2009, Jiujiang Bridge opened to traffic has been restored.

On June 19, 2007, The Ministry of Communications, the State Production Safety Supervision and Administration Commission issued the JiaoAnWeiming File [2007] No. 8 "Notification on the Guangdong" 6.15 "Jiujiang Bridge Collision Accident", initially determined the causes of the accident are: the incident ship

suddenly met heavy fog on the way from Foshan Gaoming to Sunde, the captain neglected looking out, did not take proper measures and deviated from the main channel, touched the 325 National Road Jiujiang Bridge the non-navigation bridge pier and caused the collapse of part of the Jiujiang bridge. The accident was an unilateral responsibility of the ship.

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

After the court accepted the case, the incident investigation team of Guangdong Provincial Government had not made the final report of Jiujiang Bridge accident. The Court, on November 5, 2007, decided to suspend the proceeding. In September 2008, Jiujiang Bridge accident investigation report was officially reported and resumed the proceedings. On December 5, 2008, Guangzhou Marine Court opened a court trial to proceed the case. Currently, Guangzhou Haizhu prosecutorial office was intend to prosecute the accident captain Shi Guide, therefore, on January 5, 2009, Guangzhou Maritime Court ruled the suspension of the case. On September 17, 2013, the Guangzhou Maritime Court issued a notice of civil and eliminate the cause of suspension of proceedings, the court decided to resume the trial. On December 19, 2013, the Guangzhou Maritime Court opened a court session, has not yet made the first-instance judgment. On March 7, 2014 the Court made the first instance verdict: the defendant Foshan Nanhai Yuhang ship Services Co., Ltd. and Yang Xiong compensated the plaintiff Fokai Expressway Co., Ltd. toll revenue losses of RMB 19,357,500.96; the court dismissed the plaintiff other aspirations. The defendant appealed to the Higher People's Court of Guangdong Province, the Guangdong Provincial Higher People's Court ruled on June 5, 2014, the case discontinued proceedings. By the end of the report period, the abatement of action causes are already removed and the provincial higher court restores the hearing and conducts the investigation on April 21, 2017.

(3) The 26th (Provisional) Meeting of the sixth board of directors of Guangdong Provincial Expressway Development Co., Ltd. was held of May 10, 2012. The meeting examined and adopted the proposal Concerning the Company's Accepting the insurance Bond Investment Plan of Pacific Asset Management Co., Ltd. The Company was approved to accept the insurance bond investment plan made by Pacific Asset Management Co., Ltd. The amount of proceeds to be raised is not more than RMB 1.5 billion . Floating interest rate plus guaranteed base interest rate applies as the interest rate. The Floating interest rate shall not exceed the basic interest rate of RMB loan with a term of over five years on the day when the investment fund of the insurance company is transferred into the Company's account and the corresponding days of the future years, which shall be adjusted once each year. The guaranteed base interest rate is 5.6%. The concrete amount of raised proceeds shall be within maximum limit of investment fund filed with CIRC. The actual amount wholly transferred to the Company shall apply. The final interest rate is subject to investment Contract for Bond Investment Plan between Pacific and Guangdong Expressway Filed with CIRC. It was approved to authorize the management of the Company to implement the above-mentioned matters.

The Company was approved to provide counter guarantee to Guangdong Communication Group Co., Ltd. with 75% equity of Guangdong Fokai Expressway Co., Ltd. Held by it . as of December 31, 2016, the company has borrowed RMB 1.5 billion.

