Achieve Growth through Innovation and Prudence

2014 Annual Report

浙江滬杭甬高速公路股份有限公司
ZHEJIANG EXPRESSWAY CO., LTD.

Stock Code : 0576

Deepen Reform and Business Innovation

2014 was the first year of comprehensive reform as well as a keystone year in our three-year development plan that transitioned the Company from the past into the future. Under the leadership of the Communications Group, the Company focused on reform and innovation as main themes and outperformed our annual targets, reaching new records in operating results.

Content

Definition of Terms

ADR(s)	American Depositary Receipt(s)
ADS(s)	American Depositary Share(s)
Advertising Co	Zhejiang Expressway Advertising Co., Ltd.(浙江高速廣告有限責任公司), a 70% owned subsidiary of Development Co
Audit Committee	the audit committee of the Company
Board	the board of directors of the Company
Company or Zhejiang Expressway	Zhejiang Expressway Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability on March 1, 1997
Communications Group	Zhejiang Communications Investment Group Co., Ltd.(浙江省交通投資集團有限公司), a wholly State-owned enterprise established on December 29, 2001
Development Co	Zhejiang Expressway Investment Development Co., Ltd.(浙江高速投資發展有限公司), a 100% owned subsidiary of the Company
Directors	the directors of the Company
GDP	gross domestic product
Group	the Company and its subsidiaries
H Shares	the overseas listed foreign shares of Rmb1.00 each in the share capital of the Company which are primarily listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars since May 15, 1997
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Jiaxing Co	Zhejiang Jiaxing Expressway Co., Ltd.(浙江嘉興高速公路有限責任公司), a 99.9995% owned subsidiary of the Company
Jinhua Co	Zhejiang Jinhua Yongjin Expressway Co., Ltd.(浙江金華甬金高速公路有限公司), a 100% owned subsidiary of the Company

Definition of Terms

Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Maintenance Co	Zhejiang Expressway Maintenance Co., Ltd. (浙江滬杭甬養護工程有限公司), a 100% owned subsidiary of the Company
Period	the period from January 1, 2014 to December 31, 2014
Petroleum Co	Zhejiang Expressway Petroleum Development Co., Ltd. (浙江高速石油發展有限公司), a 50% owned associate of the Company
PRC	the People's Republic of China
Rmb	Renminbi, the lawful currency of the PRC
SFO	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
Shangsan Co	Zhejiang Shangsan Expressway Co., Ltd. (浙江上三高速公路有限公司), a 73.625% owned subsidiary of the Company
Shareholders	the shareholders of the Company
Shengxin Co	Shengxin Expressway Co., Ltd. (浙江紹興嵊新高速公路有限公司), a 50% owned joint venture of the Company
Supervisory Committee	the supervisory committee of the Company
Towing Co	Zhejiang Expressway Vehicle Towing and Rescue Services Co., Ltd. (浙江高速公路清障施救服務公司), a 100% owned subsidiary of the Company
Yuhang Co	Zhejiang Yuhang Expressway Co., Ltd. (浙江余杭高速公路有限責任公司), a 51% owned subsidiary of the Company
Zheshang Securities	Zheshang Securities Co., Ltd. (浙商證券股份有限公司), a 70.83% owned subsidiary of the Shangsan Co
Zhejiang Communications Finance	Zhejiang Communications Investment Group Finance Co., Ltd. (浙江省交通投資集團財務有限責任公司), a 35% owned associate of the Company

Company Profile

Zhejiang Expressway is an infrastructure company principally engaged in investing in, developing and operating of high-grade roads. The Company and its subsidiaries also carry out certain ancillary businesses such as automobile servicing, operation of gas stations and billboard advertising along expressways, as well as securities business.

Major assets under management of the Group include the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142 km Shangsan Expressway, the 70 km Jinhua section of Ningbo-Jinhua Expressway, ancillary facilities along the three expressways, and Zheshang Securities. All of the three expressways are situated within Zhejiang Province in the PRC. As at December 31, 2014, total assets of the Company and its subsidiaries amounted to Rmb51,354.74 million.

The Company was incorporated on March 1, 1997 as the main vehicle of the Zhejiang Provincial Government for investing in, developing and operating expressways and Class 1 roads in Zhejiang Province.

Incorporated on December 29, 2001, Communications Group, the controlling shareholder of the Company, is a provincial-level communications company which is wholly-owned by the State and established by the Zhejiang Provincial Government. It mainly operates a diversity of businesses, such as investment, operations, maintenance, toll collection and ancillary services of expressways; construction and building of transportation project, ocean and coastal transport; as well as real estates. As at December 31, 2014, consolidated assets of Communications Group totaled Rmb170,063.12 million.

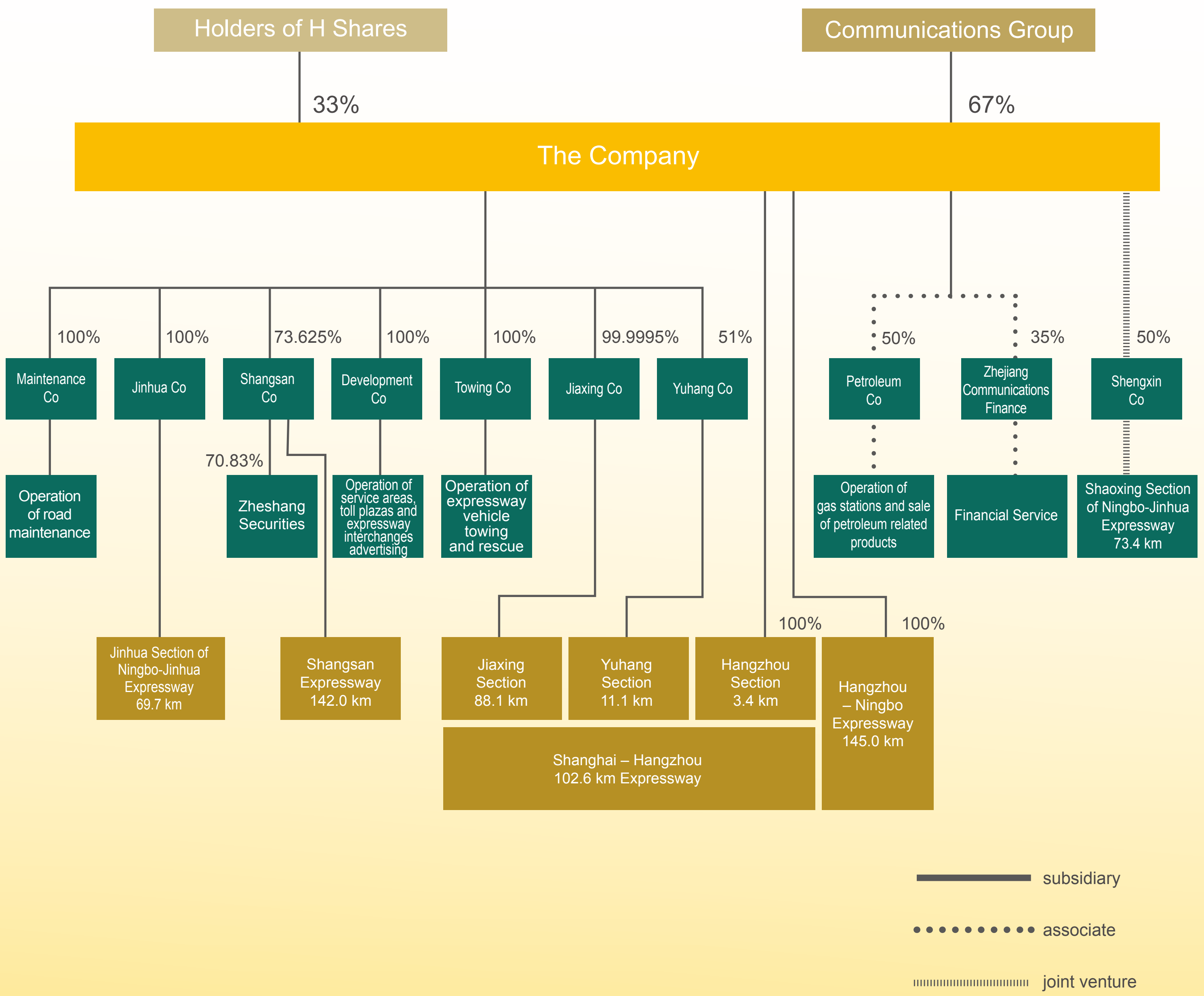
The H Shares of the Company, which represent approximately 33% of the issued share capital of the Company, were listed on the Hong Kong Stock Exchange on May 15, 1997, and the Company subsequently obtained a secondary listing on the London Stock Exchange on May 5, 2000.

On February 14, 2002, a Level I American Depositary Receipt program sponsored by the Company in respect of its H Shares, with the Bank of New York as the depositary, was established in the United States and became effective.

With good performance on the Group’s existing expressway operations, the Company will capitalize on all opportunities of investment and acquisition of new projects, aiming to develop itself into a first-class expressway operator in China. In addition, the Company will also endeavor to enhance its core competitiveness in the securities business, increasing its profit contribution to the Group.

Company Profile

Set out below is the corporate and business structure of the Group as at December 31, 2014



Review of Major Corporate Events

1. On January 28, 2014, Zhejiang Expressway Maintenance Co., Ltd., a 100% owned subsidiary of the Company, was incorporated with a registered capital of Rmb30 million.

2. On March 18, 2014, the Company announced its 2013 annual results in Hong Kong and thereafter conducted its annual results presentations in Hong Kong, the US and Canada.

3. On May 5, 2014, the Company held its Annual General Meeting, among others, to approve the payment of a final dividend of Rmb0.25 per share, the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants Hong Kong as the international auditors of the Company, and the re-appointment of Pan-China Certified Public Accountants Ltd. as the PRC auditors of the Company.

4. On May 15, 2014, the Company announced its 2014 first quarterly results.

5. On August 28, 2014, the Company announced its 2014 interim results in Hong Kong and thereafter conducted its interim results presentations in Hong Kong.

6. On October 1, 2014, the Company introduced a Starbucks store to the Jiaxing Service Area of Shanghai-Hangzhou Expressway, which marked the first Starbucks store in the expressway service area in the nation. The Starbucks store has commenced operation.

7. On October 16, 2014, the Company held an Extraordinary General Meeting at which the payment of an interim dividend of Rmb0.06 per share was approved.

8. On November 11, 2014, the Company announced its 2014 third quarterly results.

9. On March 19, 2015, the Company announced its 2014 annual results in Hong Kong and thereafter conducted its annual results presentations in Hong Kong and Japan.

Particulars of Major Road Projects

Expressway	Percentage of Ownership	Length in Kilometers	Number of Lanes	Number of Toll Stations	Number of Service Areas	Start of Operation	Remaining Years of Operation
Shanghai-Hangzhou Expressway							
– Jiaxing Section	99.9995%	88.1	8	7	2	1998	14
– Yuhang Section	51%	11.1	6	1	0	1995-1998	14
– Hangzhou Section	100%	3.4	4	2	0	1995	14
Hangzhou-Ningbo Expressway							
– Hangzhou to Hongken section	100%	16.0	4	1	0	1992	13
– Hongken to Duantang section	100%	124.0	8	9	2	1995	13
– Duantang to Dazhujia section	100%	5.0	4	1	0	1996	13
Shangsan Expressway	73.625%	142.0	4	11	3	2000	16
Ningbo-Jinhua Expressway							
– Jinhua Section	100%	69.7	4	7	1	2005	16

Current Toll rates on the Shanghai-Hangzhou-Ningbo Expressway

1. Passenger vehicle classification and toll rates

Vehicle Class	Classification Standard	Entrance Fee (Rmb/vehicle)	Mileage Fee (Rmb/vehicle/km)
1	Passenger vehicle with up to 7 seats	5	0.45
	Truck with tonnage of 2 tons or below	5	0.45
2	Passenger vehicle with seats 8 to 19	5	0.45
	Truck with tonnage of above 2 tons and up to 5 tons	10	0.80
3	Passenger vehicle with seats 20 to 39	10	0.80
	Truck with tonnage of above 5 tons and up to 10 tons	15	1.20
4	Passenger vehicle with seats above 40	15	1.20
	Truck with tonnage above 10 tons and up to 15 tons	15	1.40
5	Truck with tonnage above 15 tons	20	1.60

2. Toll rates on goods vehicles

Load	Toll standards	
Legally loaded	Up to 5 tons	Rmb0.09/ton per km
	Above 5 tons and up to 15 tons	Rmb0.09/ton per km x 1.5 is reduced in a linear manner to Rmb0.09/ton per km
	Above 15 tons and up to 30 tons	Rmb0.09/ton per km is reduced in a linear manner to Rmb0.06/ton per km
	Over 30 tons	Based on 30 tons calculation
Overloaded vehicle	Overloaded below 10%	Calculation based on the basic fee standard for legally loaded
	Overloaded up to 30%	The overloaded portion over 10% is calculated based on Rmb0.09/ton per km x 1.2; the remaining portion is calculated based on the fee standard of "Overloaded below 10%"
	Overloaded above 30% and up to 50%	The legally loaded portion and the overloaded portion up to 30% is calculated based on the fee standard of "Overloaded up to 30%"; the remaining portion is calculated based on Rmb0.09/ton per km x 2
	Overloaded above 50% and up to 100%	The legally loaded portion and the overloaded portion up to 30% is calculated based on the fee standard of "Overloaded up to 30%"; the remaining portion is calculated based on Rmb0.09/ton per km x 3
	Overloaded over 100%	The legally loaded portion and the overloaded portion up to 30% is calculated based on the fee standard of "Overloaded up to 30%"; the remaining portion is calculated based on Rmb0.09/ton per km x 4

* The mileage fee for Class 1 vehicle on the Shangsan Expressway and Jinhua section of Ningbo-Jinhua Expressway is Rmb0.40/vehicle/km. The toll rates for other passenger vehicles and trucks are the same as those for the Shanghai-Hangzhou-Ningbo Expressway.

Financial and Operating Highlights

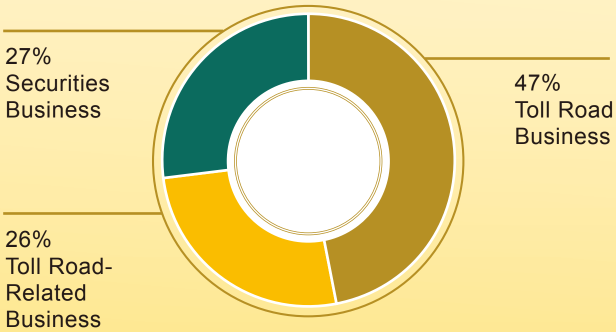
Results

	Year ended December 31,				
	2010 Rmb'000 (Restated)	2011 Rmb'000 (Restated)	2012 Rmb'000 (Restated)	2013 Rmb'000	2014 Rmb'000
Revenue	6,959,504	6,994,391	6,927,415	7,851,115	9,051,123
Profit Before Tax	3,044,830	2,719,108	2,461,289	2,971,738	3,768,192
Income Tax Expense	(784,714)	(704,705)	(634,669)	(756,761)	(917,948)
Profit for the year	2,260,116	2,014,403	1,826,620	2,214,977	2,850,244
Attributable to:					
Owners of the Company	1,826,565	1,760,738	1,649,484	1,907,470	2,349,052
Non-controlling interests	433,551	253,665	177,136	307,507	501,192
Earnings Per Share (EPS)	42.06 cents	40.54 cents	37.98 cents	43.92 cents	54.09 cents

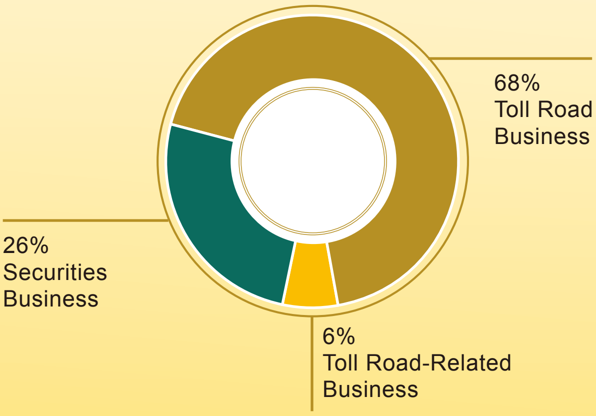
Return on Equity (ROE)

	2010 (Restated)	2011 (Restated)	2012 (Restated)	2013	2014
ROE	11.92%	11.19%	10.28%	11.94%	13.82%

Segmental Revenue (year 2014)

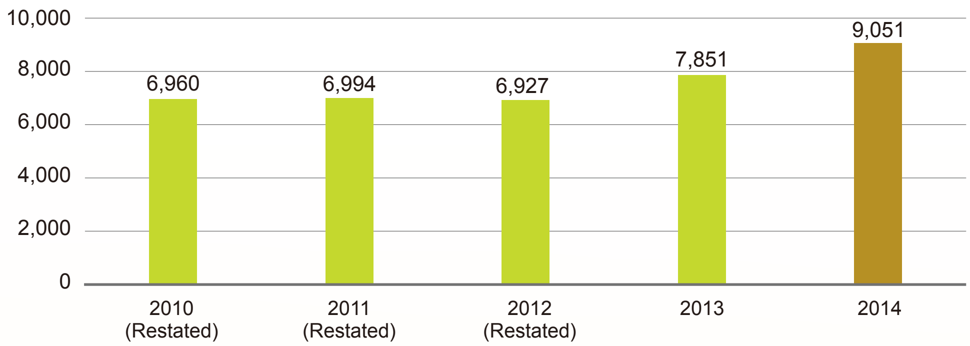


Segmental Net Profit (year 2014)

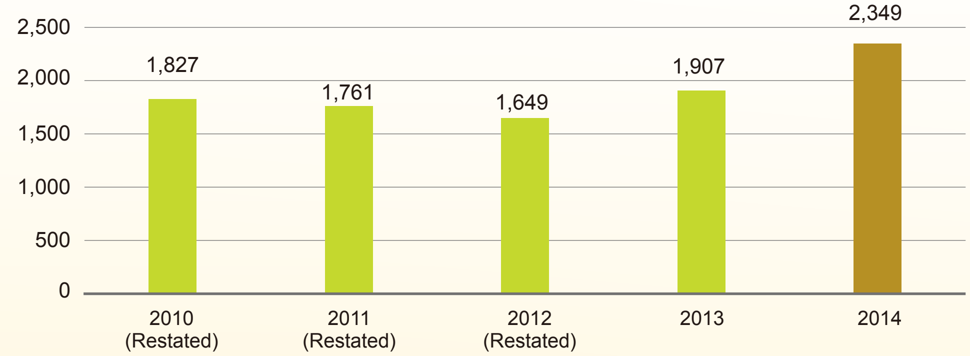


Financial and Operating Highlights

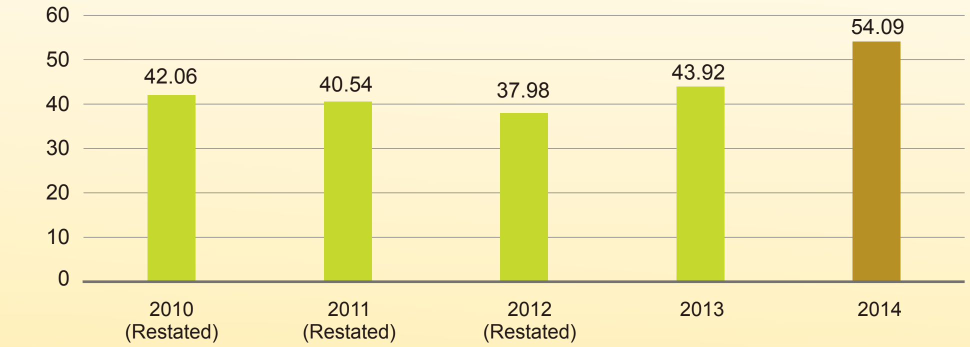
Revenue (Rmb Million)



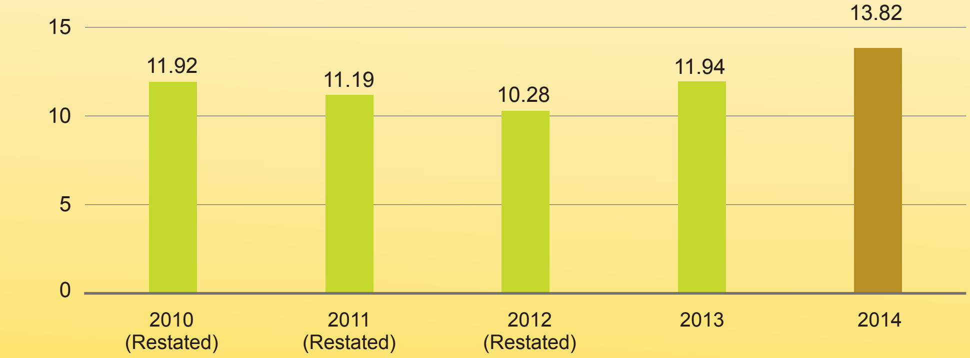
Net profit (Rmb Million)



EPS (Rmb Cents)



ROE (%)



Chairman's Statement

Chairman

ZHAN Xiaozhang

Chairman's Statement

Dear Shareholders,

It is my honor to present the annual results of Zhejiang Expressway ("ZJE" or "the Company", collectively referred to as "the Group" with subsidiaries) for the year 2014 on behalf of the Board of Directors.