(4) In accordance with YWJMZZ [2001] No. 547 *Reply about the Guangfo Expressway Co., Ltd. Capital*

*Increase and Change into Chinese-Foreign Cooperative Enterprise and Others* issued by Department of Foreign Trade and Economic Cooperation of Guangdong, the cooperation term for Guangfo will terminate on July 31, 2017. Guangdong People's Government issued *Guangdong People's Government's Reply on the Charging Period for Guangfo Expressway Reconstruction and Expansion Project* (YFH [2016] No.156) on June 3, 2016, and agreed to approve that the charging period for Guangfo Expressway reconstruction and expansion project would be from the date completion and opening for traffic to December 7, 2021. In accordance with the *Reply to Foreign Shareholders' Proposal on Extending the Cooperation Period with Guangfo Expressway Co., Ltd.* (YJJT[2017]No. 50) by Guangdong Traffic Group Co., Ltd. on April 7, 2017, it agrees on the cooperation period extent to December 7, 2019 of Guangfo Expressway Co., Ltd. subject to the existed shareholder's structure. On June 27, 2017, Guangfo Expressway Co., Ltd. makes a resolution in the 9<sup>th</sup> Session of the 8<sup>th</sup> Board of Directors, which specifies the cooperation period extent to December 7, 2019 subject to the existed shareholder's structure. Guangfo Expressway Co., Ltd. handles the industrial and commercial registration of changes on July 6, 2017 and the road property with the depreciation subject to the traffic flow is accrued sufficiently in February 2017. The cooperation period change of Guangfo Expressway Co., Ltd. has non influence on the company business performance.

(5) On February 5, 2016, the company received the Approval of the Share-Issuing to Parties such as Guangdong Provincial Expressway Co., Ltd to Purchase Assets and Raise Matching Funds by Guangdong Provincial Expressway Development Co., Ltd (CSRC No.230-2016 Zheng Jian Xu ke) issued from CSRC; the company's scheme on share-issuance for purchasing assets and raising matching funds had been examined and approved by the Audit Committee of CSRC on Verifying and Approving Mergers, Acquisitions and Restructuring of Listed Companies. The company has completed asset restructuring in June 2016.

During the profit compensation period, in the case that the actual profits of the underlying company were less than the committed profits, respectively the counterparts of Guangdong Provincial Expressway Co., Ltd and Guangdong Provincial Highway Construction Co., Ltd shall assume the obligation of compensation for the profit difference according to their equity proportion of Guangdong Provincial Fokai Expressway Co., Ltd and Guangzhou Guangzhu Traffic Investment Management Co., Ltd. The profit compensation period is three years from 2016-2018.

Agreed by the company and Guangdong Provincial Expressway Co., Ltd, the profits of Fokai Expressway Co., Ltd in year-2016, year-2017 and year-2018 by estimation shall accordingly be RMB 250.6973 million, RMB 260.0802 million and RMB 403.1197 million, with the aggregated non-recurring gains and losses were expected to be RMB 105.5743 million. During the compensation period, in the case that the cumulative net profits of Fokai Expressway Co., Ltd in a certain year realized at the end of the year are less than the estimated cumulative net profits of the year, the company will, at the price of RMB1.0 per share, buy-back the shares calculated in accordance with the agreement for the purpose of compensation and those shares will be written off, and if the amount of compensation exceeds the consideration of those shares being bought-back, Guangdong Provincial Expressway Co., Ltd will compensate that part in cash. At the expiration of the compensation period, if the accumulative actual non-recurring gains and losses (referring to the government's compensation to Guangdong Provincial Fokai Expressway Co., Ltd due to the cancellation of toll charge of Jiujiang bridge, hereinafter shortly named as "Jiujiang Bridge Compensation") of Fokai Expressway Co., Ltd were less than the estimated accumulative non-recurring gains and losses, Guangdong Provincial Expressway Co., Ltd will, upon the basis of the stake proportion held by G Fokai Expressway Co., Ltd before the major asset restructuring, compensate in cash to the company in accordance with the agreement; If it is after the expiration of the compensation period, every time when Fokai Expressway Co., Ltd received Jiujiang Bridge Compensation, the company should refund the corresponding part which had been paid by Guangdong Provincial Expressway Co., Ltd for the compensation

in accordance with the agreement to Guangdong Provincial Expressway Co., Ltd within 30 working days started from the date G Fokai Expressway Co., Ltd received such compensation.