In 2014, global economic recovery was complicated and still subject to downward pressure. Unstable monetary policies in major economies in the world gave rise to constant fluctuation in the capital markets. China's economy saw moderate and steady growth in the face of external volatility, entering a phase that some have coined the "New Normal". This means that China is now more focused on quality growth of the economy. Although both GDP and the nominal increase of fixed-asset investments had slowed down compared to past years, China's economy will have higher sustainability alongside structural optimization and higher growth quality amid a more stable economy.

Zhejiang Province, where the Company is located, faced downward economic pressure last year against the backdrop of a complicated external environment. The economic growth in Zhejiang Province in the whole year experienced a moderate slowdown but the pace remained healthy, delivering a year-on-year growth of 7.6%. In general, the Group's toll road business saw stable growth, with traffic volume on our three expressways experiencing varying levels of organic growth due to the different pace of economic expansion in the regions where they are located. As for policies, the China Securities Regulatory Commission released a number of favorable policies to encourage securities brokerage firms to develop innovative businesses, so as to encourage development in the whole securities sector. Benefitting from this, margin financing and securities lending has become a major profit driver for the Group's securities business.

2014 was the first year that the Company began to implement internal reform, marking a milestone of its three-year strategic program. We successfully accomplished our annual goals and reached a record high in revenue via focusing on reform and innovation as two main themes within our businesses. The Group continuously strengthened efforts to increase toll income by taking more initiatives to plug loopholes, while implementing a series of measures to effectively reduce costs and increase efficiency. For example, we analyzed the routes of certain vehicles and successfully adopted targeted publicity measures to attract additional traffic. As a result, the Shangsan Expressway and the Jinhua Section of the Ningbo-Jinhua Expressway saw a significant increase of traffic volume. Meanwhile we continued to strengthen cost management in order to expand the Group's competitive advantage. We successfully reduced over 20% of equipment use cost and administration fees. On the personnel side, we believe that human capital is our most powerful resource, and when effectively utilized can be the key driving force in the transformation and upgrade of corporate development. In line with this, we are currently working on a three-year plan for human resources to further improve our staff management system, increase motivational initiatives, and broaden the hiring channels in order to create more opportunities for acquiring talent. We are dedicated to inspiring every employee within the Company to be a value creator so as to stimulate corporate vitality and development.

Chairman's Statement

Thanks to the establishment of the Shanghai-Hong Kong Stock Connect program and the increase of trading volume in Shanghai and Shenzhen markets, the securities industry grew rapidly and huge opportunities were present in the innovative business segment. We are happy to see that Zheshang Securities has entered a high growth phase, but we will remain vigilant towards the various risks that can arise from such growth. For Zheshang Securities, we continue to prioritize two goals: firstly, the most urgent task is to strengthen communication and coordination among all parties and strive to complete its A-share listing process in 2015 in order to release the potential investment value in the securities business and bring higher returns to our shareholders. Secondly, we have always emphasized innovative development that is compliant with regulations. Going forward, we will continue to concentrate on business innovation while ensuring the effective execution of risk management including focusing on operational risks, compliance risks and liquidity risks that are caused by increased financial leverage, as well as enhancing auditing and supervising efforts.

The "New Normal" is the primary feature of China's economic development for the present and the near future. While it provides us with directions to improve management ability within our main businesses, it also helps us explore new investment opportunities. Now the development of the Group has entered a new stage where we will begin roll-out of our long-term strategic plan leveraging on our advantage in resources and capital as well as the resources of our main business. In line with this, we will place emphasis on projects related to industry upgrades under development in Zhengjiang Province. Looking ahead in 2015, we will continue to create better internal conditions for company development and enhance our managerial ability on every level in order to realize new breakthroughs.

Looking back on the fiscal year, I would like to thank our directors, management teams on each level, and 6,456 employees for their dedication and support that made the Company's steady development possible. I would also like to thank all the shareholders for their long-term support and trust. We expect to deepen the development of our main business and push forward business transformation so as to provide higher returns with better performance to our investors.

Zhan Xiaozhang
Chairman
March 18, 2015

The Company will spare no effort in its transition

and will closely adhere to the themes of “Reform, Innovation, and Transformational Development". We look to actively improve management effectiveness and efficiency, while undertaking comprehensive strategic planning for the 13th Five Year Plan.

Management Discussion and Analysis

Director and
General Manager
LUO Jianhu

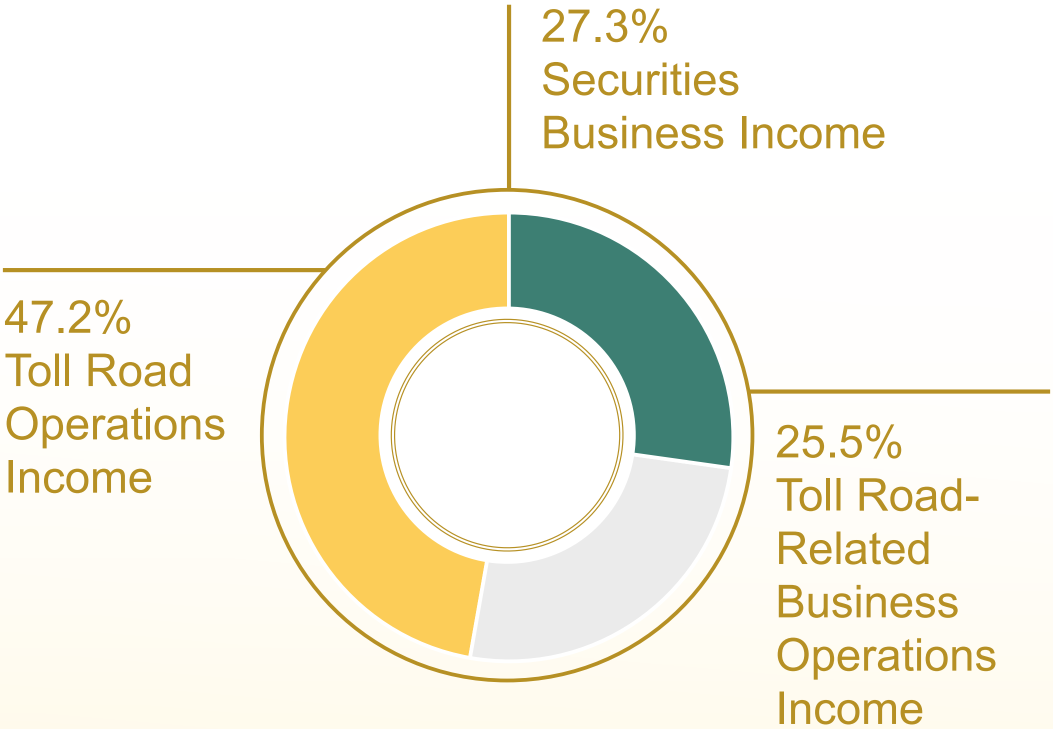
Management Discussion and Analysis

BUSINESS REVIEW

In 2014, China's economy grew at a slower while steady pace with a 7.4% increase in GDP compared with last year. Zhejiang Province's economy benefited from smooth growth in fixed assets investment and consumption, as well as from solid increase in exports. During the Period, Zhejiang Province's GDP increased 7.6% year-on-year and demonstrated an upward trend on quarterly basis.

As Zhejiang Province's economy steadily improved and foreign trade increased during the Period, traffic volume on the Group's expressways continued to witness decent organic growth. In addition, trading in the domestic stock market was active. As a result, income from the Group's overall operations increased 15.5% year-on-year. Total income reached Rmb9,343.77 million, of which Rmb4,407.70 million was generated from the three major expressways operated by the Group, representing an increase of 6.0% year-on-year and 47.2% of the total income; Rmb2,388.00 million was from the Group's toll road-related businesses, representing an increase of 8.9% year-on-year and 25.5% of the total income; and Rmb2,548.07 million was from the securities business, representing an increase of 46.3% year-on-year and 27.3% of the total income.

Management Discussion and Analysis



A breakdown of the Group's income for the Period is set out below:

	2014 Rmb'000	2013 Rmb'000	% Change
Toll Road Operations Income			
Shanghai-Hangzhou-Ningbo Expressway	**3,111,048**	3,122,022	-0.4%
Shangsan Expressway	**987,429**	769,723	28.3%
Jinhua Section, Ningbo-Jinhua Expressway	**309,222**	266,594	16.0%
Toll Road-Related Business Operations Income			
Service areas	**2,216,382**	2,062,558	7.5%
Advertising	**85,362**	107,692	-20.7%
Road maintenance	**86,257**	22,227	288.1%
Securities business income			
Commission	**1,808,953**	1,288,151	40.4%
Interest income	**739,116**	454,017	62.8%
Subtotal	**9,343,769**	8,092,984	15.5%
Less: Revenue taxes	**(292,646)**	(241,869)	21.0%
Revenue	**9,051,123**	7,851,115	15.3%

Management Discussion and Analysis

Toll Road Operations

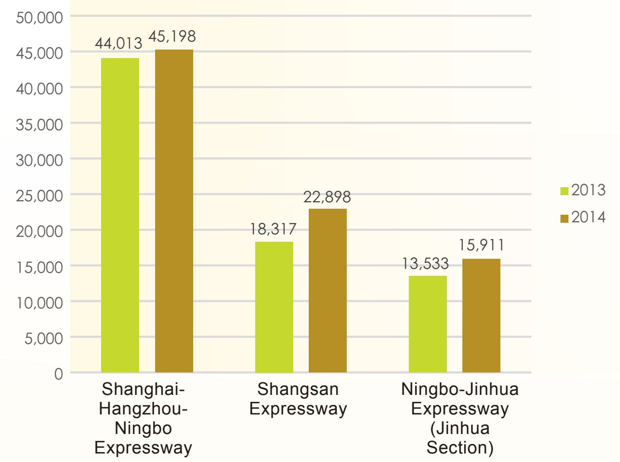
Given the steadily improving economy in Zhejiang Province and the growth in foreign trade, the Group's expressways maintained solid organic growth in traffic volume. During the Period, the Group's three expressways, the Shanghai-Hangzhou-Ningbo Expressway, the Shangsan Expressway and the Jinhua Section of the Ningbo-Jinhua Expressway, recorded organic growth of 6.5%, 7.4% and 11.8%, respectively, in traffic volume, with the varied rates of growth due to the different regions where the three expressways are located.

The Jiaxing-Shaoxing Bridge (not operated by the Group), which first opened for traffic in July, 2013, diverted some traffic away from the Group's Shanghai-Hangzhou-Ningbo Expressway. However, the Company's proactive efforts in adopting measures such as attracting more traffic with better road signage resulted in an additional rise in traffic on the Group's Shangsan Expressway and the Hangzhou-Ningbo Section of the Shanghai-Hangzhou-Ningbo Expressway, and allowed the positive impact on the Shangsan Expressway brought by the Jiaxing-Shaoxing Bridge to be fully realised. During the Period, the opening of the Jiaxing-Shaoxing Bridge helped to drive an increase in toll income of Rmb154.79 million from the Shangsan Expressway, while it resulted in a decrease in toll income of Rmb112.90 million from the Shanghai-Hangzhou-Ningbo Expressway.

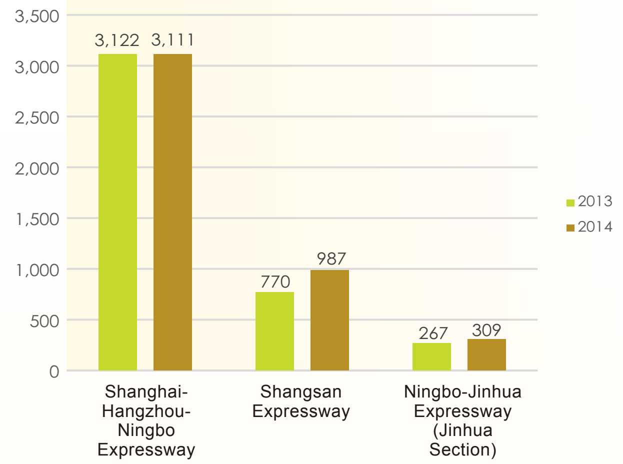
Meanwhile, the Jinhua Section of the Ningbo-Jinhua Expressway continued to see high organic growth in traffic volume as a result of strong growth in trade at the nearby Yiwu small commodities market and the booming development of e-commerce and foreign trade in the surrounding areas. Since local roads that run parallel to the Jinhua Section of the Ningbo-Jinhua Expressway were under construction, and measures to attract more traffic with better road signage continued to be adopted, they led to positive growth in toll income. During the Period, toll income of the Jinhua Section of the Ningbo-Jinhua Expressway increased by Rmb11.74 million.

Management Discussion and Analysis

Traffic Volume (Full-trip equivalents/day)



Toll Income *(RMB million)*



In addition, construction on the Hangzhou Airport Road, started on April 15, 2014, resulted in a decrease of Rmb57.91 million in toll income from the Shanghai-Hangzhou-Ningbo Expressway, despite our effort to open a four-hour window for trucks to pass through every day. The opening of Qianjiang Road (not operated by the Group) on April 16, 2014 also led to a decrease of Rmb10.24 million in toll income from the Shanghai-Hangzhou-Ningbo Expressway.

In response to several diversions that affected traffic volume on the Group's toll road operations, the management of the Company took more initiatives to plug loopholes, introduced better road signage to attract more traffic, conducted marketing campaigns to promote the Company's distance-based toll pricing, and fine-tuned weighing equipment for accurate measurements to increase toll income.

During the Period, the average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 45,198, representing an increase of 2.7% year-on-year. In particular, the average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou section of the Shanghai-Hangzhou-Ningbo Expressway was 43,563, representing a decrease of 1.4% year-on-year, and that along the Hangzhou-Ningbo Section was 46,366, representing an increase of 5.6% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 22,898, representing an increase of 25.0% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 15,911, representing an increase of 17.6% year-on-year.

Total toll income from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsan Expressway and the 70km Jinhua Section of the Ningbo-Jinhua Expressway was Rmb4,407.70 million during the Period, representing an increase of 6.0% year-on-year. Toll income from the Shanghai-Hangzhou-Ningbo Expressway was Rmb3,111.05 million, representing a decrease of 0.4% year-on-year; toll income from the Shangsan Expressway was Rmb987.43 million, representing an increase of 28.3% year-on-year. Toll income from the Jinhua Section of the Ningbo-Jinhua Expressway was Rmb309.22 million, representing an increase of 16.0% year-on-year.

Toll Road-Related Business Operations

The Company operates certain toll road-related businesses along its expressways through its subsidiaries and associated companies, including gas stations, restaurants and shops in service areas, as well as advertising at service areas, toll stations and expressway interchanges, and road maintenance.

Management Discussion and Analysis

Undertake more initiatives to plug loopholes, reduce costs and increase income, and enhance operation management in main businesses

The company has been actively improving efficiency by introducing targeted promotions and road signage and intensifying investigation and corrective actions against traffic violations to recoup toll income losses. Simultaneously, the Company has endeavored to strengthen bidding procedure control on maintenance projects, reduce equipment costs and carry out diligent and thrifty operation to reduce administrative expenses. Through our efforts, the Company has achieved remarkable results in reducing costs and increasing income during the year.

During the Period, the opening of the Jiaxing-Shaoxing Bridge diverted a certain amount of traffic volume from the Shanghai-Hangzhou-Ningbo Expressway. As a result the sales in service areas along the Shanghai-Hangzhou-Ningbo Expressway, which had been a bigger contributor to revenue in the past, were adversely influenced. In addition, a large number of billboards along the expressways were removed due to a clean up campaign of billboards along all expressways in Zhejiang Province. This resulted in a substantial decline in advertising revenue and a slight decline in overall revenue from services areas. However, the Group's toll road-related businesses as a whole recorded solid growth as a result of additional income from external road maintenance projects and increased sales of refined oil products. Income from toll road-related operations during the Period was Rmb2,388.00 million, representing an increase of 8.9% year-on-year.

Securities Business

During the Period, Zheshang Securities' average brokerage commission rate declined from 0.08% to 0.067% as a result of more intensified competition in the securities industry and relaxed controls on commissions. The total trading volume of the Shanghai and Shenzhen stock markets increased 63.8% from last year due to a revival of activity in the domestic securities market. During the Period, the brokerage business of Zheshang Securities saw a substantial increase in trading volume and posted a year-on-year increase of 27.3% in brokerage commission income.

In addition, while accelerating the all-round development of each business segment, Zheshang Securities has been actively exploring innovative business strategies, and constantly working to streamline its income and profit structure and reduce the dominant role that its brokerage business has played in the past. Income from investment banking, margin financing and securities lending, and asset management recorded year-on-year increases of 52.1%, 97.1% and 134.5%, respectively.

Management Discussion and Analysis

Zheshang Securities' IPO application to the Shanghai Stock Exchange was accepted by the China Securities Regulatory Commission in May, 2013. Zheshang Securities remains on the wait list for an IPO.

During the Period, Zheshang Securities' total operating income was Rmb2,548.07 million, an increase of 46.3% year-on-year. Of this, brokerage commission income rose 40.4% year-on-year to Rmb1,808.95 million, and interest income from the securities business was Rmb739.12 million, an increase of 62.8%. Moreover, securities investment gains of Zheshang Securities included in the consolidated statement of profit or loss and other comprehensive income of the Group was Rmb262.39 million (2013: gains of Rmb85.42 million) during the Period.

Management Discussion and Analysis

Grasp growing opportunities in the industry and facilitate Zhejiang Securities' IPO application process in the A-share market

Zhejiang Securities continues to expand its business and accelerate nationwide coverage by leveraging opportunities in the industry; total assets under management hit a record high of RMB83.15 billion as at December 31, 2014. Zhejiang Securities aims to list on the A-share market in 2015 so as to bring better return for shareholders and unlock the potential investment value of the securities business.

Long-Term Investments

Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associate company of the Company) recorded income of Rmb6,365.63 million, which was flat compared with last year as a result of both the sales volume increase of refined oil products in the first three quarters of the year and continuous adjustments to domestic refined oil product pricing, especially the three consecutive cuts in September 2014. During the Period, net profit of the associate company was Rmb26.83 million (2013: net profit of Rmb21.63 million).

Shengxin Expressway Co., Ltd. ("Shengxin Co", a 50% owned joint venture of the Company) operates the 73.4km long Shaoxing Section of the Ningbo-Jinhua Expressway. During the Period, the average daily traffic volume in full-trip equivalents was 13,994, an increase of 10.3% year-on-year. Toll income during the Period was Rmb317.63 million. However, due to increased road maintenance expenses and its relatively heavy financial burden, the joint venture reported a loss of Rmb66.55 million (2013: loss of Rmb72.02 million).

During the Period, the income of Zhejiang Communications Investment Group Finance Co., Ltd. (a 35% owned associate company of the Company) was mainly derived from fees and commissions from providing financial services, including arranging loans and receiving deposits, for the subsidiaries of Zhejiang Communications Investment Group Co., Ltd., the Company's controlling shareholder. During the Period, this associate company realized a net profit of Rmb153.20 million (2013: net profit of Rmb79.05 million).

FINANCIAL ANALYSIS

The Group adopts a prudent financial policy with an aim to provide shareholders of the Company with sound returns over the long term.

During the Period, profit attributable to owners of the Company was approximately Rmb2,349.05 million, representing an increase of 23.2% year-on-year, return on owners' equity was 13.8%, representing an increase of 15.7% year-on-year, while earnings per share for the Company was Rmb54.09 cents.

Liquidity and financial resources

As at December 31, 2014, current assets of the Group amounted to Rmb35,745.72 million in aggregate (December 31, 2013: Rmb16,652.84 million), of which bank balances and cash accounted for 11.4% (December 31, 2013: 15.1%), bank balances held on behalf of customers accounted for 46.4% (December 31, 2013: 49.4%) held for trading investments accounted for 5.9%(December 31, 2013: 7.1%) and loans to customers arising from margin financing business held for trading investments accounted for 23.9% (December 31, 2013: 17.7%). The current ratio (current assets over current liabilities) of the Group as at December 31, 2014 was 1.2 (December 31, 2013: 1.4). Excluding the effect of the customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less bank balances held on behalf of customers over current liabilities less balance of accounts payable to customers arising from securities business) was 1.6 (December 31, 2013: 2.2).

The amount of held for trading investments of the Group as at December 31, 2014 was Rmb2,124.74 million (December 31, 2013: Rmb1,181.03 million), of which 91.2% was invested in bonds, 4.2% was invested in stocks, and the rest was invested in open-end equity funds.

During the Period, net cash inflow generated from the Group's operating activities amounted to Rmb3,669.55 million.

The Directors of the Company do not expect the Company to experience any problems with liquidity and financial resources in the foreseeable future.