Agreed by the company and Guangdong Provincial Highway Construction Co., Ltd, the profits of Guangzhou Guangzhu Traffic Investment Management Co., Ltd in year-2016, year-2017 and year-2018 by estimation shall accordingly be RMB 230.3606 million, RMB 263.2329 million and RMB 286.5018 million. During the compensation period, in the case that the cumulative net profits of Guangzhou Guangzhu Traffic Investment Management Co., Ltd realized at the end of the year are less than the estimated cumulative net profits of the year, the company will, at the price of RMB1.0 per share, buy-back the shares held by Guangdong Provincial Highway Construction Co., Ltd with the quantity being calculated upon the agreement for compensation and those shares will be written off.

Guangdong Fokai Expressway Co., Ltd. in 2016 the actual profit (excluding non-) by RMB 286.1655 million, more than the commitment to profit more than RMB 35.4682 million; Guangzhou Guangzhu Traffic Investment Management Co., Ltd. 2016 annual profit of RMB 271.7759 million, More than the commitment to profit more than RMB 41.4153 million. 2017 annual profit of RMB 321.5.34 million, More than the commitment to profit more than RMB 58.2705 million.

(6)On July 15, 2016, the company received the writing notice from Yadong Fuxing Investment Co.,Ltd-one of the company's shareholders. Yadong Fuxing had signed the Financing Agreement by Pledging A-shares of Guangdong Provincial Expressway Development Co.,Ltd with Guotai Junan Securities Co., Ltd, of which Yadong Fuxing pledged 202,429,000 shares that account for 9.68% of the company's total share capital to Guotai Junan Securities Co., Ltd, which was mainly for the enterprise financing, with the pledge period started from July 13, 2016.

As of the date this financial report was approved for disclosure, Yadong Fuxing Company holds 202,429,149 A-shares of the company that account for 9.68% of the company's total share capital, of which 202,429, 000 shares-9.68% of the company's total share capital were pledged, and the pledged shares account for 99.99993% of the total shares of the company held by Yadong Fuxing.

(7)The 15th (temporary) meeting of the Eighth Board of Directors, which was held on December 29, 2017, reviewed and approved the Proposal of Matters Relevant to the Zhuhai Municipal People's Government's Taking-back of Guangdong-Macao Expressway Zhuhai Section's 4.213 km Expressway Asset with Compensation and Asset transfer"; agreed that Zhuhai High-tech Zone Management Committee uses RMB 206 million of compensation (excluding the relevant taxes and fees, and the taxes and fees compensation subjecting to the actual amount of payment) to take back the Guangdong-Macao Expressway Zhuhai Section's 4.213 km (Pile Number K0 +945-K5 +158)Expressway Asset; and agreed that Beijing Zhuhai Expressway Guang Zhu Section Co., Ltd-the company's holding subsidiary-shall, after performed the relevant decision-making procedures, enter into the Compensation and Asset Transfer Agreement with Zhuhai High Tech Zone Management Committee.

On January 31, 2018, Beijing Zhuhai Expressway Guang Zhu Section Co., Ltd received the first compensation of RMB 100 million from Zhuhai High-tech Zone Management Committee. In light of the fact that the Zhuhai Municipal People's Government has not yet completed the matter of asset compensation and asset transfer of Guangdong-Macao Expressway Zhuhai Section, the gains and losses of this compensation is not recognized for the time being.

**XVII..Notes s of main items in financial reports of parent company****1.Account receivable****(1) Account receivable classified by category**

In RMB

| Classification  | Year-end balance |               |                         |               |               | Year-beginning |               |                         |               |            |
|---|------------------|---------------|-------------------------|---------------|---------------|----------------|---------------|-------------------------|---------------|------------|
|   | Book balance     |               | Provision for bad debts |               | Book value    | Book balance   |               | Provision for bad debts |               | Book value |
|   | Amount           | Proportion(%) | Amount                  | Proportion(%) |               | Amount         | Proportion(%) | Amount                  | Proportion(%) |            |
| Account receivable with single major amount and withdrawal bad debt provision for single item | 19,001,899.29    | 100.00%       |                         |               | 19,001,899.29 |                |               |                         |               |            |
| Total   | 19,001,899.29    |               |                         |               | 19,001,899.29 |                |               |                         |               | 0.00       |

- Receivable accounts with large amount individually and bad debt provisions were provided

√Applicable □Not applicable

In RMB

| Name  | Year-end balance    |                    |            |                                 |
|---|---------------------|--------------------|------------|---------------------------------|
|   | Receivable accounts | Bad debt provision | Proportion | Reason                          |
| Guangdong Union Electronic Services Co., Ltd. | 19,001,899.29       |                    |            | Been recovered after the period |

|       |               |  |    |    |
|-------|---------------|--|----|----|
| Total | 19,001,899.29 |  | -- | -- |
|-------|---------------|--|----|----|

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

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting other methods to accrue bad debt provision::

Nil

## (2) Accrual period, recovery or reversal of bad debts situation

Nil

## (3) The current accounts receivable write-offs situation

Nil

## (4) The ending balance of other receivables owed by the imputation of the top five parties

| Name   | Amount        | Aging         | Proportion(%) | Bad debt provision |
|--|---------------|---------------|---------------|--------------------|
| Guangdong Union Electronic Services Co., Ltd | 19,001,899.29 | Within 1 year | 100.00        |                    |
| Total  | 19,001,899.29 | --            |               |                    |

## (5) Account receivable which terminate the recognition owing to the transfer of the financial assets

Nil

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Nil

## 2. Other accounts receivable

## (1) Other accounts receivable disclosed by category

In RMB

| Type   | Balance in year-end |               |                    |               |              | Balance in year-end |               |                    |               |              |
|--|---------------------|---------------|--------------------|---------------|--------------|---------------------|---------------|--------------------|---------------|--------------|
|  | Book Balance        |               | Bad debt provision |               | Book value   | Book Balance        |               | Bad debt provision |               | Book value   |
|  | Amount              | Proportion(%) | Amount             | Proportion(%) |              | Amount              | Proportion(%) | Amount             | Proportion(%) |              |
| Other Account receivable with single major amount and withdrawal bad debt provision for single item    | 32,084,893.35       | 82.44%        | 32,084,893.35      | 100.00%       |              | 32,084,893.35       | 89.20%        | 32,084,893.35      | 100.00%       |              |
| Other Account receivable withdrawal bad debt provision by group of credit risk characteristics         | 6,832,189.43        | 17.56%        | 1,533,987.26       | 22.45%        | 5,298,202.17 | 3,884,252.50        | 10.80%        | 1,533,987.26       | 39.49%        | 2,350,265.24 |
| Other Account receivable with no single major amount and withdrawal bad debt provision for single item |                     |               |                    |               |              |                     |               |                    |               |              |
| Total  | 38,917,082.78       | 100.00%       | 33,618,880.61      | 86.39%        | 5,298,202.17 | 35,969,145.85       | 100.00%       | 33,618,880.61      | 93.47%        | 2,350,265.24 |

Other Receivable accounts with large amount individually and bad debt provisions were provided

√Applicable □Not applicable

In RMB

| Name                        | Balance at year-end |                         |             |        |
|-----------------------------|---------------------|-------------------------|-------------|--------|
|                             | Balance at year-end | Provision for bad debts | Proportion% | Reason |
| Kunlun Securities Co., Ltd. | Other receivable    | Provision for bad debts | Proportion% | Reason |
| Total                       | 32,084,893.35       | 32,084,893.35           | --          | --     |

Notes 1: For the balance amount of our company's security trading settlement funds RMB 33,683,774.79 deposited in Kunlun Securities Co., Ltd., The Xin'Ning Municipal intermediate People's Court of Qinghai Province had made the judgment in accordance with the law and declared on November 11, 2006. that Kunlun Securities Co., Ltd. was bankrupted for debt payment. In March 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 had debts based on conservatism principle. The recovered debt amount in 2008 is RMB485,392.67 which had been offset from the provision for bad debts. The recovered debt amount in 2011 is RMB 667,959.27 which had been offset from the provision for bad, The recovered debt amount in 2014 is RMB 445,529.50 which had been offset from the provision for bad debts.