	As at December 31,	
	2014 Rmb'000	2013 Rmb'000
Cash and cash equivalents		
Rmb	**3,266,792**	1,773,310
US$ in Rmb equivalent	**28,832**	28,209
HK$ in Rmb equivalent	**6,098**	5,462
Time deposits - Rmb	**761,320**	704,459
Held-for-trading investments - Rmb	**2,124,740**	1,181,025
Available-for-sale investments - Rmb	**570,021**	281,924
Total	**6,757,803**	3,974,389
Rmb	**6,723,294**	3,940,718
US$ in Rmb equivalent	**28,481**	28,209
HK$ in Rmb equivalent	**6,028**	5,462

Borrowings and solvency

As at December 31, 2014, total liabilities of the Group amounted to Rmb30,225.12 million (December 31, 2013: Rmb12,420.24 million), of which 1.2% was bank and other borrowings, 4.0% was subordinated bonds, 20.8% was financial assets sold under repurchase agreements, 6.4% was placements from other financial institutions and 54.7% was accounts payable to customers arising from securities business.

Management Discussion and Analysis

Focus on core businesses while prudently seeking diversification opportunities

Bring the Company's transition to a new level

We will fully utilize our resources and funding advantages, plan long-term deployment based on the resources of our core businesses, focus on participating in upgrading projects for industries in Zhejiang Province, and seize investment opportunities in new businesses in order to break new ground in transformative projects in 2015.

As at December 31, 2014, total interest-bearing borrowings of the Group amounted to Rmb2,433.57 million, representing an increase of 32.3% compared to that as at December 31, 2013. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb350.00 million, subordinated bonds of Rmb1,200.00 million, and beneficial certificates of Rmb883.57 million. Of the interest-bearing borrowings, 57.5% was not payable within one year.

As at December 31, 2014, all of the Group's loans from domestic commercial banks were long-term loans, of which long-term loans due in one year amounted to Rmb150.00 million, with floating interest rate ranging from 5.895% to 6.765% per annum. The annual interest rates for subordinated bonds were fixed at 6.3% and 5.9%. The fixed interest rates of beneficial certificates ranged from 5.1% to 7.0% per annum, while the annual interest rate for accounts payable to customers arising from the securities business was fixed at 0.35%.

	Maturity Profile			
	Gross amount Rmb'000	**Within 1 year** Rmb'000	**2-5 years inclusive** Rmb'000	**Beyond 5 years** Rmb'000
Floating rates				
Domestic commercial bank loans	350,000	150,000	200,000	–
Fixed rates				
Bonds payable	1,200,000	–	1,200,000	–
Beneficial certificates	883,570	883,570	–	–
Total as at December 31, 2014	2,433,570	1,033,570	1,400,000	–
Total as at December 31, 2013	1,840,000	1,540,000	300,000	–

Total interest expenses for the Period amounted to Rmb85.60 million, of which capitalized interest amounted to Rmb7.37 million, while profit before interest and tax amounted to Rmb3,846.42 million. The interest cover ratio (profit before interest and tax over interest expenses) stood at 44.9 (2013: 32.2) times.

	2014 Rmb'000	2013 Rmb'000
Profit before tax and interest	**3,846,423**	3,066,899
Interest expenses	**85,599**	95,161
Interest cover ratio	**44.94**	32.23

As at December 31, 2014, the asset-liability ratio (total liabilities over total assets) of the Group was 58.9% (December 31, 2013: 38.7%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of accounts payable to customers arising from securities business over total assets less bank balances held on behalf of customers) of the Group was 39.3% (December 31, 2013: 17.8%).

Capital structure

As at December 31, 2014, the Group had Rmb21,129.62 million in total equity, Rmb26,867.77 million in fixed-rate liabilities, Rmb350.00 million in floating-rate liabilities, and Rmb3,007.35 million in interest-free liabilities, representing 41.1%, 52.3%, 0.7% and 5.9% of the Group's total capital, respectively. The gearing ratio, which is computed by dividing the total liabilities less accounts payable to customers arising from the securities business by total equity, was 64.7% as at December 31, 2014 (December 31, 2013: 21.6%).

	As at December 31, 2014		As at December 31, 2013	
	Rmb'000	%	Rmb'000	%
Total equity	21,129,622	41.1%	19,668,959	61.3%
Fixed rate liabilities	26,867,773	52.3%	9,817,103	30.6%
Floating rate liabilities	350,000	0.7%	500,000	1.6
Interest-free liabilities	3,007,349	5.9%	2,103,132	6.5%
Total	51,354,744	100.0%	32,089,194	100.0%
Long-term interest-bearing liabilities	1,400,000	2.7%	300,000	0.9%
Gearing ratio 1 (note)		64.7%		21.6%
Gearing ratio 2 (note)		6.6%		1.5%
Asset-liabilities ratio1 (note)		58.9%		38.7%
Asset-liabilities ratio 2 (note)		39.3%		17.8%

Note: Gearing ratio 1 represents the total liabilities less balance of accounts payable to customers arising from securities business to the total equity; Gearing ratio 2 represents the total amount of the long-term interest-bearing liabilities to the total equity; Asset-liabilities ratio 1 represents total liabilities to total assets; Asset-liabilities ratio 2 represents total liabilities less balance of accounts payable to customers arising from securities business to total assets less bank balances held on behalf of customers.

Management Discussion and Analysis

Capital expenditure commitments and utilization

During the Period, capital expenditure of the Group totaled Rmb1,509.44 million, while capital expenditure of the Company totaled Rmb300.93 million. Amongst the total capital expenditure of the Group, Rmb30.00 million was incurred for setting up a wholly-owned subsidiary of the Company, Rmb1,276.98 million was incurred for acquisition and construction of properties, Rmb195.28 million was incurred for purchase and construction of equipments and facilities, and Rmb7.18 million was incurred for service area renovation and expansion.

As at December 31, 2014, the capital expenditure committed by the Group and the Company totaled Rmb1,020.15 million and Rmb510.81 million, respectively. Amongst the total capital expenditures committed by the Group, Rmb308.05 million will be used for acquisition and construction of properties, Rmb431.40 million for acquisition and construction of equipments and facilities, Rmb67.70 million for service area renovation and expansion and Rmb213.00 million for equity investment.

The Group will finance the above-mentioned capital expenditure commitments with internally generated cash flow first and then will consider using debt financing to meet any shortfalls in priority to using other methods.

Contingent liabilities and pledge of assets

Pursuant to the board resolution of the Company dated November 16, 2012, the Company and Shaoxing Communications Investment Group Co., Ltd. (the other joint venture partner that holds 50% equity interest in Shengxin Co) provided Shengxin Co with joint guarantee for its bank loans of Rmb2,200.00 million, in accordance with their proportionate equity interest in Shengxin Co. During the Period, Rmb50.00 million of the bank loans had been repaid.

Pursuant to the resolution of shareholders' meeting dated June 26, 2012 of Zhejiang Yuhang Expressway Co., Ltd. ("Yuhang Co", a 51% equity interest owned subsidiary of the Company), Yuhang Co provided a property under construction as a mortgaged asset for its domestic commercial bank loan of Rmb150.00 million. As at December 31, 2014, the carrying amount of the mortgaged asset was Rmb786.71 million.

Pursuant to the board resolution dated June 24, 2008 of Zhejiang Jinhua Yongjin Expressway Co., Ltd. ("Jinhua Co"), Jinhua Co provided the operating right of the expressway operated by it as pledged asset for its domestic commercial bank loans of Rmb200.00 million. As at December 31, 2014, the carrying amount of the pledged asset was Rmb1,777.27 million.

Except for the above, as at December 31, 2014, the Group did not have any other contingent liabilities, pledge of assets or guarantees.

Foreign exchange exposure

Save for dividend payments to the holders of H shares in Hong Kong dollars, the Group's principal operations were transacted and booked in Renminbi. Therefore, the Group's exposure to exchange fluctuation is limited. During the Period, the Group has not used any financial instruments for hedging purpose.

Although the Directors do not foresee any material foreign exchange risks for the Group, there is no assurance that foreign exchange risks will not affect the operating results of the Group in the future.

Human resources

During the Period, the Company actively revamped its human resource management, enhanced its remuneration and performance policy, and prompted the increase in overall payment of remuneration to be linked to the operating performance of Company and the productivity of employees. As at December 31, 2014, there were 6,456 employees within the Group, amongst whom 1,530 worked in the managerial, administrative and technical positions, while 4,926 worked in fields such as toll collection, maintenance, service areas, securities and futures business outlets.

OUTLOOK

As the world economy continues to struggle for recovery, China's economy is moving into a "new normal" as it downshifts from rapid growth to more moderate levels of growth. It is anticipated that the Group's toll road business, which is closely tied to macro-economic development, will see steady growth in traffic volume in 2015, while the rate of growth is expected to be lower than 2014.

Qianjiang Road, which opened in the first half of last year, and the Hangzhou Airport Road, which is currently under construction, will continue to have a slight diversion impact on traffic from the Shanghai-Hangzhou-Ningbo Expressway. In addition, the Dongyang-Yongkang Expressway, which will open to traffic soon, is expected to have a slight diversion impact on traffic from the Jinhua Section of the Ningbo-Jinhua Expressway. In view of the negative impact brought by the diversions on surrounding new road networks, the Company will closely monitor and conduct timely research and analysis as well as to improve road signage to attract more traffic to the Group's expressways, thereby minimizing the loss caused by traffic diversions. Meanwhile, the Company will also work to further control operating costs.

Management Discussion and Analysis

After the launch of Shanghai-Hong Kong Stock Connect program, it is expected that a series of favorable policies will be launched to promote the development of the capital markets in China, including an expansion of the Shanghai-Hong Kong Stock Connect program and the launch of the Shenzhen-Hong Kong Connect program, which will present new opportunities to the Group's securities business. Meanwhile, Zheshang Securities will pay close attention to market policy updates, push to continue innovation in its business, and seek new profit drivers. In addition, while Zheshang Securities focuses on reinforcing cost and risk controls, it will look to push forward its listing process on the Shanghai Stock Exchange, promoting a sustainable and healthy development of its various lines of businesses.

Looking ahead to 2015, with China's economy moving into a "new normal" mode of development, the Group's management believes that the new round of economic reforms will bring new opportunities and challenges to the Group's transformational development. The Group will strengthen its core expressway business and improve its securities businesses as well as look for appropriate investment projects through diversified channels to further exploit its growth potential and boost profitability in the future.

Principal Risks and Uncertainties

TOLL ROAD BUSINESS RISKS

Economic Environment

As the global economy continues to struggle for recovery, China's economy is moving into a "new normal" as it downshifts from rapid growth to more moderate levels of growth. Meanwhile, although the import and export trading conditions are showing signs of recovery, but many uncertain factors remain, which is having an impact on Zhejiang, a province with heavy reliance on export trading. Growth in the traffic volume and toll revenue of the Group's expressways is expected to remain uncertain, creating uncertainties for the operations, financial conditions and operating results of the Group.

Roads Competition

Dongyang-Yongkang Expressway, which is scheduled to commence service soon in 2015, is expected to have a slight diversion impact on traffic from the Jinhua section of the Ningbo-Jinhua Expressway. In addition, the opening of other new expressways nearby, it is expected that new traffic will be diverted from certain sections of the Group's expressways. Accordingly, we cannot be assured as to whether traffic volume to be generated on the Group's expressways will be maintained at the same levels as before or will increase in the future, or whether or not the operating results of the Group will be negatively affected.

Toll Policy

With the implementation of the toll waiver policy on small passenger vehicles on key festivals and holidays by the PRC government on September 30, 2012, the expressway operators who charge for toll are negatively affected. In addition, due to the introduction of a special project by five ministries and commissions for the rectification of the toll road policy in Zhejiang province, a number of new policies focusing on adjusting the toll policy of expressways within the province were successively issued. Despite that we expect the possibility of further significant changes in the policies of the expressway industry in the near term is minimal, we cannot be assured that they will not have any adverse effects on the toll revenue of the Group.

SECURITIES BUSINESS RISKS

Market Fluctuations

The securities business is highly susceptible to market fluctuations and may experience periods of high volatility accompanied by reduced liquidity. It may be materially affected by economic and other factors such as the global market conditions; the availability and cost of capital; the liquidity of the global markets; the level and volatility of stock prices, commodity prices and interest rates; currency values and other market indices; inflation; natural disasters; acts of war or terrorism; as well as investor sentiment and confidence in the financial markets. There is no assurance as to whether our securities business will be adversely affected by fluctuations in the market, or whether our securities business will continue to contribute to our overall profit margin.

Regulation of the Securities Business

We are subject to extensive regulations in the PRC that govern how we conduct our securities business, and we are subject to risks of intervention by the PRC regulatory authorities. We could be fined, prohibited from engaging in some of our business activities or subject to limitations or conditions on our business activities, among other things. Significant regulatory actions against us could have material adverse impacts on our financial position, cause us significant reputational harm, or harm our business prospects. New laws, regulations or changes in the enforcement of existing laws or regulations applicable to our clients may also adversely affect our business.

FINANCIAL RISKS

For financial risks and uncertainties of the Group, please see notes 4, 5 and 6 to the Consolidated Financial Statements.

STATEMENT OF RESPONSIBILITY FROM THE DIRECTORS WITH RESPECT TO THE ANNUAL REPORT AND THE COMPANY'S ACCOUNTS

The Directors of the Company, whose names and functions are listed on pages 42 to 45, duly confirm that to the best of their knowledge:

— the consolidated financial statements prepared and subject to disclosure under the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants give a true and fair view of the assets, liabilities, financial position and profit of the Group, and cover the enterprises that have been consolidated into the Company; and

— the "Management Discussion and Analysis" section included in this annual report includes a fair review of the development and performance of the business and the position of the Group, covers the enterprises that have been consolidated into the Company and describes the principal risks and uncertainties faced by the Group.

From the beginning of year 2014 up to now, there has been no occurrence of significant events that would have a material impact on the normal operation of the Group.

By Order of the Board
Tony ZHENG
Company Secretary

Hangzhou, Zhejiang Province, the PRC
March 18, 2015

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

To govern the daily functioning of the Board of Directors of the Company, the Company has adopted its own Guidelines on Corporate Governance that closely followed the principles of good governance in Appendix 14 of the Listing Rules (available at www.hkex.com.hk) ("CG Code").

During the Period, the Company has complied with all code provisions in the CG Code and adopted the recommended best practices in the CG Code as and when applicable.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Rules on Securities Dealings ("Rules on Securities Dealings") for the Directors, supervisors, senior management personnel and other employees of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules.

Upon specific inquiries to all the Directors, the Directors have confirmed their respective compliance with the required standards for securities transactions by Directors as set out in the Model Code and the Rules on Securities Dealings during the Period.

BOARD OF DIRECTORS OF THE COMPANY (THE "BOARD")

The executive directors of the Company during the Period were:
Mr. ZHAN Xiaozhang *(Chairman)*
Ms. LUO Jianhu *(General Manager)*
Mr. DING Huikang

The non-executive directors of the Company during the Period were:
Mr. LI Zongsheng (resigned on December 29, 2014)
Mr. WANG Weili (resigned on December 29, 2014)
Mr. WANG Dongjie
Mr. DAI Benmeng
Mr. ZHOU Jianping

The independent non-executive directors of the Company during the Period were:
Mr. ZHANG Junsheng (resigned on December 29, 2014)
Mr. ZHOU Jun
Mr. PEI Ker-Wei
Ms. LEE Wai Tsang Rosa

During the Period, the Board held a total of eight meetings. Individual attendances by the directors (as indicated by the numbers of meetings attended/numbers of relevant meetings held) are as follows:

	Attendance in person	Attendance by proxy	Attendance through communication
Mr. ZHAN Xiaozhang (Chairman)	4/8		4/8
Ms. LUO Jianhu (General Manager)	4/8		4/8
Mr. DING Huikang	4/8		4/8
Mr. LI Zongsheng (resigned on December 29, 2014)	3/7		4/7
Mr. WANG Weili (resigned on December 29, 2014)	3/7		4/7
Mr. WANG Dongjie	2/8	1/8	4/8
Mr. DAI Benmeng	1/1		
Mr. ZHOU Jianping	1/1		
Mr. ZHANG Junsheng (resigned on December 29, 2014)	4/6		2/6
Mr. ZHOU Jun	4/8		4/8
Mr. PEI Ker-Wei	4/8		2/8
Ms. LEE Wai Tsang Rosa	1/1		

During the Period, the Company held three general meetings of the shareholders. The meetings were chaired by Chairman, and all executive directors were present at the meetings.

The Board is charged with duties as well as given powers that are expressly specified in the articles of association of the Company, the scope of which includes, amongst others: to determine the business plans and investment proposals of the Company; to prepare the financial budget and final accounts of the Company; to determine the dividend policy of the Company; to appoint or dismiss senior managerial officers of the Company as well as to determine their remuneration; and to draw up proposals for any material acquisition or sale by the Company.

To assist the Board to effectively discharge its duties, the Board has set up the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Strategic Committee.

While the Board fully retains its power to decide on matters within its scope of duties and powers, relevant preparation and drawing up of plans or proposals were usually delegated to the management.

The Company has complied with the requirements under Rules 3.10(1) and (2) of the Listing Rules regarding the appointment of independent non-executive directors, with three independent non-executive directors appointed, at least one of whom possesses the appropriate professional qualification or accounting or related financial management expertise.

Pursuant to Rule 3.13 of the Listing Rules, the Company had specifically inquired with all three independent non-executive directors and received their respective confirmation of independence during the Period. The three independent non-executive directors have all confirmed their compliance with requirements regarding independence under Rule 3.13 of the Listing Rules. The Company still considers the independent non-executive directors to be independent.

There were no financial, business, family or other material or relevant relationships between members of the Board, including that between the Chairman and the General Manager of the Company.

Each newly appointed director receives induction on the first occasion of his or her appointment, so as to ensure that he or she has appropriate understanding of the business and operations of the Company and that he or she is fully aware of his or her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Directors are also regularly updated on the Group's business and industry environments where appropriate in the management's monthly reports to the Board as well as briefings and materials circulated to the Board before board meetings.

In addition, during the Period, the Company has arranged for all its executive and non-executive directors to undergo continuous trainings designed to develop and refresh their knowledge and skills so as to ensure that their contribution to the Board remains informed and relevant. However, as the management considers that the independent non-executive directors of the Company are very experienced, knowledgeable and resourceful, the Company did not arrange any professional briefings or training programs for its independent non-executive directors and has decided to leave it to the independent non-executive directors to undergo appropriate training as they see fit.

CHAIRMAN AND GENERAL MANAGER

During the Period, Mr. ZHAN Xiaozhang served as Chairman, and Ms. LUO Jianhu served as General Manager of the Company, respectively. The roles of Chairman and General Manager are fully segregated as expressly set out in the articles of association of the Company.

NON-EXECUTIVE DIRECTORS

Terms for the non-executive directors of current session of the Board started on or after June 11, 2012 and will expire on June 30, 2015.

SPECIAL COMMITTEES UNDER THE BOARD

The Board has set up the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Strategic Committee. Roles and responsibilities for each committee are specified in its terms of reference, details of which can be found under the "Corporate Governance" section in the Company's website.

The Audit Committee comprised of the three independent non-executive directors and two non-executive directors, namely Mr. ZHOU Jun, Mr. PEI Ker-Wei, Ms. LEE Wai Tsang Rosa, Mr. WANG Dongjie and Mr. ZHOU Jianping of whom Mr. ZHOU Jun serves as Chairman of the Audit Committee.

The Nomination Committee comprised of the three independent non-executive directors, one executive director and one non-executive director, namely Mr. ZHOU Jun, Mr. PEI Ker-Wei, Ms. LEE Wai Tsang Rosa, Mr. ZHAN Xiaozhang and Mr. DAI Benmeng, of whom Mr. ZHAN Xiaozhang serves as Chairman of the Nomination Committee.

The Company believes that diversification of board members is a key element to maintain the Company's competitive advantage, improve business performances, and promote the Company's continued development. When setting up the board member composition, the Company takes into consideration a number of aspects that determine board member diversification, including but not limited to gender, age, culture, education background, professional experience, work and living background, knowledge and skill, etc. The Company's Nomination Committee is responsible for assessing the board's structure, number of members, as well as a diversified composition, providing recommendation or suggestion on candidates to serve as new directors of the Company to the board when needed. The assessment as well as recommendation or suggestion above would have fully taken into consideration any pros and cons to the diversification of board members.

The Remuneration Committee comprised of the three independent non-executive directors and two non-executive directors, namely, Mr. ZHOU Jun, Mr. PEI Ker-Wei, Ms. LEE Wai Tsang Rosa, Mr.DAI Benmeng and Mr. ZHOU Jianping, of whom Mr. PEI Ker-Wei, serves as Chairman of the Remuneration Committee.

The Strategic Committee comprised of the three executive directors, namely Mr. ZHAN Xiaozhang, Ms. LUO Jianhu and Mr. DING Huikang as well as Mr. ZHANG Jingzhong, Mr. WANG Dehua, Mr. ZHENG Hui and several outside experts and advisors, of whom Mr. ZHAN Xiaozhang serves as Chairman of the Strategic Committee.

During the Period, the Audit Committee held a total of four meetings. Individual attendances by the members of the Audit Committee (as indicated by the numbers of meetings attended/numbers of meetings held) are as follows:

	Attendance in person	**Attendance by proxy**
Mr. ZHANG Junsheng (resigned on December 29, 2014)	4/4	
Mr. ZHOU Jun	4/4	
Mr. PEI Ker-Wei	4/4	
Mr. WANG Weili (resigned on December 29, 2014)	4/4	
Mr. WANG Dongjie	2/4	1/4

In the meetings held during the Period, the Audit Committee conducted, amongst others, review of financial statements for the quarterly, interim and annual results, the effectiveness of the system of internal control and the reporting thereof to the Board, as well as recommendation on the re-appointment of external auditors.

During the Period, the Nomination Committee held a total of four meetings. Individual attendances by the members of the Nomination Committee (as indicated by the numbers of meetings attended/numbers of meetings held) are as follows:

	Attendance in person	Attendance by proxy	Attendance through communication
Mr. ZHANG Junsheng (resigned on December 29, 2014)	1/3	1/3	1/3
Mr. ZHOU Jun	2/4		2/4
Mr. PEI Ker-Wei	2/4		
Ms. LEE Wai Tsang Rosa			1/1
Mr. ZHAN Xiaozhang	2/4		2/4
Mr. LI Zongsheng (resigned on December 29, 2014)	2/3		1/3
Mr. DAI Benmeng			1/1

During the Period, the Nomination Committee mainly discussed the candidates for directors of the Board and senior management of the Company. Proposed candidates for senior management of the Company that were reviewed by the Nomination Committee were later reviewed and approved by the Board. Proposed candidates for directors of the Board that were reviewed by the Nomination Committee were later reviewed and approved by the Board and the extraordinary general meeting of shareholders.

During the Period, there were no changes to the remuneration policies of the members of the Board or senior management of the Company; hence the Remuneration Committee had not held any meetings.

During the Period, the Strategic Committee held one expanded meeting, mainly discussed the Company's direction for transformational development. Each and every member of the Strategic Committee and the other non-executive directors of the Company attended the expanded meeting.

The Board is responsible for developing and reviewing the Company's corporate governance policies and practices, monitoring the Company's compliance with the Code and its disclosure within this report; the Board reviews and monitors the training and continuous professional development of Directors and senior management through the works of human resources department, and review and monitor the Company's policies and practices on compliance with legal and regulatory requirements through the works of legal and internal audit department.

During the Period, the Directors have all confirmed their responsibility for preparing the accounts, and that there were no events or conditions which would have a material impact on the Company's ability to continue to operate as a going concern basis.

AUDITORS' REMUNERATION

During the Period, the Company had paid HK$4.18 million (approximately Rmb3.30 million equivalent) and Rmb1.12 million to Deloitte Touche Tohmatsu Certified Accountants (the Hong Kong auditors) and Pan-China Certified Public Accountants Ltd. (the PRC auditors), respectively, for audit services conducted in 2013. The auditors did not provide non-audit services to the Company.

SECRETARY TO THE BOARD

During the Period, the Secretary to the Board had complied with Rule 3.29 of the Listing Rules regarding undergoing relevant professional trainings.

DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2014, none of the Directors, Supervisors and General Manager had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2014, the interests and short positions of other persons in the shares and underlying shares of the Company according to the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange are set out below:

Substantial shareholders	Capacity	Total interests in number of ordinary shares of the Company	Percentage of the issued share capital of the Company (domestic shares)
Communications Group	Beneficial owner	2,909,260,000	100%

Substantial shareholders	Capacity	Total interests in number of ordinary shares of the Company	Percentage of the issued share capital Of the Company (H Shares)
JP Morgan Chase & Co	Beneficial owner, investment manager and custodian corporation/ approved lending agent	185,970,909(L) 115,033,408(P)	12.96%(L) 8.02%(P)
BlackRock, Inc.	Interest of controlled corporations	160,340,581(L)	11.18%(L)

The letter "L" denotes a long position. The letter "P" denotes interest in a lending pool.

Save as disclosed above, as at December 31, 2014, no other persons had any interests or short positions in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange.

SHAREHOLDERS' RIGHTS

Pursuant to the Articles of Association of the Company, two or more Shareholders who in aggregate hold 10% or more of the voting rights of all the shares of the Company having the right to vote may write to the Board to request the convening of an extraordinary general meeting and specifying the agenda of the meeting. Upon receipt of the request in writing, the Board shall convene the extraordinary general meeting as soon as possible. Shareholders who hold in aggregate 5% or more of the voting rights of all the shares of the Company having the right to vote are entitled to propose additional motions in annual general meeting, provided that such motions are served on the Company within 30 days after the issue of the notice of annual general meeting.

Written requests, proposals and enquiries may be sent to the Company through contact details listed on page 168 of this report.

INVESTOR RELATIONS

The Board is committed to ensuring that all shareholders and the investment community have equal and timely access to information about the Company so as to enable their accurate assessment of the Company's fair value. Such information is available through channels including financial reports, shareholder meetings, statutory announcements, the Hong Kong Stock Exchange website (www.hkexnews.hk) and the Company's own website (www.zjec.com.cn).

Activities such as investor and analyst briefings, one-on-one meetings, conference calls, roadshows, and press conferences are held regularly by senior management of the Company, particularly after results announcements.

Great importance is also attached to maintaining clear and effective communications channels with investors as part of the Company's bid to enhance its transparency and to promote the understanding of its business in the investment community. Any parties who wish to learn more about the Company may do so via the contact details listed below:

Mr. Tony Hui ZHENG
Company Secretary
12/F, Block A, Dragon Century Plaza
1 Hangda Road Hangzhou, Zhejiang 310007
China
Tel: 86-571-87987700
Fax: 86-571-87950329
E-mail: zhenghui@zjec.com.cn

During the Period, the last shareholders' meeting of the Company took place at 10:00 a.m. on Monday, December 29, 2014 at the headquarters of the Company. Details of this extraordinary general meeting of the shareholders were set out in the announcement dated December 29, 2014 on resolutions passed at the extraordinary general meeting of the shareholders.

The Date of the next annual general meeting of the Company and resolutions for review will be specified in notice of annual general meeting when it is published.

The Company has an issued share capital of 4,343,114,500 shares comprised of domestic shares and H shares. The domestic shares are held by Zhejiang Communications Investment Group Co., Ltd. as to 2,909,260,000 shares, representing approximately 67% of the total issued capital of the Company. The remaining 1,433,854,500 shares are H shares, representing approximately 33% of the total issued capital of the Company. As at the date of this report, and to the best of the Directors' knowledge, 100% of the H shares of the Company are held by the public.

There were no changes made to the articles of association of the Company during the Period.

INTERNAL CONTROLS

The Company has set up an internal monitoring system that aims to protect assets, preserve accounting and financial information, as well as to ensure the accuracy of financial statements, including the establishment of departments and units, setting out responsibilities, execution of management systems and quality control mechanisms. The system is capable of taking necessary steps to react to possible changes in our businesses as well as external operating environments. Throughout the operating process, the Company's various internal control measures are being continuously enhanced, fulfilled and are deemed effective.

The Company's Audit Committee is charged with the duties of reviewing internal controls, directing monitoring activities. Aside from reviewing the annual reporting by external auditors, the committee also reviews the effectiveness of internal control system and risk management mechanism through reviewing the internal special audit report on the Company's various core businesses prepared by internal audit department on a regular basis. During the year, the Audit Committee focused on the management of the Company's financial budget, the cost accounting about the Company's maintenance as well as risk control mechanism relating to information technology of Zheshang Securities. The internal audit department carried out specific audit into these compliance issues and monitored relevant rectifications, ensuring the effectiveness of the Company's management systems.

During the Period, the Directors of the Company had carried out are view on the effectiveness of the Company's internal control system, covering all material aspects of internal control, including financial control, operational control, compliance control and risk management functions. There were no major breaches in the internal control system that may have had an impact to Shareholders' interests, and the internal control system was deemed to be effective and sufficient.

MANAGEMENT FUNCTIONS

The management functions of the Board and the management are expressly stipulated in the articles of association of the Company. Pursuant to the articles of association of the Company, the management of the Company is assigned the functions to be in charge of the production and business operation of the Company and to organize the implementation of there solutions of the board of directors, to organize the implementation of the annual business plan and investment program of the Company, to prepare plans for the establishment of the internal management structure of the Company, to prepare the basic management systems of the Company, and to formulate basic rules and regulations of the Company, etc.

Directors, Supervisors and Senior Management Profiles

DIRECTORS

Executive Directors

Mr. ZHAN Xiaozhang, born in 1964, is a senior economist. Mr. Zhan holds a bachelor's degree in law. He further obtained a master's degree in public administration from the Business Institute of Zhejiang University in 2005. He has been appointed as the Chairman of the Company since June 2012.

From 1985 to 1991, Mr. Zhan worked as an officer at Transport Administrative Division under Waterway Transport Authority of Zhejiang Provincial Bureau of Construction. From 1991 to 1998, he served as Deputy Secretary and Secretary of the Communist Youth League Commission at Zhejiang Provincial Bureau of Communications. From 1998 to 2002, he was Deputy Director of Waterway Transport Authority under Zhejiang Provincial Bureau of Communications. From 2002 to 2003, he was Deputy Director of Human Resources Department at Zhejiang Provincial Bureau of Communications. From 2003 to 2006, Mr. Zhan was Chairman of Zhejiang Wenzhou Yongtaiwen Expressway Co., Ltd. From 2006 to 2008, he became Chairman of Zhejiang Jinji Property Co., Ltd. Mr. Zhan has been Assistant to General Manager and Manager of Research and Development Department at Zhejiang Communications Investment Group Co., Ltd from 2006 to 2009.

He served as an Executive Director and the General Manager of the Company from March 2009 to June 2012. Mr. ZHAN currently also serves as Deputy General Manager of Zhejiang Communications Investment Group Co., Ltd.

Ms. LUO Jianhu, born in 1971, graduated from the Department of Law at Hangzhou University with a bachelor's degree in law, majoring in Economic Law. She is a lawyer and senior economist. Ms. Luo has been appointed as an Executive Director and the General Manager of the Company since June 2012.

Since she started her career in August 1994, Ms. Luo had held such positions as the board secretary of Zhejiang Transportation Engineering Construction Group Co., Ltd., the Deputy Director, Director of the Legal Affairs Department, the Deputy Director, Director of the Secretarial Office to the Board, Board Secretary and the Manager of the Investment and Development Department of Zhejiang Communications Investment Group Co., Ltd.

Mr. DING Huikang, born in 1955, is a professor-level Senior Engineer, an Executive Director, Deputy General Manager of the Company and Chairman of Maintenance Co. Mr. Ding graduated from Zhejiang Institute of Communications majoring in Road and Bridge Engineering and Changsha Institute of Communications, majoring in Economic Law. From 1980 to 1997, Mr. Ding successively held the positions of technician, assistant engineer, engineer, assistant team leader and team leader at No.1 Road Engineering Team of Zhejiang Province. From 1997 to 2000, he served as General Manager and senior engineer of No.1 Transportation Engineering Co., Ltd. of Zhejiang Transportation Engineering Construction Group. From 2000 to 2004, he was head of the management committee of Zhejiang Ningbo Yongtaiwen Expressway Second Phase Project. He has been Chairman of Zhejiang Ningbo Yongtaiwen Expressway Co., Ltd. and Zhejiang Zhoushan Cross-Sea Bridge Co., Ltd. since 2004 and 2006 respectively. He has been serving as Executive Director and Deputy General Manager since August 2010.

Non-Executive Directors

Mr. WANG Dongjie, born in 1977, graduated from Southeast University majoring in Highway and Railway Engineering with a master's degree in engineering. He is a Senior Engineer.

Since he started his career in March 2002, Mr. Wang had served as an Engineer of the Executive Commission of Hangzhou Ring Road North Line Project, the Deputy Executive Chief of the Executive Commission for the interflow renovation of Hangzhou airport road, the Engineering Division Chief of Management Office of Chun'an section of Hangqian Expressway and the Director and Deputy General Manager of Hangzhou Transportation Road and Bridge Construction Company.

He joined Zhejiang Communications Investment Group Co., Ltd. in January 2007 and is currently the President of the Investment and Development Department.

Directors, Supervisors and Senior Management Profiles

Mr. DAI Benmeng, born in 1965, graduated from the Party School of the Zhejiang Committee of the Communist Party of China (浙江省委黨校) with a bachelor's degree specialising in economics and management and is a Senior Economist. He began working in February 1987 and has been a director and the Deputy General Manager of Wenzhou Shipping Co., Ltd. (溫州海運有限公司), a Director and the General Manager of Zhejiang Wenzhou Yongtaiwen Expressway Co., Ltd. (浙江溫州甬台溫高速公路有限公司), a Director and the General Manager of Zhejiang Jinji Property Co., Ltd. (浙江金基置業有限公司), the person in charge of Zhejiang Province North Zhejiang Expressway Management Co., Ltd. (浙江浙北高速公路管理有限公司), the Chairman of Zhejiang ShenSuZheWan Expressway Co., Ltd. (浙江申蘇浙皖高速公路有限公司), and the General Manager of the Shanghai-Jiaxing-Huzhou-Hangzhou branch of the Communications Group (交通集團申嘉湖杭分公司). Mr. Dai is currently the Manager of the Human Resources Department of the Communications Group.

Mr. ZHOU Jianping, born in 1957, graduated from Xi'an Highway College (西安公路學院) with a bachelor's degree specialising in vehicular transport and is a Senior Engineer at professor level. He began working in September 1975 and has been the Deputy Supervisor of the Business Management Office, Supervisor of the office, Assistant of the General Manager, and Deputy General Manager of Zhejiang Province Vehicular Transport General Company (浙江省汽車運輸總公司), the Deputy Head of Quzhou Municipal Communications Bureau, Zhejiang Province, the manager of the Asset Management Department of the Communications Group, and the person in charge of the Hangjinqu Branch of the Communications Group (交通集團杭金衢分公司). Mr. Zhou is currently the Deputy Chief Economist and the Manager of the Operations Department of the Communications Group.

Directors, Supervisors and Senior Management Profiles

Independent Non-Executive Directors

Mr. ZHOU Jun, born in 1969, is the Executive Director and Vice President of Shanghai Industrial Investment (Holdings) Co. Ltd. ("SIIC"). Mr. Zhou graduated from Nanjing University and Fudan University with a bachelor's degree and a master's degree. He also serves as the Chairman of S.I. Infrastructure Holdings Ltd. and eight other companies, the Chairman of Asia Water Technology Ltd. in Singapore (SGX: 5GB), Executive Director and Deputy CEO of Shanghai Industrial Holdings Ltd. (HK: 0363), Executive Director of Shanghai Industrial Urban Development Group Ltd. (HK: 0563). He worked for Guotai Securities Co., Ltd. (now Guotai Junan Securities Co). Before joining SIIC in April 1996, the management positions he had held within the SIIC group of companies were Deputy General Manager of SIIC Real Estate Holdings (Shanghai) Co., Ltd., Deputy General Manager of Shanghai United Holdings Co., Ltd. (SH: 600607), Managing Director of Shanghai Cyber Galaxy Investment Co., Ltd. and General Manager of the Strategic Investment Department of SIIC. Mr. Zhou has about 20 years' professional experience in general management, financial investment, real estate and project planning.

Mr. PEI Ker-Wei, born in 1957, is a Professor of Accountancy and Executive Dean for China Region at W. P. Carey School of Business, Arizona State University. Mr. Pei received his Ph.D. degree in Accounting from University of North Texas in 1986.

He is currently the director of W.P. Carey EMBA programs in China. He served as the chairman of the Globalization Committee of the American Accounting Association in 1997 and as the president of the Chinese Accounting Professors Association-North America in 1993 to 1994.

Mr. Pei currently serves as an External Director of Baosteel Group and Independent Director of Want Want China Holdings (00151.hk) and Zhong An Real Estate (00672. hk).

Ms. LEE Wai Tsang, Rosa, born in 1977, is the chairman and an executive director of Grand Investment International Ltd. (a company listed on the Main Board of the Stock Exchange, Stock Code: 1160) and oversees its day-to-day investment, operation and administration. Ms. Lee holds a bachelor degree from the University of Southern California, a Master of Science in Finance from Boston College and a MBA from the University of Chicago. Ms. Lee is a licensed person for the regulated activities of dealing and advising in securities and asset management under the SFO. Ms. Lee is a director of Grand Finance Group Company Ltd. and several of its subsidiaries, Tianjin Yishang Friendship Holdings Co., Ltd. and MBP Software Group Holdings Ltd. Ms. Lee has extensive experience in management, investment, securities and auditing.

Directors, Supervisors and Senior Management Profiles

SUPERVISORS

Representing Shareholders

Mr. FU Zhexiang, born in 1958, graduated from Correspondence College of the Party Central School majoring in Economics with a bachelor's degree. He is a Senior Accountant with professional certification.

Since he started his career in December 1976, Mr. Fu had served as the Deputy chief of the Fee Collection Division of Highway Inspection and Collection Bureau of Zhejiang Province and the Deputy Chief Accountant of Zhejiang Xin Gan Xian Express Passenger Transportation Co., Ltd. Since he joined Zhejiang Communications Investment Group Co., Ltd. in February 2002, he had successively held the positions of the Assistant to Manager of the Financial Audit Department, the Deputy Manager and manager of the Financial Management Department, and the Deputy Manager of the Internal Audit Department.

He is currently the Deputy Chief Economist of Zhejiang Communications Investment Group Co., Ltd. and Chairman of Zhejiang Communications Investment Group Finance Co., Ltd.

Independent Supervisors

Mr. WU Yongmin, born in 1963, is an Assistant Professor. Mr. Wu graduated from China University of Political Science and Law with a master's degree.

He was the Deputy Dean of the Department of Law at Hangzhou University, Deputy Dean of the Department of Law at Zhejiang University's Law School, and Director of Zheda Law Firm. Mr. Wu studied at the Christian-Albrechts-Universitat zu Kiel in 1996 as a visiting scholar. He is currently the Dean of the Department of Law at the Law School of Zhejiang University, a Supervisor for master's degree candidates in Business Law, a member of China Business Law Research Council, Deputy Director of Zhejiang Tax Law Research Council, an Arbitrator of Hangzhou Arbitration Committee, and a Lawyer at Zhejiang Zeda Law Firm.

Mr. ZHANG Guohua, born in 1963, obtained a doctorate degree in human resources management. He is a Senior Economist and the Vice President of China Everbright Bank, Hangzhou Branch (official chairman-level). Mr. Zhang graduated from Hangzhou University in 1985 with a bachelor's degree in education and then received a master's degree in educational psychology in 1988. In 2000, he was granted the Graduate Certificate of Completion in finance by the School of Economics of Zhejiang University, and then obtained the doctorate degree in psychology from the College of Science of Zhejiang University in 2007.

Since 1988, Mr. Zhang had successively worked in the headquarters of Industrial and Commercial Bank of China, Hangzhou Institute of Financial Managers, Hangzhou Financial Urban Credit Cooperative and China Everbright Bank, Hangzhou Branch and Wuxi Branch, and Ping An Bank, Hangzhou Branch. He had held the positions of Deputy Director of the Office, Supervisor of the Credit Union, Vice President and President, respectively.

Since July 10, 2008, he has served as an Independent Director of Zheshang Securities.

Directors, Supervisors and Senior Management Profiles

Supervisor Representing Employees

Ms. ZHANG Xiuhua, born in 1969, is a Senior Economist, the Supervisor representing employees of the Company. Ms. Zhang graduated from Chongqing Jiaotong University majoring in transportation management with a bachelor's degree in science, and obtained a master's degree in business administration from Zhejiang University in 2006.

From July 1991 to February 1997, she worked in the Operation Division of the Zhejiang Provincial Expressway Executive Commission. She joined the Company since March 1997, and had served as Assistant manager, Deputy Manager and Manager of the Operation Department.

Ms. Zhang currently serves as the Deputy General Manager. She is also General Manager of Shengxin Co, the Director of Yuhang Co, Jiaxing Co, and Petroleum Co.

Labour Union Chairman

Mr. ZHAN Huagang, born in 1961, is the party committee member and labour union chairman of the Company. He is a professor-level Senior Engineer. Mr. Zhan graduated from Zhejiang University with a bachelor's degree in internal combustion engine from the department of thermophysical engineering.

From July 1982 to June 1991, he worked at Zhejiang Province Vehicular Transport Company (浙江省汽車運輸公司), Zhejiang Office of Motor Vehicles (浙江省車輛監理所) and Zhejiang Highway Management Bureau (浙江省公路管理局). From June 1991 to January 1996, he worked at Zhejiang Road and Bridge Engineering Office (浙江省路橋工程處). From January 1996 to March 1997, he worked at the Operation Division and Maintenance Division of the Zhejiang Provincial Expressway Executive Commission as senior engineer.

Since March 1997, he has been working at Zhejiang Expressway Co., Ltd. as Deputy Manager and Manager of the Operations Management Department, Manager of the Investment Development Division, Manager of the Equipment Management Department, Manager of the Engineering Management Department and Head of the Maintenance Management Office. He is concurrently the Deputy General Manager of Zhejiang Expressway Investment Development Co., Ltd. and Chairman and General Manager of Zhejiang Expressway Advertising Co., Ltd.