In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

√Applicable □Not applicable

In RMB

| Aging                  | Balance at year-end |                         |             |
|------------------------|---------------------|-------------------------|-------------|
|                        | Other receivable    | Provision for bad debts | Proportion% |
| Subitem within 1 year  |                     |                         |             |
| Subtotal within 1 year | 2,925,574.59        |                         |             |
| 1-2 years              |                     |                         | 10.00%      |
| 2-3 years              |                     |                         | 30.00%      |
| 3-4 years              |                     |                         | 50.00%      |
| 4-5 years              |                     |                         | 90.00%      |
| Over 5 years           | 1,533,987.26        | 1,533,987.26            | 100.00%     |
| Total                  | 4,459,561.85        | 1,533,987.26            | 34.40%      |

Notes

Refer to "Notes 5 the financial statements of the important accounting policies and accounting estimates

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision:

□ Applicable √ Not applicable

In the groups, other accounts receivable adopting other methods to withdraw bad debt provision:

√ Applicable □ Not applicable

| Name                    | Balance at year-end |                    |                |                 |
|-------------------------|---------------------|--------------------|----------------|-----------------|
|                         | Other receivable    | Bad debt provision | Proportion (%) | Reason          |
| Quality guarantees fund | 1,909,135.70        |                    |                | Deposit         |
| Other                   | 463,491.88          |                    |                | Current account |
| Total                   | 2,372,627.58        |                    |                |                 |

## (2) Accrual period, recovery or reversal of bad debts situation

The current amount of provision for bad debts is RMB0.00; recovery or payback for bad debts Amount is RMB 0.00.

Where the current bad debts back or recover significant amounts: Nil

## (3) The actual write-off other accounts receivable: Nil

## (4) Other accounts receivable classified by the nature of accounts

In RMB

| Nature                                      | Closing book balance | Opening book balance |
|---|----------------------|----------------------|
| Securities trading settlement funds balance | 32,084,893.35        | 32,084,893.35        |
| Guarantee deposit                           | 1,929,135.70         | 1,829,187.00         |
| Pretty cash                                 | 1,505,100.00         |                      |
| Advertising and service fee                 | 203,133.13           |                      |
| Other                                       | 3,194,820.60         | 2,055,065.50         |
| Total                                       | 38,917,082.78        | 35,969,145.85        |

## (5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

In RMB

| Name                      | Nature                              | Closing balance | Aging        | Proportion of the total year end balance of the accounts receivable(%) | Closing balance of bad debt provision |
|---------------------------|-------------------------------------|-----------------|--------------|--|---------------------------------------|
| Kunlun Securities Co.,Ltd | Securities trading settlement funds | 32,084,893.35   | Over 5 years | 82.44%   | 32,084,893.35                         |
| Guangdong Litong Real     | Deposit                             | 1,505,864.00    | Within 5     | 3.87%  |                                       |

|  |                 |               |               |        |               |
|--|-----------------|---------------|---------------|--------|---------------|
| estateInvestment Co., Ltd.                           |                 |               | years         |        |               |
| Pretty cash  | Pretty cash     | 1,505,100.00  | Within 1 year | 3.87%  |               |
| Heshan Communication Real estate Development Company | Current account | 1,470,000.00  | Over 5 years  | 3.78%  | 1,470,000.00  |
| Guangdong Expressway Co.,Ltd.                        | Management fee  | 466,697.78    | 2-3 years     | 1.20%  |               |
| Total  | --              | 37,032,555.13 | --            | 95.16% | 33,554,893.35 |

(6) Accounts receivable involved with government subsidies: Nil

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets: Nil

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Nil

Other notes

## 3. Long-term equity investment

In RMB

| Items   | Year-end balance |                    |                  | Year-beginning balance |                    |                  |
|---|------------------|--------------------|------------------|------------------------|--------------------|------------------|
|   | Book balance     | Bad debt provision | Book value       | Book balance           | Bad debt provision | Book value       |
| Investment to the subsidiary                            | 5,169,662,219.66 |                    | 5,169,662,219.66 | 5,165,162,219.66       |                    | 5,165,162,219.66 |
| Investment to joint ventures and associated enterprises | 3,047,275,000.00 |                    | 3,047,275,000.00 | 2,220,805,130.31       |                    | 2,220,805,130.31 |
| Total   | 8,216,937,219.66 |                    | 8,216,937,219.66 | 7,385,967,349.97       |                    | 7,385,967,349.97 |