OTHER MEMBERS OF SENIOR MANAGEMENT

Mr. CHENG Tao, born in 1964, is the party committee secretary of the Company. Mr. Cheng graduated from Changsha University of Science & Technology with a bachelor's degree in transportation engineering. He is a Senior Administration Engineer and Senior Economist.

Mr. Cheng began his career in September 1983 and held the positions of Secretary of CYL Committee at Zhejiang Shipping and Technical School (浙江省航運技工學校); Secretary of CYL Committee at Zhejiang Road and Bridge Engineering Office (浙江省路橋工程處); Secretary of Party General branch at No.3 Company of Zhejiang Provincial Transportation Engineering & Construction Group Co., Ltd. (浙江省交通工程建設集團三公司); Party Committee Deputy Secretary of Zhejiang Provincial Transportation Engineering & Construction Group Co., Ltd.; Vice Chairman, Party Committee Secretary and Chairman of Zhejiang Provincial Transportation Engineering & Construction Group Co., Ltd.

Mr. ZHANG Jingzhong, born in 1963, is a Senior Lawyer, the Deputy General Manager of the Company. Mr. Zhang graduated from Zhejiang University (previously known as Hangzhou University) in July 1984 with a bachelor's degree in law.

In 1984, he joined the Zhejiang Provincial Political Science and Law Policy Research Unit. From 1988 to 1994, he was Associate Director of Hangzhou Municipal Foreign Economic Law Firm. In 1992, he obtained the qualifications required by the regulatory authorities in China to practice securities law. In January 1994, Mr. Zhang became a Senior Partner at T&C Law Firm in Hangzhou.

Mr. Zhang has been an Executive Director and Company Secretary of the Company since March 1997, and was appointed Deputy General Manager in March 2002. He has been re-appointed as Company Secretary since March 2003 and Deputy General Manager since March 2006. Mr. Zhang also serves as Director at Shangsan Co.

Directors, Supervisors and Senior Management Profiles

Mr. FANG Zhexing, born in 1965, is a Senior Engineer, the Deputy General Manager of the Company. Mr. Fang graduated from Zhejiang University where he received a master's degree in engineering in 1991.

From 1986 to 1988 he was the Assistant Engineer in the Project Management Office of the Electric Power and Water Conservancy Bureau in Taizhou, Zhejiang Province. From 1991 until 1997, he was the Engineer in the Project Management Office of Zhejiang Provincial Expressway Executive Commission, where he participated in the project management of Shanghai-Hangzhou-Ningbo Expressway.

Since March 1997, he has served as the Deputy Manager and the Manager of the Planning and Development Department, the Manager of the Project Development Department, the Director of Quality Management Office, the Director of Internal Audit Department of the Company, the Manager of the Human Resources Department and the Secretary of Disciplinary Committee. Mr. Fang is currently the Chairman of Development Co, Jiaxing Co and Advertising Co.

Mr. WANG Dehua, who was born in 1974, graduated with an undergraduate degree in Accounting from Hangzhou Institute of Electronics Engineering in 1996. He worked in the Foreign Funds Utilization Audit Department of Zhejiang Provincial Audit Office from 1996 to 2003. Mr. Wang worked at the Corporation Division of the Administrative and Finance Department of Liaison Office of the Central Government in the Hong Kong S.A.R. from 2003 to 2011, serving as its Deputy Director upon departure. Mr. Wang studied at School of Economics and Finance of the Faculty of Business and Economics of the University of Hong Kong from 2005 to 2007, and graduated in 2007 with a master's degree in Economics. He worked at Zhejiang Communications Investment Group Co., Ltd. from 2011 to 2014, serving as its Deputy General Manager upon departure. Mr. Wang Dehua has been appointed as the Chief Financial Officer of the Company with effect from March 17, 2014.

Mr. Tony H. ZHENG, born in 1969, is the Deputy General Manager and Company Secretary of the Company. Mr. Zheng graduated from University of California at Berkeley in 1995 with a BS degree in Civil Engineering. He joined the Company in June 1997, and has served as Deputy Director of the Secretarial Office to the Board and Assistant Company Secretary. Mr. Zheng continues to serve as Director of the Secretarial Office to the Board, and Director of Hong Kong Representative Office of the Company.

Report of the Directors

The Directors of the Company hereby present their report and the audited financial statements of the Group for the year ended December 31, 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Group comprise the operation, maintenance and management of high grade roads, development and operation of certain ancillary services, such as advertising and fuel facilities, as well as provision of security broking service and proprietary securities trading.

SEGMENT INFORMATION

During the year, the entire revenue and segment profit of the Group were derived from the People's Republic of China ("PRC"). Accordingly, a further analysis of the revenue and segment profit by geographical area is not presented. An analysis of the Group's revenue and segment profit by principal activities for the year ended December 31, 2014 is set out in note 7 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended December 31, 2014 and the state of financial position at that date are set out in the financial statements on pages 63 to 164 .

An interim dividend of Rmb 0.06 per share (approximately HK$0.08) was paid on November 27, 2014. The Directors have recommended the payment of a final dividend of Rmb0.265 (approximately HK$0.336) per share in respect of the year. The final dividend is subject to shareholders' approval at the 2014 annual general meeting of the Company. This recommendation has been incorporated in the financial statements as an allocation of retained earnings within the capital and reserves section in the consolidated statement of financial position. The dividend payout ratio reached 60.1% during the Period. Further details of the dividends are set out in note 16 to the financial statements.

Report of the Directors

FIVE YEAR SUMMARY FINANCIAL INFORMATION

The following is a summary of the published consolidated results, and of the assets, liabilities and non-controlling interests of the Group prepared on the basis set out in the notes below.

	Year ended December 31,				
	2014	2013	2012	2011	2010
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Results			(Restated)	(Restated)	(Restated)
Revenue	**9,051,123**	7,851,115	6,927,415	6,994,391	6,959,504
Operating costs	**(5,576,211)**	(4,955,609)	(4,574,040)	(4,277,222)	(3,950,456)
Gross profit	**3,474,912**	2,895,506	2,353,375	2,717,169	3,009,048
Security investment gains	**278,252**	99,663	99,783	7,925	126,532
Other income	**250,492**	241,056	291,990	286,595	209,871
Administrative expenses	**(85,533)**	(84,792)	(86,287)	(90,618)	(87,542)
Other expenses	**(103,443)**	(70,061)	(49,778)	(39,457)	(23,689)
Finance costs	**(78,231)**	(95,161)	(139,765)	(171,440)	(207,921)
Share of profit (loss) of associates	**65,020**	21,537	(4,513)	8,934	18,531
Share of loss of a joint venture	**(33,277)**	(36,010)	(3,516)	–	–
Profit before tax	**3,768,192**	2,971,738	2,461,289	2,719,108	3,044,830
Income tax expense	**(917,948)**	(756,761)	(634,669)	(704,705)	(784,714)
Profit for the year	**2,850,244**	2,214,977	1,826,620	2,014,403	2,260,116
Attributable to:					
Owners of the Company	**2,349,052**	1,907,470	1,649,484	1,760,738	1,826,565
Non-controlling interests	**501,192**	307,507	177,136	253,665	433,551
Earnings per share – Basic and diluted	**54.09 cents**	43.92 cents	37.98 cents	40.54 cents	42.06 cents

	As at December 31,				
	2014	2013	2012	2011	2010
Assets and liabilities	**Rmb'000**	Rmb'000	Rmb'000	Rmb'000	Rmb'000
			(Restated)	(Restated)	(Restated)
Total assets	**51,354,744**	32,089,194	31,485,312	31,274,171	35,997,204
Total liabilities	**(30,225,122)**	(12,420,235)	(11,863,631)	(12,027,203)	(17,602,682)
Net assets	**21,129,622**	19,668,959	19,621,681	19,246,968	18,394,522

Notes:

1. The consolidated results of the Group for the four years ended December 31, 2013 have been extracted from the Company's 2013 annual report dated March 17, 2014, while those for the year ended December 31, 2014 were prepared based on the consolidated statement of profit or loss and other comprehensive income as set out on page 63 of the financial report.

2. The 2014 earnings per share is based on the profit attributable to owners of the Company for the year ended December 31, 2014 of Rmb 2,349,052,000 (2013: Rmb1,907,470,000) and the 4,343,114,500 (2013: 4,343,114,500) Ordinary shares in issue during the year.

3. Differences in Financial Statements prepared under PRC GAAP and HKFRSs

	Profit for the year ended December 31,		Net assets as at December 31,	
	2014	2013	**2014**	2013
	Rmb'000	Rmb'000	**Rmb'000**	Rmb'000
As reported in the statutory financial statements of the Group prepared in accordance with PRC GAAP	**2,859,438**	2,223,778	**21,395,060**	19,926,115
HK GAAP adjustments:				
(a) Goodwill	**–**	–	**(199,769)**	(199,769)
(b) Amortization provided, net of deferred tax	**(1,952)**	(1,952)	**(165,108)**	(163,156)
(c) Assessment on impact of appreciation, net of deferred tax	**(3,656)**	(3,659)	**56,449**	60,105
(d) Others	**(399)**	–	**7,110**	6,597
(e) Non-controlling interests	**(3,187)**	(3,190)	**35,880**	39,067
As restated in the financial statements	**2,850,244**	2,214,977	**21,129,622**	19,668,959

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the five largest customers and suppliers of the Group accounted for less than 30% of the total turnover and purchases, respectively.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

Report of the Directors

RELATED PARTY TRANSACTIONS

During the year, details of the related party transactions that the Company has entered into with its subsidiary and fellow subsidiary are set out in related notes to the financial statements. The deposit services provided by Zhejiang Communications Finance constitute non-exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules. Please refer to the section headed “Continuing Connected Transactions” below for further details about such connected transactions. The Company has complied with the disclosure requirements in respect of such connected transactions in accordance with Chapter 14A of the Listing Rules.

DONATION

During the year, the total amount of donation made by the group is Rmb1,068,000 for charitable or other purposes

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 18 to the financial statements.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at December 31, 2014 are set out in note 47 to the financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 66 to the financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2014, before the proposed final dividend, the Company’s reserves available for distribution by way of cash or in kind, as determined based on the lower of the amount determined under PRC accounting standards and the amount determined under HK GAAP, amounted to Rmb2,303,383,000. In addition, in accordance with the Company Law of the PRC, the amount of approximately Rmb3,645,726,000 standing to the credit of the Company’s share premium account as prepared in accordance with the PRC accounting standards was available for distribution by way of capitalization issues.

TRUST DEPOSITS

As at December 31, 2014, other than the deposits placed with a non-bank financial institution of Rmb556,751,000, the Group’s deposits have been placed with commercial banks in the PRC and the Group has not encountered any difficulty in the withdrawal of funds.

Report of the Directors

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

DIRECTORS

The Directors of the Company during the year and as at the date of this report are:

EXECUTIVE DIRECTORS

Mr. ZHAN Xiaozhang *(Chairman)*
Ms. LUO Jianhu *(General Manager)*
Mr. DING Huikang

NON-EXECUTIVE DIRECTORS

Mr. LI Zongsheng (resigned on December 29, 2014)
Mr. WANG Weili (resigned on December 29, 2014)
Mr. WANG Dongjie
Mr. DAI Benmeng
Mr. ZHOU Jianping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHANG Junsheng (resigned on December 29, 2014)
Mr. ZHOU Jun
Mr. PEI Ker-Wei
Ms. LEE Wai Tsang Rosa

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 42 to 50 in the Company's annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors of the Company has entered into a service agreement with the Company, with effect from June 11, 2012, or the date of appointment to June 30, 2015.

Save as disclosed above, none of the Directors and Supervisors has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As at December 31, 2014 or during the year, none of the Directors or Supervisors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party.

DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE'S RIGHTS TO SUBSCRIBE FOR SHARES OR DEBENTURES

At no time during the year were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director, Supervisor and chief executive or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable any such persons to acquire such rights in any other body corporate.

SHARE CAPITAL

There were no movements in the Company's issued share capital during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights in the Company's Articles of Association or the laws of the PRC which would require the Company to offer new shares on a pro rata basis to existing shareholders.

TAXATION AND TAX RELIEF

According to a Notice issued jointly by PRC Ministry of Finance and State Administration of Taxation regarding individual income tax policies (Caishuizi【1994】No.020), the dividend incomes received by foreign individuals from a foreign-invested enterprise are exempt from individual income tax.

As stipulated by a Notice issued by the PRC State Administration of Taxation in relation to the withholding and payment of enterprise income tax by Chinese resident enterprises for payment of dividend to H shareholders Who are overseas non-resident enterprises (Guoshuihan【2008】No.897), the Company as a Chinese resident enterprises is required to withhold 10% enterprise income tax when it distributes dividends for the year 2008 and thereafter to all non-resident enterprise holders of H shares of the Company (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise holders of H shares) whose names appear on the H share register of members of the Company on the record date.

Under current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Shareholders are taxed or enjoy tax relief in accordance with the aforementioned regulations.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, the Company has maintained sufficient amount of public float as required under the Listing Rules.

AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants Hong Kong, who had served as the Company's Hong Kong auditors since 2005, will retire and a resolution for their re-appointment as Hong Kong auditors of the Company will be proposed at the forthcoming Annual General Meeting of the shareholders.

By Order of the Board
ZHAN Xiaozhang
Chairman

Hangzhou, Zhejiang Province, the PRC
March 18, 2015

Report of the Supervisory Committee

During the Period, the Supervisory Committee duly performed its supervisory responsibilities, and safeguarded the legitimate interests of the shareholders and the Company in accordance with relevant rules and regulations under the Company Law of the PRC, the Company's Articles of Association and the Rules of the Supervisory Committee.

Main tasks undertaken by the Supervisory Committee during the Period were to assess and supervise lawfulness and appropriateness of the activities of the Directors, General Manager and other senior management of the Company in their business decision-making and daily management processes, through a combination of activities including holding meetings of the Supervisory Committee and attending general meetings of shareholders and meetings of the Board. The Supervisory Committee has carefully examined the operating results and the financial standing of the Company, discussed and reviewed the financial statements to be submitted by the Board to the general meeting of shareholders.

During the Period, the Supervisory Committee held two meetings of its own, and attended four meetings held by the Board and three general meetings of shareholders. The Supervisory Committee observes that during the Period, the Company took a series of steps to deepen reform and completed tasks planned by the Company at beginning of year 2014 aiming to enhance efficiency, improve performances, and accelerate sustainable development with reform and innovation as the main instrument. A series of key areas of work achieved satisfactory progress, including enhancement in the operation of toll roads, acceleration in transformational development, the effective implementation of reform measures involving maintenance organization, human resources, and improvement in management efficiency. The Company achieved its best business performance since 2008 in 2014

The Supervisory Committee has reviewed the financial statements of the Company for 2014 prepared by the Board for submission to the general meeting of shareholders, and concluded that the financial statements accurately reflected the financial position of the Company in 2014, and complied with the relevant laws, regulations and the Company's Articles of Association. The Company maintained a relatively high dividend payout ratio in recent years, providing satisfactory return to its shareholders.

During the Period, the members of the Board, General Manager and other senior management of the Company have complied with their fiduciary duties and have acted in good faith and diligently while carrying out their responsibilities. There was no incident of abuse of power or infringement of the interests of shareholders or employees.

The Supervisory Committee is satisfied with the performances across various lines of business achieved by the Board and the management of the Company.

By the order of the Supervisory Committee
FU Zhexiang
Chairman of the Supervisory Committee

Hangzhou, Zhejiang Province, the PRC March 17, 2015

Continuing Connected Transactions

During the year ended 31 December, 2014, the Company had the following non-exempt continuing connected transactions.

Deposit services with Zhejiang Communications Finance

Pursuant to a financial services agreement (the "Financial Services Agreement") dated July 18, 2013 entered into between the Company and Zhejiang Communications Finance, Zhejiang Communications Finance agreed to provide the Company with a range of financial services including certain deposit services (the "Deposit Services") for a term of three years from the date of the Financial Services Agreement subject to the terms and conditions provided therein. And on March 28, 2014, the Company and Zhejiang Communications Finance entered into a supplemental agreement (the "Supplemental Agreement") to supplement the Financial Services Agreement with retrospective effect from July 18, 2013, so as to make clear that the definition of "the Company" used in the Financial Services Agreement as the proposed recipient of the financial services under the agreement, was intended to refer to the Group. As the Company, Communications Group (a substantial shareholder of the Company), Zhejiang Ningbo Yongtaiwen Expressway Co., Ltd (浙江寧波甬台溫高速公路有限公司) and Zhejiang Taizhou Yongtaiwen Expressway Co., Ltd (浙江台州甬台溫高速公路有限公司) beneficially own 35%, 40%, 15.625% and 9.375% of the issued share capital of Zhejiang Communications Finance, respectively, Zhejiang Communications Finance is a connected person of the Company and as a result, the Deposit Services constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Under the Financial Services Agreement (as supplemented by the Supplemental Agreement),Zhejiang Communications Finance may provide Deposit Services including current deposit, time deposit, call depositor agreement deposit services to the Group. The Deposit Services will be provided under the Financial Services Agreement on a non-exclusive basis and the Group is entitled to determine whether to accept the Deposit Services provided by Zhejiang Communications Finance or decide to accept deposit services provided by other financial institutions. The Group is not obliged to accept any Deposit Services provided by Zhejiang Communications Finance under the Financial Services Agreement (as supplemented by the Supplemental Agreement).

The interest rate to be paid by Zhejiang Communications Finance for the Group's deposits with Zhejiang Communications Finance shall be determined based on the prevailing deposit interest rate promulgated by the People's Bank of China for the same period and should not be lower than the deposit interest rates offered by major commercial banks in the PRC for comparable deposits of comparable periods.

The maximum amount of the daily deposit balance (including any interest accrued thereon) for the Group's deposits with Zhejiang Communications Finance shall not be more than Rmb700,000,000 during the term of the Financial Services Agreement.

Continuing Connected Transactions

During the year under review, the maximum amount of the daily deposit balance (including any interest accrued thereon) for the Group's deposits with Zhejiang Communications Finance under the Financial Services Agreement (as supplemented by the Supplemental Agreement) was Rmb627,870,000.

The independent non-executive Directors have reviewed the continuing connected transactions described above and confirmed that the continuing connected transactions have been entered into:

(a) In the ordinary and usual course of business of the Company;

(b) On normal commercial terms or on terms no less favorable to the Company than terms available to or from independent third parties; and

(c) In accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements HKSAE3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in accordance with the Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided to the Hong Kong Stock Exchange.