## (1) Investment to the subsidiary

In RMB

| Name   | Opening balance  | Increase     | Decrease | Closing balance  | Withdrawn impairment provision in the reporting period | Closing balance of impairment provision |
|--|------------------|--------------|----------|------------------|--|---|
| Guangfo Expressway Co., Ltd.                               | 154,982,475.25   |              |          | 154,982,475.25   |  |   |
| Guangdong Expressway Technology Investment Co., Ltd.       | 95,731,882.42    |              |          | 95,731,882.42    |  |   |
| Guangdong Fokai Expressway Co., Ltd.                       | 3,635,997,210.85 |              |          | 3,635,997,210.85 |  |   |
| Guangzhou Guangzhu Traffic Investment Management Co., Ltd. | 859,345,204.26   |              |          | 859,345,204.26   |  |   |
| Jingzhu Expressway Guangzhu Section Co., Ltd.              | 419,105,446.88   |              |          | 419,105,446.88   |  |   |
| Yuegao Capital Investment (Hengqin) Co., Ltd.              |                  | 4,500,000.00 |          | 4,500,000.00     |  |   |

|       |                  |              |  |                  |  |  |
|-------|------------------|--------------|--|------------------|--|--|
| Total | 5,165,162,219.66 | 4,500,000.00 |  | 5,169,662,219.66 |  |  |
|-------|------------------|--------------|--|------------------|--|--|

## (2) Investment to joint ventures and associated enterprises

In RMB

| Name                                      | Opening balance  | Increase /decrease in reporting period |  |                |  |                      |   |                                |       | Closing balance  | Closing balance of impairment provision |
|---|------------------|--|--|----------------|--|----------------------|---|--------------------------------|-------|------------------|---|
|   |                  | Add investment                         |  |                | Adjustment of other comprehensive income | Other equity changes | Declaration of cash dividends or profit | Withdrawn impairment provision | Other |                  |   |
| I. Joint ventures                         |                  |  |  |                |  |                      |   |                                |       |                  |   |
| Guangdong Guanghui Expressway Co., Ltd.   | 963,806,710.36   |  |  | 282,006,496.89 |  | 1,200,000.00         | 297,106,373.29                          |                                |       | 949,906,833.96   |   |
| ZhaoqingYuezhao Highway Co., Ltd.         | 298,347,974.37   |  |  | 48,730,821.40  |  |                      | 55,172,678.59                           |                                |       | 291,906,117.18   |   |
| Subtotal                                  | 1,262,154,684.73 |  |  | 330,737,318.29 |  | 1,200,000.00         | 352,279,051.88                          |                                |       | 1,241,812,951.14 |   |
| II. Associated enterprises                |                  |  |  |                |  |                      |   |                                |       |                  |   |
| Shenzhen Huiyan Expressway Co., Ltd.      | 162,435,484.69   |  |  | 33,761,713.52  |  |                      |   |                                |       | 196,197,198.21   |   |
| Guangdong Jiangzhong Expressway Co., Ltd. | 173,505,923.37   |  |  | 11,038,071.84  |  |                      | 11,041,691.10                           |                                |       | 173,502,304.11   |   |
| Ganzhou Kangda Expressway Co., Ltd.       | 204,137,265.86   |  |  | 25,170,250.23  |  | 461,406.77           | 21,000,000.00                           |                                |       | 208,768,922.86   |   |
| Ganzhou Gankang Expressway Co., Ltd.      | 210,007,188.89   |  |  | 3,997,514.46   |  |                      | 9,600,000.00                            |                                |       | 204,404,703.35   |   |