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF ZHEJIANG EXPRESSWAY CO., LTD.
浙江滬杭甬高速公路股份有限公司
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Zhejiang Expressway Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 63 to 164, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at December 31, 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 March, 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2014

	NOTES	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Revenue	7	**9,051,123**	7,851,115
Operating costs		**(5,576,211)**	(4,955,609)
Gross profit		**3,474,912**	2,895,506
Securities investment gains	8	**278,252**	99,663
Other income	9	**250,492**	241,056
Administrative expenses		**(85,533)**	(84,792)
Other expenses		**(103,443)**	(70,061)
Share of profit of associates		**65,020**	21,537
Share of loss of a joint venture		**(33,277)**	(36,010)
Finance costs	10	**(78,231)**	(95,161)
Profit before tax	11	**3,768,192**	2,971,738
Income tax expense	12	**(917,948)**	(756,761)
Profit for the year		**2,850,244**	2,214,977
Other comprehensive income	13		
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
– Fair value gain during the year		**68,301**	4,865
– Reclassification adjustments for cumulative gain included in profit or loss upon disposal		**–**	(1,381)
Income tax relating to components of other comprehensive income		**(17,075)**	(871)
Other comprehensive income for the year (net of tax)		**51,226**	2,613
Total comprehensive income for the year		**2,901,470**	2,217,590
Profit for the year attributable to:			
Owners of the Company		**2,349,052**	1,907,470
Non-controlling interests		**501,192**	307,507
		2,850,244	2,214,977
Total comprehensive income attributable to:			
Owners of the Company		**2,375,654**	1,909,017
Non-controlling interests		**525,816**	308,573
		2,901,470	2,217,590
EARNINGS PER SHARE – Basic and diluted	17	**Rmb54.09 cents**	Rmb43.92 cents

Consolidated Statement of Financial Position

At December 31, 2014

	NOTES	12/31/2014 Rmb'000	12/31/2013 Rmb'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	2,987,465	1,762,042
Prepaid lease payments	19	66,001	68,156
Expressway operating rights	20	11,112,507	11,911,133
Goodwill	21	86,867	86,867
Other intangible assets	22	155,590	154,564
Interests in associates	24	627,866	574,733
Interest in a joint venture	25	300,667	333,944
Available-for-sale investments	26	221,232	143,514
Other receivables	29	50,828	401,400
		15,609,023	15,436,353
CURRENT ASSETS			
Inventories		170,654	73,576
Trade receivables	27	135,609	101,428
Loans to customers arising from margin financing business	28	8,545,913	2,946,911
Other receivables and prepayments	29	832,238	451,968
Prepaid lease payments	19	2,155	2,155
Available-for-sale investments	26	570,021	281,924
Held for trading investments	30	2,124,740	1,181,025
Financial assets held under resale agreements	31	2,724,598	874,254
Bank balances held on behalf of customers	32	16,576,751	8,228,160
Bank balances and cash			
– Time deposits with original maturity over three months	33	761,320	704,459
– Cash and cash equivalents	33	3,301,722	1,806,981
		35,745,721	16,652,841

	NOTES	12/31/2014 Rmb'000	12/31/2013 Rmb'000
CURRENT LIABILITIES			
Placements from other financial institutions	34	**1,940,000**	310,000
Accounts payable to customers arising from securities business	35	**16,545,146**	8,167,103
Trade payables	36	**693,604**	421,994
Tax liabilities		**463,648**	331,611
Other taxes payable		**67,642**	53,417
Other payables and accruals	37	**1,561,274**	995,496
Dividends payable		**76,139**	94,976
Bank and other borrowings	38	**150,000**	540,000
Short-term financing note payable	39	**883,570**	1,000,000
Financial assets sold under repurchase agreements	40	**6,299,057**	–
		28,680,080	11,914,597
NET CURRENT ASSETS		**7,065,641**	4,738,244
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,674,664**	20,174,597
NON-CURRENT LIABILITIES			
Bank and other borrowings	38	**200,000**	300,000
Bonds payable	41	**1,200,000**	–
Deferred tax liabilities	42	**145,042**	205,638
		1,545,042	505,638
		21,129,622	19,668,959
CAPITAL AND RESERVES			
Share capital	43	**4,343,115**	4,343,115
Reserves		**12,658,711**	11,629,423
Equity attributable to owners of the Company		**17,001,826**	15,972,538
Non-controlling interests	44	**4,127,796**	3,696,421
		21,129,622	19,668,959

The consolidated financial statements on pages 63 to 164 were approved and authorised for issue by the board of directors on 18 March, 2015 and are signed on its behalf by:

ZHAN Xiaozhang
DIRECTOR

LUO Jianhu
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 2014

	Attributable to owners of the Company										
	Share capital Rmb'000	Share premium Rmb'000	Statutory reserve Rmb'000 (Note i)	Capital reserve Rmb'000	Investment revaluation reserve Rmb'000	Dividend reserve Rmb'000	Special reserves Rmb'000 (Note ii)	Retained profits Rmb'000	Total Rmb'000	Non-controlling interests Rmb'000	Total Rmb'000
At January 1, 2013	4,343,115	3,645,726	3,227,511	1,712	254	1,042,347	816,137	2,967,658	16,044,460	3,577,221	19,621,681
Profit for the year	–	–	–	–	–	–	–	1,907,470	1,907,470	307,507	2,214,977
Other comprehensive income for the year	–	–	–	–	1,547	–	–	–	1,547	1,066	2,613
Total comprehensive income – for the year	–	–	–	–	1,547	–	–	1,907,470	1,909,017	308,573	2,217,590
Arising from acquisition of a subsidiary under common control and additional interest in a subsidiary (Note 2)	–	–	–	–	–	–	(678,005)	–	(678,005)	(78,863)	(756,868)
Dividend paid to non-controlling–interests	–	–	–	–	–	–	–	–	–	(110,510)	(110,510)
Interim dividend	–	–	–	–	–	–	–	(260,587)	(260,587)	–	(260,587)
Final dividend	–	–	–	–	–	(1,042,347)	–	–	(1,042,347)	–	(1,042,347)
Proposed final dividend	–	–	–	–	–	1,085,779	–	(1,085,779)	–	–	–
Transfer to reserves	–	–	318,348	–	–	–	–	(318,348)	–	–	–
At December 31, 2013	4,343,115	3,645,726	3,545,859	1,712	1,801	1,085,779	138,132	3,210,414	15,972,538	3,696,421	19,668,959
Profit for the year								2,349,052	2,349,052	501,192	2,850,244
Other comprehensive income for the year	–	–	–	–	26,602	–	–	–	26,602	24,624	51,226
Total comprehensive income for the year	–	–	–	–	26,602	–	–	2,349,052	2,375,654	525,816	2,901,470
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	(1,420)	(1,420)
Dividend paid to non-controlling–interests	–	–	–	–	–	–	–	–	–	(93,021)	(93,021)
Interim dividend	–	–	–	–	–	–	–	(260,587)	(260,587)	–	(260,587)
Final dividend	–	–	–	–	–	(1,085,779)	–	–	(1,085,779)	–	(1,085,779)
Proposed final dividend	–	–	–	–	–	1,150,925	–	(1,150,925)	–	–	–
Transfer to reserves	–	–	361,196	–	–	–	–	(361,196)	–	–	–
At December 31, 2014	4,343,115	3,645,726	3,907,055	1,712	28,403	1,150,925	138,132	3,786,758	17,001,826	4,127,796	21,129,622

Notes:

(i) Statutory reserves comprise:

(a) *Statutory surplus reserve*

In accordance with the Company Law of the People's Republic of China (the "PRC") and the respective articles of association of the Company and its subsidiaries (collectively the "Entities"), the Entities are required to allocate 10% of the profit after tax, as determined in accordance with the PRC accounting standards and regulations applicable to the Entities, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the respective Entities. Subject to certain restrictions set out in the Company Law of the PRC and the respective articles of association of the Entities, part of the statutory surplus reserve may be converted to increase the respective Entities' capital.

(b) *General risk reserve*

In accordance with the Finance Regulation for Financial Enterprises, securities companies are required to allocate 10% of the profit after tax, as determined in accordance with the PRC accounting standards and regulations, to the general risk reserve. This general risk reserve may be used to cover potential losses on risk exposures.

(c) *Transaction risk reserve*

In accordance with the Securities Law of the PRC, securities companies are required to allocate not less than 10% of the profit after tax, as determined in accordance with the PRC accounting standards and regulations, to the transaction risk reserve. This transaction risk reserve may be used to cover potential losses on securities transactions.

(ii) Special reserves mainly comprise:

(a) Other reserve which was arising from the Group's acquisition of additional interest in a subsidiary and the difference between the carrying value of net assets attributable to the Group acquired and the payment consideration arising from acquisition; and

(b) Merger reserve which was arising from the acquisition of a subsidiary under common control using the merger accounting method. This includes the capital of the combining entity at its existing book values since the first date it was under common control and was reduced by the Group's payment of cash consideration of Rmb655,356,000 to the controlling party and the excess in payment for the acquisition of additional interest to non-controlling interest of its carrying amount by Rmb22,649,000 during the year December 31, 2013. Details of the transaction were set out in Note 46.

Consolidated Statement of Cash Flows

For the year ended December 31, 2014

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Profit before tax	**3,768,192**	2,971,738
Adjustments for:		
Finance costs	**78,231**	95,161
Interest income	**(59,107)**	(95,922)
Share of profit of associates	**(65,020)**	(21,537)
Gain on disposal of an associate	**(29,890)**	–
Gain on deregistration of an associate	**–**	(16)
Share of loss of a joint venture	**33,277**	36,010
Depreciation of property, plant and equipment	**197,815**	190,690
Amortisation of expressway operating rights	**798,626**	811,025
Release of prepaid lease payments	**2,155**	2,164
Amortisation of other intangible assets	**20,293**	18,644
Impairment loss on available-for-sale investments	**6,554**	–
Fair value changes on held for trading investments	**(278,252)**	(98,282)
Gain on disposal of available-for-sale investments	**–**	(1,381)
Loss on disposal of property, plant and equipment	**13,439**	2,149
Loss on write-down of inventories	**830**	–
Allowance for trade receivables	**280**	7
Reversal of allowance for other receivables	**(6)**	(291)
Allowance for advance to customers arising from margin financing business	**10,911**	8,477
Operating cash flows before movements in working capital	**4,498,328**	3,918,636
Increase in inventories	**(97,908)**	(46,158)
Increase in trade receivables	**(34,461)**	(36,988)
Increase in loans to customers arising from margin financing business	**(5,609,913)**	(2,231,265)
Increase in other receivables and prepayments	**(85,533)**	(26,687)
(Increase) decrease in held for trading investments	**(665,463)**	404,029
Increase in financial assets held under resale agreements	**(1,850,344)**	(594,188)
Increase in bank balances held on behalf of customers	**(8,348,591)**	(736,535)
Increase in placements from other financial institutions	**1,630,000**	310,000
Increase in accounts payable to customers arising from securities business	**8,378,043**	685,284
Increase (decrease) in trade payables	**63,931**	(45,035)
Decrease (increase) in other taxes payable	**14,225**	(809)
Increase in other payables and accruals	**430,127**	212,705
Increase in financial assets sold under repurchase agreement	**6,299,057**	–
Cash generated from operations	**4,621,498**	1,812,989
Income taxes paid	**(863,582)**	(713,099)
Interest paid	**(88,366)**	(119,915)
NET CASH FROM OPERATING ACTIVITIES	**3,669,550**	979,975

	NOTES	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
INVESTING ACTIVITIES			
Interest received		**21,908**	138,492
Payment of consideration payable for the acquisition of a joint venture in the prior year		**–**	(189,331)
Investment in an associate		**–**	(280,000)
Proceeds from disposal of an associate		**29,234**	–
Proceeds from deregistration of associates		**–**	388
Refundable deposit received for the disposal an associate		**103,500**	–
Dividends received from an associate		**9,701**	8,987
Proceeds on disposal of property, plant and equipment		**13,627**	4,099
Repayment of entrusted loans from related parties		**50,000**	592,047
Entrusted loans to a related party		**(100,000)**	(450,000)
Purchases of financial products investment		**(89,000)**	(228,294)
Settlement of financial products investment		**240,000**	163,726
Purchases of property, plant and equipment		**(1,218,312)**	(252,408)
Purchases of intangible assets		**(21,319)**	(17,575)
Purchase of available-for-sale investments		**(508,490)**	(290,774)
Proceeds on disposal of available-for-sale investments		**204,422**	138,100
(Increase) decrease in time deposits		**(56,861)**	778,949
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(1,321,590)**	116,406
FINANCING ACTIVITIES			
Payment for the acquisition of a subsidiary under common control and additional interest in a subsidiary	46	**–**	(756,868)
Dividends paid		**(1,346,366)**	(1,302,934)
Dividends paid to non-controlling shareholders		**(111,858)**	(110,532)
Contribution from limited partnership in a subsidiary		**20,000**	–
Distribution made to the non-controlling shareholders for the deregistration of a subsidiary		**(1,420)**	–
New bank borrowings raised		**512,500**	2,010,000
Repayment of bank and other borrowings		**(1,002,500)**	(2,510,000)
Repayment of long-term bonds payable		**–**	(1,000,000)
New issue of long-term bonds payable		**1,200,000**	–
Issue of short-term financing note payable		**4,033,570**	1,000,000
Repayment of short-term financing note payable		**(4,150,000)**	–
Interest paid		**(7,145)**	(11,119)
NET CASH USED IN FINANCING ACTIVITIES		**(853,219)**	(2,681,453)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,494,741**	(1,585,072)
CASH AND CASH EQUIVALENTS AT JANUARY 1		**1,806,981**	3,392,053
CASH AND CASH EQUIVALENTS AT DECEMBER 31	33	**3,301,722**	1,806,981

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

1. CORPORATE INFORMATION

Zhejiang Expressway Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") with limited liability on March 1, 1997. The H shares of the Company ("H Shares") were subsequently listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on May 15, 1997.

All of the H Shares of the Company were admitted to the Official List of the United Kingdom Listing Authority (the "Official List"). Dealings in the H Shares on the London Stock Exchange commenced on May 5, 2000.

On July 18, 2000, with the approval of the Ministry of Foreign Trade and Economic Co-operation of the PRC, the Company changed its business registration into a Sino-foreign joint stock limited company.

On February 14, 2002, the United States Securities and Exchange Commission, following the approval by the Board of Directors and the China Securities Regulatory Commission, declared the registration statement in respect of the American Depositary Shares ("ADSs") evidenced by the American Depositary Receipts ("ADRs") representing the deposited H Shares of the Company effective.

In the opinion of the directors, the immediate and ultimate holding company of the Company is Zhejiang Communications Investment Group Co., Ltd. (the "Communications Group"), a state-owned enterprise established in the PRC.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Renminbi ("Rmb"), which is also the functional currency of the Company.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are involved in the following principal activities:

(a) the operation, maintenance and management of high grade roads;

(b) the development and provision of certain ancillary services such as advertising, and fuel facilities;

(c) the provision of the toll road maintenance service, automobile servicing and others;

(d) the provision of securities broking services, margin financing and securities lending services and proprietary trading.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs applied in the current year

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

Except as disclosed below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no material impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]

1 Effective for annual periods beginning on or after January 1, 2018

2 Effective for first annual HKFRS financial statements beginning on or after January 1, 2016

3 Effective for annual periods beginning on or after January 1, 2017

4 Effective for annual periods beginning on or after July 1, 2014

5 Effective for annual periods beginning on or after January 1, 2016

6 Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 Financial Instruments (Continued)

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in unlisted equity securities currently classified as available-for-sale investments may have to be measured at fair value at the end of subsqeunt reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (Continued)

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, expressway operating rights and other intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have an impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost
- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKAS 27 Equity Method in Separate Financial Statements (Continued)

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Annual Improvements to HKFRSs 2011-2013 Cycle (Continued)

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

a) the property meets the definition of investment property in terms of HKAS 40; and

b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance, which for the year continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangement for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group`s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associates and joint venture is described below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and a joint venture (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture is recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

Toll income from the operation of tolled roads is recognised when the tolls are received or become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income, including advertising income, is recognised when services are provided.

Commission income from securities broking business is recognised on a trade date basis.

Advisory and handling fee income are recognised when the relevant transactions have been provided or the relevant services have been rendered.

Underwriting and sponsors fees are recognised as income in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed.

Asset management fee income is recognised when management services are provided in accordance with the management contracts.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

	Estimated useful life	**Annual depreciation rate**
Leasehold land and buildings	30 – 50 years	1.9% – 3.2%
Ancillary facilities	10 – 30 years	3.2% – 9%
Communication and signaling equipment	5 years	19.4%
Motor vehicles	5 – 8 years	12.1% – 19.4%
Machinery and equipment	5 – 8 years	12.1% – 19.4%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Alternatively, intangible assets with indefinite useful lives are carried at cost less subsequent accumulated impairment losses (see accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible assets are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Expressway operating rights under service concession arrangements

When the Group has a right to charge for usage of concession infrastructure, it recognises concession intangible assets based on fair value of the consideration paid upon initial recognition. Subsequent costs incurred on expressway widening projects and upgrading services are recognised as additional costs of the expressway operating rights. The concession intangible assets representing expressway operating rights are carried at cost less accumulated amortisation and any accumulated impairment losses.

The concession intangible assets are amortised to write-off their cost over their expected useful lives in the remaining concession period on a straight-line basis.

Costs in relation to the day-to-day servicing, repairs and maintenance of the expressway infrastructures are recognised as expenses in the periods in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories include consumables and parts for toll road operation and maintenance and those commodities held for sale arising from the securities business.

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lumpsum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as 'prepaid lease payments' in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates and a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL include financial asset held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the 'securities investment gains' line item. Fair value is determined in the manner described in Note 6(c).

AFS financial assets

AFS financial assets are non-derivatives that are not either designated or classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, loans to customers arising from margin financing business, other receivables, financial assets held under resale agreements, bank balances held on behalf of customers and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment losses on financial assets below).

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an AFS equity investment, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and loans to customers arising from margin financing business, where the carrying amount is reduced through the use of an allowance account.

When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For the loans to customers arising from margin financing business, the Group reviews its advances to customers to assess impairment on a periodic basis. In determining whether an impairment loss should be recognised in profit or loss, the Group reviews the value of the securities collateral received from the customers firstly on individual basis, then on collective basis in determining the impairment. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including accounts payable to customers arising from securities business, trade payables, other payables, dividends payable, bank and other borrowings, placements from other financial institutions, short-term financing note payable, financial assets sold under repurchase agreements and bonds payable) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fee and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Financial assets held under resale agreements

Financial assets held under resale agreements where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements, the cash advanced by the Group is recognised as secured loans and receivables and presented as amounts held under resale agreements in the consolidated statement of financial position. The difference between the purchase and resale consideration is amortised over the period of the respective agreements using the effective interest method and is included in interest income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets sold under repurchase agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date and price are not derecognised in the consolidated statement of financial position. The proceeds from selling such assets are presented under "financial assets sold under repurchase agreements" in the consolidated statement of financial position. The difference between the selling price and repurchasing price is recognised as interest expense during the term of the agreement using the effective interest method.

Securities lending arrangement

The Group lends investment securities to clients and requires cash and/or equity securities from customers held as collaterals under such securities lending agreements. The cash collaterals arisen from these are included in "accounts payable to customers arising from securities business". For those securities held by the Group and lent to client that do not result in the derecognition of financial assets, they are included in AFS investments.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial guarantee contracts (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Note 52 describes that Dongfang Jujin Jiahua is a subsidiary of the Group although it is 31.39% owned by Zheshang Securities Co., Ltd. ("Zheshang Securities").

The directors of the Company assessed whether or not the Group has control over Dongfang Jujin Jiahua based on whether the Group has the practical ability to direct its relevant activities unilaterally. In making their judgement, the directors considered the Dongfang Jujin Jiahua is a limited partnership, while Ningbo Dongfang Jujin Investment Management Advisory Co., Ltd. ("Dongfang Jujin"), a 100% owned subsidiary of Zheshang Securities, is a general partner of Dongfang Jujin Jiahua.

After assessment, the directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Dongfang Jujin Jiahua and therefore the Group has control over Dongfang Jujin Jiahua.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2014, the carrying amount of goodwill is Rmb86,867,000 (without accumulated impairment loss) (2013: Rmb86,867,000 (without accumulated impairment loss)). Details of the impairment testing are disclosed in Note 23.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of intangible assets with indefinite useful lives

Determining whether intangible assets with indefinite useful lives are impaired requires an estimation of the value in use of themselves or the cash-generating unit to which they belong. The value in use calculation requires the Group to estimate the future cash flows expected to arise from themselves or the cash-generating unit to which they belong and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2014, the carrying amounts of intangible assets with indefinite useful lives were Rmb66,563,000 (without accumulated impairment loss) (2013: Rmb66,563,000 (without accumulated impairment loss)). Details of the impairment testing are disclosed in Note 23.

Estimated impairment of interest in a joint venture and associates

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of the Group's interest in a joint venture or associates are lower than their respective recoverable amount. The Group tests for impairment for the interest in a joint venture and associate whenever there is an indication that the asset may be impaired. The recoverable amounts have been determined based on the higher of the fair value less costs of disposal and value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2014, the carrying amount of interest in a joint venture was Rmb300,667,000 (without accumulated impairment loss) (2013: Rmb333,944,000 (without accumulated impairment loss)), and the carrying amount of interest in associates was Rmb627,866,000 (with accumulated impairment loss of Rmb11,979,000) (2013: Rmb574,733,000 (with accumulated impairment loss of Rmb11,979,000)).

Provision for financial guarantee contract

The directors of the Company based on its best estimate of the financial position and credit rating of the guarantee to determine the probability of incurring a claim by the counterparty to the Company to estimate fair value or the respective obligation under the financial guarantee contract. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. As at December 31, 2014 and 2013, in respect of the financial guarantee contract provided to a joint venture of the Group in the amount of Rmb1,076,910,000 and Rmb1,100,000,000, respectively, the directors of the Company considered that the fair value of the financial guarantee obligation was insignificant in both years.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Group has set up a valuation team, which is headed up by the Chief Financial Officer ("CFO") of the Group, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available, Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

The CFO works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The CFO reports the valuation committee's findings to the board of directors of the Group at the end of each reporting period to explain the cause of fluctuations in the fair value of the assets and liabilities.

As at 31 December 2014, the fair value of the held-for-trading investment and available-for-sale investments (excluding those unlisted equity securities investments measured at cost) was estimated at an asset of Rmb2,124,740,000 (2013: Rmb1,181,025,000) and Rmb752,753,000 (2013: Rmb414,438,000), respectively.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	12/31/2014 **Rmb'000**	12/31/2013 Rmb'000
Financial assets		
AFS investments		
– at cost	**38,500**	11,000
– at fair value	**752,753**	414,438
Fair value through profit or loss		
Held for trading investments	**2,124,740**	1,181,025
Loans and receivables (including cash and cash equivalents)	**32,842,737**	15,485,366
Financial liabilities		
Amortised cost	**28,119,793**	10,908,402

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include AFS investments, held for trading investments, trade and other receivables, loans to customers arising from margin financing business, financial assets held under resale agreements, bank balances and cash, bank balances held on behalf of customers, trade and other payables, placements from other financial institutions, accounts payable to customers arising from securities business, bank and other borrowings, dividends payable, short-term financing note payable, financial assets sold under repurchase agreements, bonds payable and financial guarantee. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to loans to customers arising from margin financing business, fixed-rate entrusted loans, financial assets held under resale agreements, fixed-rate time deposits, fixed-rate bank and other borrowings, short-term financing note payable, financial assets sold under repurchase agreements and bonds payable (see Notes 28, 29, 31, 33, 38, 39, 40 and 41 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances held on behalf of customers, bank balances and bank and other borrowings (see Notes 32, 33 and 38 for details).

The Group currently does not have an interest rate risk hedging policy as the management considers the Group is not exposed to significant interest rate risk. The management will continue to monitor interest rate risk exposure and consider hedging against it should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments, comprising variable-rate bank balances, bank balances held on behalf of customers and bank borrowings at the end of the reporting period.

The analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 30 basis points (2013: 30 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Interest rate risk (Continued)

If interest rates had been 30 basis points (2013: 30 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2014 would have increased/decreased by Rmb44,277,000 (2013: Rmb21,679,000). This was mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

(ii) Currency risk

Several subsidiaries of the Company have foreign currency denominated monetary assets and liabilities, which expose the Group to foreign currency risk. The Group is mainly exposed to HKD and USD relative to Rmb.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting date are as follows:

	Assets		Liabilities	
	12/31/2014	12/31/2013	**12/31/2014**	12/31/2013
	Rmb'000	Rmb'000	**Rmb'000**	Rmb'000
Hong Kong dollar ("HKD")	**18,352**	19,395	**12,490**	13,933
United States dollar ("USD")	**71,693**	65,157	**42,862**	36,948

Sensitivity analysis

The Group did not maintain significant assets and liabilities denominated in the currency other than the Group's functional currencies, the impact of the change in foreign exchange rate would not have significant impact to the Group and the sensitivity analysis on the increase and decease of the foreign exchange rate is not presented, accordingly.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group is exposed to equity and debt security price risk in relation to its held for trading and AFS listed investments.

The Group currently does not have a price risk hedging policy and the management will continue to monitor price risk exposure and consider hedging against it should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and debt security price risks at the reporting date.

If the prices of the respective equity and debt instruments had been 5% (2013: 5%) higher/lower,

- post-tax profit for the year ended December 31, 2014 would have increased/decreased by Rmb79,678,000 (2013: Rmb44,288,000) as a result of the changes in fair value of held for trading investments; and

- investment valuation reserve would have increased by Rmb28,228,000 (2013: Rmb15,541,000) for the Group as a result of the changes in fair value of AFS listed investments, or the investment revaluation reserve would decrease by the same amount and the Group would consider any potential impairment effect, if necessary.

Credit risk

As at December 31, 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liability in relation to financial guarantee issued by the Group as disclosed in Note 50.

The Group reviews the recoverable amount of each individual trade debt and entrusted loan receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group has no credit period granted to its trade customers of toll operation businesses. All the Group's trade receivable balance for toll operation business are toll receivables from the government-operated organisation.

The Group also provides clients with margin financing business, and have financial assets held under resale agreements which are secured by clients' securities or deposits held as collateral.

In respect of the margin financing and securities lending business of the Group's securities operation, which was carried out by Zheshang Securities, Zheshang Securities has appointed a group of authorised persons who are charged with the responsibility of determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Each client has a maximum credit limit based on the quality of collateral held and the financial background of the client. In addition, Zheshang Securities reviews the recoverable amount of each individual at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Margin calls are made when the trades of margin clients exceed their respective limits. Any such excess is required to be made good within the next trading day. Failure to meet margin calls will result in the liquidation of the customers' position. Zheshang Securities seeks to maintain strict control over its outstanding receivables. It will also adhere to the Group's policies and procedures to conduct periodic credit assessment and manage any concentration in the following exposures and perform regular reporting to the management:

(i) exposures to a particular client/counterparty or group of related clients/counterparties; and

(ii) exposures to a particular investment product.

The Investment Committee of Zheshang Securities is also responsible to the credit risk arising from its proprietary trading operation, including the investments in available-for-sale investments and held for trading investments. The Investment Committee assesses the financial performance of the issuers to ensure that the issuers can satisfy the repayment of the principal and interest as they fall due. It has set portfolio size limits and single issuer limits to limit Zheshang Securities' exposure to the credit risk. Zheshang Securities also monitors the credit rating and market news of the issuers for any indication of potential credit deterioration.

The credit risk on liquid funds is limited because the counterparties are state-owned banks or banks with high credit ratings assigned by international credit-rating agencies.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

As at December 31, 2014, other than the concentration of credit risk on trade receivables, entrusted loan receivables, financial investment products and financial guarantee contract amounting to Rmb135,609,000 (2013: Rmb101,428,000), Rmb542,739,000 (2013: Rmb455,400,000), Rmb17,000,000 (2013: Rmb168,000,000) and Rmb1,076,910,000 (2013: Rmb1,100,000,000) as disclosed in Notes 27, 29 and 50, respectively, of which these balances were only limited and concentrated to a few counterparties, the Group does not have any other significant concentration of credit risk.

There are also no concentration risks on its margin financing business and financial assets held under resale agreements as at December 31, 2014 and December 31 2013 respectively as the Group has a large number of clients who are dispersed.

The Group's concentration of credit risk by geographical location is mainly in the PRC.

Liquidity risk

Most of the bank balances and cash at December 31, 2014 and 2013 were denominated in Rmb which is not a freely convertible currency in the international market. The exchange rate of Rmb is regulated by the PRC government and the remittance of these Rmb funds out of the PRC is subject to foreign exchange controls imposed by the PRC government.

The Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

Except for the bonds payable which is presented according to the Group's estimate after taking into account the exercise of the early redemption right attached to the bonds payable, the following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and has been drawn up based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

	Weighted average interest rate %	On demand or Less than 3 months Rmb'000	3 months – 1 year Rmb'000	1 – 3 years Rmb'000	3 – 5 years Rmb'000	+5 years Rmb'000	Total undiscounted cash flows Rmb'000	Carrying amount at 31/12/2014 Rmb'000
2014								
Non-derivative financial Liabilities								
Placements from other financial institutions	6.40	1,830,181	154,423	–	–	–	1,984,604	1,940,000
Accounts payable to customers arising from securities business	–	16,545,146	–	–	–	–	16,545,146	16,545,146
Trade payables	–	693,604	–	–	–	–	693,604	693,604
Other payables	–	132,277	–	–	–	–	132,277	132,277
Dividends payable	–	76,139	–	–	–	–	76,139	76,139
Bank and other borrowings								
– variable rate	6.03	104,598	60,893	201,415	–	–	366,906	350,000
Short-term financing note payable	6.14	891,566	–	–	–	–	891,566	883,570
Financial assets sold under repurchase agreements	6.27	6,331,969	–	–	–	–	6,331,969	6,299,057
Bonds payable	6.13	18,400	55,200	1,287,704	–	–	1,361,304	1,200,000
Financial guarantee		1,076,910	–	–	–	–	1,076,910	–
		27,700,790	270,516	1,489,119	–	–	29,460,425	28,119,793
2013								
Non-derivative financial Liabilities								
Placements from other financial institutions	7.02	316,456	–	–	–	–	316,456	310,000
Accounts payable to customers arising from securities business	–	8,167,103	–	–	–	–	8,167,103	8,167,103
Trade payables	–	421,994	–	–	–	–	421,994	421,994
Other payables	–	74,329	–	–	–	–	74,329	74,329
Dividends payable	–	94,976	–	–	–	–	94,976	94,976
Bank and other borrowings								
– fixed rate	5.04	442,618	–	–	–	–	442,618	440,000
– variable rate	6.42	105,653	14,404	315,329	–	–	435,386	400,000
Short-term financing note payable	5.50	1,013,712	–	–	–	–	1,013,712	1,000,000
Financial guarantee	–	1,100,000	–	–	–	–	1,100,000	–
		11,736,841	14,404	315,329	–	–	12,066,574	10,908,402

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of the interest rates determined at the end of the reporting period.

As at December 31, 2014 and 2013, the Group received collaterals in respect of its financial assets, such as financial assets held under resale agreement, held-for-trading investments, loans to customers arising from margin financing business, placements from other financial institutions and financial assets sold under repurchase agreements, etc., which are disclosed in the corresponding notes. The risk exposure associated with these financial assets is significantly reduced by the collaterals received, which enable the Group to recover to the extent of the outstanding receivable balances from the counterparty if a default occurs,.

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value measurements recognised in the statement of financial position that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

Financial Assets	Classified as	Fair value as at 31/12/2014 Rmb'000	Fair value as at 31/12/2013 Rmb'000	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
1) Equity investments listed in exchange	Held for trading investments	Assets – 89,877	Assets – 78,658	Level 1	Quoted bid prices in an active market.	N/A	N/A
2) Equity securities listed on National Equities Exchange and Quotations (inactive due to low transaction volume)	Available-for-sale investments	Assets – 8,761	N/A	Level 2	Derived from recent transaction price	N/A	N/A
3) Listed open-ended equity funds	Held for trading investments	Assets – 97,718	N/A	Level 1	Quoted bid prices in an active market.	N/A	N/A
4) Unlisted Open-ended equity funds	Held for trading investments	N/A	Assets – 5,242	Level 2	Shares of the net assets of the products, determined with reference to the net asset value of the products, calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
5) Fund listed in exchange	Available-for-sale investments	Assets – 35,233	Assets – 44,574	Level 1	Quoted bid prices in an active market.	N/A	N/A
6) Debt investments listed in exchange	Held for trading investments	Assets – 621,813	Assets – 443,810	Level 1	Quoted bid prices in an active market.	N/A	N/A
	Available-for-sale investments	Assets – 122,000	Assets – 127,000				
7) Debt investment in interbank market	Held for trading investments	Assets – 1,315,332	Assets – 653,315	Level 2	Discounted cash flow. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.	N/A	N/A

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

Financial Assets	Classified as	Fair value as at 31/12/2014 Rmb'000	Fair value as at 31/12/2013 Rmb'000	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
8) Investments in structured products	Available-for-sale investments	Assets – 246,053	Assets – 126,948	Level 2	Shares of the net assets of the products, determined with reference to the net asset value of the products, calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
		Assets – 251,191	Assets – 74,402	Level 3	Discounted cash flow. Future cash flows are estimated based on expected applicable yield of the underlying investment portfolio and adjustments of related expenses, discounted at a rate that reflects the credit risk of various counterparties	Actual yield of the underlying investment portfolio and the discount rate	The higher the actual yield, the higher the fair value
9) Investments in trust products	Available-for-sale investments	Assets – 89,515	Assets – 41,514	Level 3	Discounted cash flow. Future cash flows are estimated based on expected applicable yield of the underlying investment portfolio and adjustments of related expenses, discounted at a rate that reflects the credit risk of various counterparties	Actual yield of the underlying investment portfolio and the discount rate	The higher the actual yield, the higher the fair value

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

As at December 31, 2014

	Level 1 Rmb'000	Level 2 Rmb'000	Level 3 Rmb'000	Total Rmb'000
Held for trading investments				
– Equity securities				
a. Manufacturing	14,915	–	–	14,915
b. Financial services	73,395	–	–	73,395
c. Energy and water services	1,543	–	–	1,543
d. Mining	24	–	–	24
	89,877	–	–	89,877
– Open-ended fund	97,718	–	–	97,718
– Bonds	621,813	1,315,332	–	1,937,145
Sub-total	809,408	1,315,332	–	2,124,740
Available-for-sale investments				
– Equity				
a. Manufacturing	–	1,763	–	1,763
b. Information technology service	–	6,998	–	6,998
	–	8,761	–	8,761
– Fund	35,233	–	–	35,233
– Corporate bonds	122,000	–	–	122,000
– Structured products	–	246,053	251,191	497,244
– Trust products	–	–	89,515	89,515
Sub-total	157,233	254,814	340,706	752,753

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

As at December 31, 2013

	Level 1 Rmb'000	Level 2 Rmb'000	Level 3 Rmb'000	Total Rmb'000
Held for trading investments				
– Equity securities				
a. Manufacturing	43,720	–	–	43,720
b. Financial services	15,482	–	–	15,482
c. Information technology service	6,396	–	–	6,396
d. Energy and water services	3,057	–	–	3,057
e. Transportation, storage and postal services	1,218	–	–	1,218
f. Real Estate	2,002	–	–	2,002
g. Construction	1,539	–	–	1,539
h. Mining	2,937	–	–	2,937
i. Wholesaling	1,170	–	–	1,170
j. Agriculture, forestry, fishing and animal husbandry	366	–	–	366
k. Others	771	–	–	771
	78,658	–	–	78,658
– Open-ended fund	–	5,242	–	5,242
– Bonds	443,810	653,315	–	1,097,125
Sub-total	522,468	658,557	–	1,181,025
Available-for-sale investments				
– Fund	44,574	–	–	44,574
– Corporate bonds	127,000	–	–	127,000
– Structured products	–	126,948	74,402	201,350
– Trust products	–	–	41,514	41,514
Sub-total	171,574	126,948	115,916	414,438

There were no transfers between instruments in Level 1 and Level 2 in the current and prior years.

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

The following table represents the changes in Level 3 available-for-sale investments during the year ended December 31, 2014 and 2013.

For the year ended December 31, 2014

	Structured products Rmb'000	Trust products Rmb'000	Total Rmb'000
At beginning of the year	74,402	41,514	115,916
Addition	154,870	42,000	196,870
Total gain recognised in other comprehensive income	21,919	6,001	27,920
At end of the year	251,191	89,515	340,706

For the year ended December 31, 2013

	Structured products Rmb'000	Trust products Rmb'000	Total Rmb'000
At beginning of the year	–	–	–
Addition	74,810	41,000	115,810
Total (loss) gain recognised in other comprehensive income	(408)	514	106
At end of the year	74,402	41,514	115,916

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Notes 38, 39, 40 and 41, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

7. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Toll operation – the operation and management of high grade roads and the collection of the expressway tolls.

(ii) Service area and advertising businesses – the sale of food, restaurant operation, automobile servicing, operation of petrol stations and design and rental of advertising billboards along the expressways.

(iii) Other toll road-related service – the toll road maintenance service and others.

(iv) Securities operation – the securities broking, margin financing and securities lending services and proprietary trading.

7. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended December 31, 2014

	Toll operation Rmb'000	Toll related operation: Service area and advertising businesses Rmb'000	Toll related operation: Other toll road-related service Rmb'000	Securities operation Rmb'000	Total Segment Rmb'000	Elimination Rmb'000	Total Rmb'000
Revenue							
External sales	4,259,247	2,291,532	81,984	2,418,360	9,051,123	–	9,051,123
Inter-segment sales	–	4,631	–	–	4,631	(4,631)	–
Total	4,259,247	2,296,163	81,984	2,418,360	9,055,754	(4,631)	9,051,123
Segment profit	1,937,232	93,447	66,537	753,028	2,850,244		2,850,244

For the year ended December 31, 2013

	Toll operation Rmb'000	Toll related operation: Service area and advertising businesses Rmb'000	Toll related operation: Other toll road-related service Rmb'000	Securities operation Rmb'000	Total Segment Rmb'000	Elimination Rmb'000	Total Rmb'000
Revenue							
External sales	4,019,867	2,158,469	21,447	1,651,332	7,851,115	–	7,851,115
Inter-segment sales	–	4,755	–	–	4,755	(4,755)	–
Total	4,019,867	2,163,224	21,447	1,651,332	7,855,870	(4,755)	7,851,115
Segment profit	1,721,848	59,789	30,787	402,553	2,214,977		2,214,977

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit after tax of each operating segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Segment assets		Segment liabilities	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Toll operation	14,733,018	14,784,868	(1,783,759)	(2,082,988)
Service area and advertising business	915,371	926,171	(197,059)	(234,708)
Other toll road- related service	455,725	310,818	(56,933)	–
Securities operation	35,163,763	15,980,470	(28,187,371)	(10,102,539)
Total segment assets (liabilities)	51,267,877	32,002,327	(30,225,122)	(12,420,235)
Goodwill	86,867	86,867	–	–
Consolidated assets (liabilities)	51,354,744	32,089,194	(30,225,122)	(12,420,235)

Segment assets and segment liabilities represent the assets and liabilities of the subsidiaries operating in the respective reportable and operating segment.

Other segment information

Amounts included in the measure of segment profit or segment assets:

For the year ended December 31, 2014

		Toll related operation			
	Toll operation	Service area and advertising businesses	Other toll road-related service	Securities operation	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Income tax expense	636,111	19,223	4,306	258,308	917,948
Interest income	48,558	7,759	243	2,547	59,107
Interest expense	18,037	–	–	60,194	78,231
Interests in associates	–	231,609	364,439	31,818	627,866
Interest in a joint venture	300,667	–	–	–	300,667
Share of profit (loss) of associates	–	19,462	53,621	(8,063)	65,020
Share of loss of a joint venture	(33,277)	–	–	–	(33,277)
Gain on fair value changes on held for trading investments	15,864	–	–	262,388	278,252
Additions to non-current assets (Note)	707,664	12,592	12,749	746,439	1,479,444
Depreciation and amortisation	895,733	45,752	–	77,404	1,018,889
Loss on disposal of property, plant and equipment	3,522	9,459	–	458	13,439

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended December 31, 2013

		Toll related operation			
	Toll operation	Service area and advertising businesses	Other toll road-related service	Securities operation	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Income tax expense (credit)	585,570	18,252	(10)	152,949	756,761
Interest income	82,114	7,457	–	6,351	95,922
Interest expense	84,764	–	–	10,397	95,161
Interests in associates	–	224,035	310,818	39,880	574,733
Interest in a joint venture	333,944	–	–	–	333,944
Share of profit (loss) of associates	–	40	27,669	(6,172)	21,537
Share of loss of a joint venture	(36,010)	–	–	–	(36,010)
Gain on fair value changes on held for trading investments	14,242	–	–	84,040	98,282
Additions to non-current assets (Note)	236,487	62,072	280,000	43,697	622,256
Depreciation and amortisation	900,966	31,500	–	90,057	1,022,523
Loss (gain) on disposal of property, plant and equipment	2,798	(783)	–	134	2,149

Note: Non-current assets excluded financial instruments.

7. SEGMENT INFORMATION (Continued)

Revenue from major services

An analysis of the Group's revenue, net of discounts and taxes, for the year is as follows:

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Toll operation revenue	**4,259,247**	4,019,867
Service area businesses revenue (mainly sales of goods)	**2,208,235**	2,054,543
Advertising business revenue	**83,297**	103,926
Commission income from securities operation	**1,679,244**	1,197,315
Interest income from securities operation	**739,116**	454,017
Others	**81,984**	21,447
	9,051,123	7,851,115

Geographical information

The Group's operations are located in the PRC (country of domicile). All non-current assets of the Group are located in the PRC.

All of the Group's revenue from external customers is attributed to the group entities' country of domicile (i.e., the PRC).

Information about major customers

During the years ended December 31, 2014 and 2013, there are no individual customer with sales over 10% of the total sales of the Group.

8. SECURITIES INVESTMENT GAINS

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Gain on fair value changes on held for trading investments	**278,252**	98,282
Cumulative gain reclassified from equity on disposal of AFS investments	**–**	1,381
	278,252	99,663

The above securities investment gains are wholly contributed from listed investments in both years.

9. OTHER INCOME

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Interest income on bank balances, entrusted loan receivables and financial products investment	59,107	95,922
Rental income (Note)	120,265	88,739
Handling fee income	2,142	2,781
Towing income	9,372	10,155
Gain on disposal of an associate	29,890	–
Gain on deregistration of an associate	–	16
Exchange gain (loss), net	1,173	(957)
Loss on commodity trading, net	(20,785)	(1,351)
Others	49,328	45,751
	250,492	241,056

Note: Rental income included contingent rent of approximately Rmb44,552,000 (2013: Rmb39,102,000) during the year.

10. FINANCE COSTS

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Interest expenses wholly repayable within 5 years:		
Bank and other borrowings	26,631	87,288
Short-term loan note	41,638	10,397
Beneficial certificates	1,905	–
Long-term bonds payable	15,425	2,700
Total borrowing costs	85,599	100,385
Less: Amount capitalised in the cost of qualifying assets (Note)	(7,368)	(5,224)
	78,231	95,161

Note: Borrowing costs capitalised during the year ended 31 December 2014 includes all the interest income and interest expenses arising from the specific borrowings to the expenditure on qualifying assets.

11. PROFIT BEFORE TAX

The Group's profit before tax has been arrived at after charging (crediting):

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Depreciation of property, plant and equipment	**197,815**	190,690
Release of prepaid lease payments	**2,155**	2,164
Amortisation of expressway operating rights (included in operating costs)	**798,626**	811,025
Amortisation of other intangible assets (included in operating costs)	**20,293**	18,644
Total depreciation and amortisation	**1,018,889**	1,022,523
Staff costs (including directors and supervisors):		
– Wages, salaries and bonuses	**1,014,256**	761,109
– Pension scheme contributions	**79,246**	70,657
	1,093,502	831,766
Auditors' remuneration	**6,843**	8,125
Allowance for loans to customers arising from margin financing business	**10,911**	8,477
Allowance for trade receivables	**280**	7
Reversal of allowance for trade receivables	**–**	(291)
Reversal of allowance for other receivables	**(6)**	–
Loss on disposal of property, plant and equipment	**13,439**	2,149
Cost of inventories recognised as an expense	**2,037,575**	1,889,783
Impairment loss on available-for-sale investments	**6,554**	–
Allowance for write-down of inventories	**830**	–

12. INCOME TAX EXPENSE

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Current tax:		
PRC Enterprise Income Tax	**995,619**	821,118
Deferred tax (Note 42)	**(77,671)**	(64,357)
	917,948	756,761

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group is 25%.