|   |                  |                |  |                |            |              |                |  |  |                  |  |
|---|------------------|----------------|--|----------------|------------|--------------|----------------|--|--|------------------|--|
| Guangdong Yueke<br>Technology Petty Loan<br>Co., Ltd. | 208,564,582.77   |                |  | 13,042,538.35  |            |              | 6,058,788.22   |  |  | 215,548,332.90   |  |
| Guoyuan Securities<br>Co.,Ltd.                        |                  | 799,999,959.30 |  | 6,193,038.76   | 847,589.37 |              |                |  |  | 807,040,587.43   |  |
| Subtotal  | 958,650,445.58   | 799,999,959.30 |  | 93,203,127.16  | 847,589.37 | 461,406.77   | 47,700,479.32  |  |  | 1,805,462,048.86 |  |
| Total   | 2,220,805,130.31 | 799,999,959.30 |  | 423,940,445.45 | 847,589.37 | 1,661,406.77 | 399,979,531.20 |  |  | 3,047,275,000.00 |  |

## 4. Business income and Business cost

In RMB

| Items         | Amount of current period |                | Amount of previous period |            |
|---------------|--------------------------|----------------|---------------------------|------------|
|               | Revenue                  | Cost           | Revenue                   | Cost       |
| Main business | 553,779,699.47           | 330,893,919.46 |                           |            |
| Other         | 80,104,649.29            | 4,015,303.85   | 51,258,350.04             | 464,213.40 |
| Total         | 633,884,348.76           | 334,909,223.31 | 51,258,350.04             | 464,213.40 |

Other notes The substantial increase in the main business income of the parent company in the current period is due to the absorption and merger of the Fokai Company and the accounting of the branch business in the parent company since August 1, 2017.

## 5. Investment income

In RMB

| Items   | Amount of current period | Amount of previous period |
|---|--------------------------|---------------------------|
| Long-term equity investment income accounted by cost method                     | 1,095,070,873.20         | 406,678,366.43            |
| Long-term equity investment income accounted by equity method                   | 423,940,445.45           | 429,826,747.82            |
| Investment income received from holding of available-for –sale financial assets | 24,327,921.74            | 45,878,955.51             |
| Total   | 1,543,339,240.39         | 882,384,069.76            |

## XVIII. Supplement information

## 1. Particulars about current non-recurring gains and loss

√ Applicable □ Not applicable

In RMB

| Items  | Amount        | Notes |
|--|---------------|-------|
| Gains/losses from the disposal of non-current asset  | -2,745,683.68 |       |
| Governmental subsidy calculated into current gains and loess (while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard) | 385,932.17    |       |

|   |                 |   |
|---|-----------------|---|
| Other non-business income and expenditures other than the above | 61,458,075.96   | It receives the compensation 59,995,667.68 yuan for early termination of charging for Jiujiang Bridge in the current period       |
| Less : Influenced amount of income tax                          | -178,668,186.37 | The department confirms the deferred income tax totaling 193.4147 million yuan for losses of previous years in the current period |
| Amount of influence of minority interests                       | -162,437.83     |   |
| Total   | 237,928,948.65  | --  |

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

☐ Applicable ☒ Not applicable

## 2. Return on equity (ROE) and earnings per share (EPS)

| Profit as of reporting period  | Weighted average ROE (%) | EPS (Yuan/share) |             |
|--|--------------------------|------------------|-------------|
|  |                          | EPS-basic        | EPS-diluted |
| Net profit attributable to common shareholders of the Company  | 17.69%                   | 0.72             | 0.72        |
| Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss | 14.90%                   | 0.61             | 0.61        |

## 3. Differences between accounting data under domestic and overseas accounting standards

### (1) Differences of net profit and net assets disclosed in financial reports prepared under international and

Chinese accounting standards

☐ Applicable ☒ Not applicable

### (2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and

Chinese accounting standards

☐ Applicable ☒ Not applicable

### (3) Explain reasons for the differences between accounting data under domestic and overseas accounting

standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions

Nil

4.Other

Nil

## **XII. Documents Available for Inspection**

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