No Hong Kong Profits Tax has been provided as the Group's income neither arises in, nor is derived from Hong Kong during the year.

12. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Profit before tax	**3,768,192**	2,971,738
Tax at the PRC enterprise income tax rate of 25% (2013:25%)	**942,048**	742,935
Tax effect of share of profit of associates	**(16,255)**	(5,384)
Tax effect of share of loss of a joint venture	**8,319**	9,003
Utilisation of unused tax loss previously not recognised	**(22,201)**	(9,441)
Tax effect of expenses not deductible for tax purposes	**6,037**	19,648
Tax charge for the year	**917,948**	756,761

13. OTHER COMPREHENSIVE INCOME

Tax effect relating to other comprehensive income as follows:

	Year ended 12/31/2014			Year ended 12/31/2013		
	Before-tax amount Rmb'000	**Tax benefit Rmb'000**	**Net-of-income-tax amount Rmb'000**	Before-tax amount Rmb'000	Tax benefit Rmb'000	Net-of-income-tax amount Rmb'000
Fair value gain on AFS financial assets arising during the year	**68,301**	**(17,075)**	**51,226**	4,865	(1,216)	3,649
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of AFS financial assets	**–**	**–**	**–**	(1,381)	345	(1,036)
Total	**68,301**	**(17,075)**	**51,226**	3,484	(871)	2,613

14. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENTS' EMOLUMENTS

The emoluments paid or payable to each of the 12 (2013: 9) directors and 5 (2013: 5) supervisors are as follows:

	Zhan Xiaozhang @	Luo Jianhu @	Ding HuiKang @	Li Zongsheng ^	Wang Weili ^	Wang Dongjie ^	Dai Benmeng ^	Zhou Jianping ^	Zhang Junsheng *	Zhou Jun *	Pei Ker-wei *	Li Wai Tsang, Rosa *	Fu Zhexiang #	Zhang Xiuhua #	Wu Yongmin #	Liu Haisheng #	Zhang Guohua #	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
		(note iv)		(note i)	(note i)		(note iii)	(note iii)	(note i)			(note iii)				(note ii)		
2014																		
Salaries, allowances and benefits in kind	293	460	460	5	4	2	–	–	54	197	200	–	6	6	4	1	3	1,695
Bonuses paid and payable	480	296	182	–	–	–	–	–	–	–	–	–	–	–	–	–	–	958
Pension scheme contributions	19	19	19	–	–	–	–	–	–	–	–	–	–	–	–	–	–	57
Total emoluments	792	775	661	5	4	2	–	–	54	197	200	–	6	6	4	1	3	2,710
2013																		
Salaries, allowances and benefits in kind	233	230	230	4	2	2	–	–	54	198	200	–	5	5	2	1	3	1,169
Bonuses paid and payable	377	339	339	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,055
Pension scheme contributions	17	17	17	–	–	–	–	–	–	–	–	–	–	–	–	–	–	51
Total emoluments	627	586	586	4	2	2	–	–	54	198	200	–	5	5	2	1	3	2,275

@ Executive directors

^ Non-executive directors

* Independent non-executive directors

\# Supervisors

Notes:

(i) Resigned on December 29, 2014.

(ii) Resigned on April 8, 2014.

(iii) Appointed on December 29, 2014.

(iv) Ms. Luo Jianhu is also the Chief Executive of the Company and her emoluments disclosed above include those services rendered by her as the Chief Executive.

Bonuses paid to directors and supervisors are performance-rated and are determined by the Remuneration Committee of the Company, which comprises four independent non-executive directors.

No directors or supervisors waived any emoluments and no incentive was paid to any directors or supervisors as an inducement to join the Company and no compensation for loss of office was paid to any directors, supervisors, past directors or past supervisors during both years. Bonuses are determined by reference to the individual performance of the directors.

14. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENTS' EMOLUMENTS (Continued)

The emoluments paid or payable to each of the 8 (2013: 6) senior managements are as follows:

	Cheng Tao Rmb'000 (Note i)	Zhang Jingzhong Rmb'000	Fang Zhexing Rmb'000	Wu Junyi Rmb'000 (Note ii)	Wang Dehua Rmb'000 (Note iii)	Zhan Huagang Rmb'000	Zheng Hui Rmb'000	Zhang Xiuhua Rmb'000	Total Rmb'000
2014									
Salaries, allowances and benefits in kind	**78**	**456**	**456**	**–**	**345**	**456**	**439**	**439**	**2,669**
Bonuses paid and payable	**–**	**182**	**182**	**230**	**–**	**182**	**54**	**54**	**884**
Pension scheme contributions	**3**	**19**	**19**	**–**	**14**	**19**	**19**	**19**	**112**
Total emoluments	**81**	**657**	**657**	**230**	**359**	**657**	**512**	**512**	**3,665**
2013									
Salaries, allowances and benefits in kind	–	226	218	226	–	218	161	153	1,202
Bonuses paid and payable	–	339	328	339	–	328	241	229	1,804
Pension scheme contributions	–	17	17	17	–	17	17	17	102
Total emoluments	–	582	563	582	–	563	419	399	3,108

Notes:

(i) Appointed on October 28, 2014.

(ii) Resigned on March 17, 2014.

(iii) Appointed on March 17, 2014.

The emoluments of each of the senior managements were below HK$1,000,000 (equivalent to Rmb788,900 (2013: Rmb786,200)) in both years. Bonuses paid to senior managements are performance-rated and are determined by the board of directors of the Company.

No senior management waived any emoluments and no incentive was paid to any senior management as an inducement to join the Company and no compensation for loss of office was paid to any senior management, past senior management during both years. Bonuses are determined by reference to the individual performance of the senior managements.

15. EMPLOYEES' EMOLUMENTS

The emoluments of the five highest paid individuals in the Group are as follows:

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Salaries, allowances and benefits in kind	**5,539**	8,432
Bonuses paid and payable (Note)	**10,875**	9,287
Pension scheme contributions	**101**	137
	16,515	17,856

Note: The bonuses paid and payable are determined by reference to the performance of the relevant business of the Group for the years ended December 31, 2014 and 2013.

No emoluments nor incentive was waived as an inducement to join the Company and no compensation for loss of office was paid to any five highest paid individuals in the Group during both years. Bonuses are determined by reference to the individual performance of the five highest paid individuals in the Group.

The five individuals with the highest emoluments in the Group during the year included five (2013: five) non-director employees.

Their emoluments are within the following bands:

	No. of individuals	
	Year ended 12/31/2014	Year ended 12/31/2013
HK$3,500,001 to HK$4,000,000 (equivalent to Rmb2,761,001 (2013: Rmb2,752,001) to Rmb3,156,000 (2013: Rmb3,145,000))	**4**	1
HK$4,000,001 to HK$4,500,000 (equivalent to Rmb3,156,001 (2013: Rmb3,145,001) to Rmb3,550,000 (2013: Rmb3,538,000))	**–**	1
HK$4,500,001 to HK$5,000,000 (equivalent to Rmb3,550,001 (2013: Rmb3,538,001) to Rmb3,945,000 (2013: Rmb3,931,000))	**–**	3
HK$5,500,001 to HK$6,000,000 (equivalent to Rmb4,339,001 (2013: Rmb4,324,001) to Rmb4,733,000 (2013: Rmb4,717,000))	**1**	–

16. DIVIDENDS

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Dividends recognised as distribution during the year:		
2014 Interim – Rmb6 cents (2013: 2013 interim Rmb6 cents) per share	**260,587**	260,587
2013 Final – Rmb25 cents (2013: 2012 Final Rmb24 cents) per share	**1,085,779**	1,042,347
	1,346,366	1,302,934

The final dividend of Rmb26.5 cents per share in respect of the year ended December 31, 2014 (2013: final dividend of Rmb25 cents per share in respect of the year ended December 31, 2013) in the total amount of Rmb1,150,925,000 (2013: Rmb1,085,779,000) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

17. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on profit for the year attributable to owners of the Company of Rmb2,349,052,000 (2013: Rmb1,907,470,000) and the 4,343,114,500 (2013: 4,343,114,500) ordinary shares in issue during the year.

Diluted earnings per share presented is the same as basic earnings per share as there were no potential ordinary shares outstanding for the years ended December 31, 2014 and 2013.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings Rmb'000	Ancillary facilities Rmb'000	Communication and signaling equipment Rmb'000	Motor vehicles Rmb'000	Machinery and equipment Rmb'000	Construction in progress Rmb'000	Total Rmb'000
COST							
At January 1, 2013	604,352	740,381	454,972	220,058	536,706	259,991	2,816,460
Additions	10,009	30,638	12,439	24,535	28,258	218,802	324,681
Transfer	23,878	56,317	9,298	184	3,326	(93,003)	–
Disposals	–	(8,025)	(6,507)	(24,775)	(21,864)	–	(61,171)
At December 31, 2013	638,239	819,311	470,202	220,002	546,426	385,790	3,079,970
Additions	244,574	14,823	15,703	19,194	51,856	1,111,975	1,458,125
Transfer	3,845	14,617	3,025	–	1,295	(22,782)	–
Disposals	–	(9,005)	(95,980)	(22,123)	(46,768)	–	(173,876)
At December 31, 2014	886,658	839,746	392,950	217,073	552,809	1,474,983	4,364,219
DEPRECIATION							
At January 1, 2013	161,414	215,931	291,210	152,037	361,569	–	1,182,161
Provided for the year	42,367	36,410	37,965	18,183	55,765	–	190,690
Disposals	–	(4,374)	(6,051)	(23,430)	(21,068)	–	(54,923)
At December 31, 2013	203,781	247,967	323,124	146,790	396,266	–	1,317,928
Provided for the year	40,660	46,087	46,680	16,119	48,269	–	197,815
Disposals	–	(4,618)	(84,587)	(13,570)	(36,214)	–	(138,989)
At December 31, 2014	244,441	289,436	285,217	149,339	408,321	–	1,376,754
CARRYING VALUES							
At December 31, 2014	**642,217**	**550,310**	**107,733**	**67,734**	**144,488**	**1,474,983**	**2,987,465**
At December 31, 2013	**434,458**	**571,344**	**147,078**	**73,212**	**150,160**	**385,790**	**1,762,042**

The property, plant and equipment are located in the PRC.

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying value of properties shown above comprises:

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Leasehold land and buildings in the PRC:		
Long lease	23,991	24,322
Medium-term lease	618,226	410,136
	642,217	434,458

As at December 31, 2014, certain property, plant and equipment have been pledged as collaterals to secure general banking facilities granted to the Group. Details of which were set out in Note 49.

During the year, the Group acquired several units of a building, a whole block of building under renovation and a number of car parking spaces located in Hangzhou from a related party, Hangzhou Jinji Real Estate Co., Ltd. ("Jinji Co"), a subsidiary of Communications Group, for a cash consideration totalling Rmb899,334,000 (2013: nil), of which was fully paid during the year. As at December 31, 2014, the whole block of building amounting to Rmb696,358,000 was included in construction in progress since the building was under renovation and has not reached the usable condition,

19. PREPAID LEASE PAYMENTS

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Analysed for reporting purposes as:		
Current assets	2,155	2,155
Non-current assets	66,001	68,156
	68,156	70,311

The Group's prepaid lease payments comprise leasehold land in the PRC under medium-term leases. The amount represents prepayment of rentals under operating leases for "land use rights" of land situated in the PRC.

As at December 31, 2014, certain prepaid lease payments have been pledged as collaterals to secure general banking facilities granted to the Group. Details of which were set out in Note 49.

20. EXPRESSWAY OPERATING RIGHTS

	Rmb'000
COST	
At January 1, 2013, December 31, 2013 and at December 31, 2014	19,508,332
AMORTISATION	
At January 1, 2013	6,786,174
Charge for the year	811,025
At December 31, 2013	7,597,199
Charge for the year	798,626
At December 31, 2014	8,395,825
CARRYING VALUES	
At December 31, 2014	**11,112,507**
At December 31, 2013	11,911,133

The above expressway operating rights were granted by the Zhejiang Provincial Government for a period ranging from 25 to 30 years. During the expressway concessionary period, the Group has the rights of operations and management of Shanghai-Hangzhou-Ningbo Expressway, Shangsan Expressway and Jinhua Section of the Ningbo-Jinhua Expressway and the toll-collection rights thereof. The Group is required to manage and operate the expressways in accordance with the regulations promulgated by the Ministry of Communication and relevant government authorities. Upon the end of the respective concession service periods, the toll expressways and their toll station facilities without residual value, will be returned to the grantors at nil consideration.

As at December 31, 2014 and 2013, the expressway operating rights in respect of Jinhua Section of the Ningbo-Jinhua Expressway has been pledged as collaterals to secure general banking facilities granted to the Group. Details of which were set out in Note 49.

21. GOODWILL

	Rmb'000
COST AND CARRYING VALUES	
At December 31, 2013 and December 31, 2014	86,867

Particulars regarding impairment testing on goodwill are disclosed in Note 23.

22. OTHER INTANGIBLE ASSETS

	Customer bases Rmb'000	Securities/ futures firm licenses Rmb'000	Trading seats Rmb'000	Software Rmb'000	Total Rmb'000
COST					
At January 1, 2013	101,147	63,083	3,480	63,536	231,246
Additions	–	–	–	17,575	17,575
At December 31, 2013	101,147	63,083	3,480	81,111	248,821
Additions	–	–	–	21,319	21,319
At December 31, 2014	101,147	63,083	3,480	102,430	270,140
AMORTISATION					
At January 1, 2013	47,881	–	–	27,732	75,613
Additions	6,266	–	–	12,378	18,644
At December 31, 2013	54,147	–	–	40,110	94,257
Charge for the year	6,266	–	–	14,027	20,293
At December 31, 2014	60,413	–	–	54,137	114,550
CARRYING VALUES					
At December 31, 2014	**40,734**	**63,083**	**3,480**	**48,293**	**155,590**
At December 31, 2013	47,000	63,083	3,480	41,001	154,564

The customer bases of Zheshang Securities and Zheshang Futures Broker Co., Ltd. ("Zheshang Futures") are amortised on a straight-line basis over 15 years and 3 years, respectively.

The securities/futures firm licenses of the securities operation are considered by the management of the Group to have indefinite useful lives because they can be renewed at minimal cost even though the current licenses are effective for three years.

The trading seats of the securities operation is considered by the management of the Group to have an indefinite useful life because there is no economic or regulatory limit to their useful life.

Software are amortised on a straight-line basis over three to five years.

Particulars of the impairment testing on intangible assets with indefinite useful lives are disclosed in Note 23.

23. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purposes of impairment testing, goodwill and other intangible assets with indefinite useful lives set out in Notes 21 and 22 have been allocated to four individual cash generating units ("CGUs"), comprising two subsidiaries in toll operation segment and two subsidiaries in securities operation segment. The carrying amounts of goodwill and other intangible assets (net of accumulated impairment losses) as at December 31, 2014 and 2013 allocated to these units are as follows:

	Goodwill		Securities/futures firm licenses		Trading seats	
	12/31/2014	12/31/2013	**12/31/2014**	12/31/2013	**12/31/2014**	12/31/2013
	Rmb'000	Rmb'000	**Rmb'000**	Rmb'000	**Rmb'000**	Rmb'000
Toll operation						
– Zhejiang Jiaxing Expressway Co., Ltd. ("Jiaxing Co")	**75,137**	75,137	**–**	–	**–**	–
– Zhejiang Shangsan Expressway Co., Ltd. ("Shangsan Co")	**10,335**	10,335	**–**	–	**–**	–
Securities operation						
– Zheshang Securities	**–**	–	**51,783**	51,783	**2,080**	2,080
– Zheshang Futures	**1,395**	1,395	**11,300**	11,300	**1,400**	1,400
	86,867	86,867	**63,083**	63,083	**3,480**	3,480

During the years ended December 31, 2014 and 2013, management of the Group determines that there are no impairment of any of its CGUs containing goodwill and other intangible assets with indefinite useful lives.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Jiaxing Co and Shangsan Co

The recoverable amounts of Jiaxing Co and Shangsan Co are determined based on value in use calculations. The key assumptions for the value in use calculations relate to discount rates, growth rates, and expected changes in toll revenue and direct costs during the forecast period. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate the management considered appropriate. No growth rate has been assumed beyond the five-year period up to the remaining toll road operating rights which are 14 years (2013: 15 years) and 16 years (2013: 17 years) for Jiaxing Co. and Shangsan Co., respectively. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Jiaxing Co's and Shangsan Co's goodwill to exceed their aggregate recoverable amounts.

23. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

Zheshang Securities & Zheshang Futures

The recoverable amounts of Zheshang Securities & Zheshang Futures are determined based on value in use calculations. The key assumptions for the value in use calculations relate to the discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year period with discount rates management believe appropriate. Growth rate beyond the five-year period is assumed to be zero. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of Zheshang Securities & Zheshang Futures' other intangible assets to exceed its aggregate recoverable amounts.

24. INTERESTS IN ASSOCIATES

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Unlisted investments in associates,at cost less impairment	488,542	492,534
Share of post-acquisition profit, net of dividends received	139,324	82,199
	627,866	574,733

At December 31, 2014 and 2013, the Group had interests in the following associates:

Name of entity	Form of business structure	Place of registration and operation	Percentage of equity interest attributable to the Group 12/31/2014 %	12/31/2013 %	Principal activities
Zhejiang Expressway Petroleum Development Co., Ltd. ("Petroleum Co") (Note i)	Corporate	The PRC	50	50	Operation of petrol stations and sale of petroleum products
JoinHands Technology Co., Ltd. ("JoinHands Co") (Note ii)	Corporate	The PRC	–	27.58	Provision of printing services and property leasing
Zhejiang Concord Property Investment Co., Ltd. ("Zhejiang Concord Property")	Corporate	The PRC	45	45	Investment and real estate development
Zhejiang Communications Finance Co., Ltd. ("Zhejiang Communications Finance") (Note iii)	Corporate	The PRC	35	35	Finance and Investment
Zheshang Fund Management Co., Ltd. ("Zheshang Fund") (Note iv)	Corporate	The PRC	25	25	Asset fund management

All of the above associates are accounted for using the equity method in these consolidated financial statements.

24. INTERESTS IN ASSOCIATES (Continued)

Notes:

(i) According to the Articles of Association of Petroleum Co, 66.67% voting power is required to govern the significant financial and operating policies, and the Company can only exercise significant influence over the entity since the Company only has one board seat out of 9 in the entity's board of directors.

(ii) In July 2011, the Company agreed to transfer all of its 27.582% equity interest in JoinHands Co to Guangzhou Kaixin Consulting Co., Ltd. ("Kaixin Co"), an independent third party, at a consideration of Rmb31,430,000. However, as Kaixin Co failed to pay the consideration for the equity transfer according to the terms of the equity interest transfer agreement, such transfer had not been completed and the Company lodged a lawsuit against it in August 2011 at the People's Court of Xihu District, Hangzhou City ("Hangzhou People Court"). The court ruled in favour of the Company, except for the execution of the priority right for claim against the mortgaged commercial property and land use right in Hangzhou held by JoinHands Co ("the Property") to the Company and the liquidated damages, in March 2012. Both the Company and Kaixin Co filed appeals respectively because of their respective objections against the court's decision. During the year ended December 31, 2011, an impairment loss of Rmb11,979,000 in relation to interest in the associate, JoinHands Co, was recognised.

On April 28, 2013, a final judgement from Hangzhou People's Court had ruled in favour of the Company. The Property had been put in an open auction and was completed during the year ended December 31, 2013. However, the transfer of the Property interest was still in progress and had not been completed as at December 31, 2013.

During this year, a settlement agreement was also entered into among the Company, Kaixin Co, JoinsHand Co and the guarantor of Kaixin Co, pursuant to which Kaixin Co will compensate Rmb5,400,000 to the Company in respect of such transfer. On May 16, 2014, the transfer of Property interest was completed and since then, the Company did not participate in the financial and operating policy decisions of JoinHands Co and it was no longer an associate of the Group. During the year ended December 31, 2014, the Company received proceed arising from the open auction of RMB23,834,000 and the compensation of Rmb5,400,000 as stipulated in the settlement agreement, together with the deposit previously received from Kaixin Co of Rmb2,842,000, being considered as the total consideration for the disposal of the Company's interest in JoinHands Co to Kaixin Co totalling Rmb32,076,000. On the date of disposal, the carrying amount of the Company's interest in JoinHands Co was amounted to Rmb2,186,000, and the disposal of which had therefore resulted in a gain of RMB29,890,000 (included in Note 9).

(iii) In March 2013, the Group entered into a capital contribution agreement with Zhejiang Communications Finance and the other shareholders of Zhejiang Communications Finance, pursuant to which the Company and the other shareholders agreed to make corresponding capital contribution of Rmb280,000,000 and Rmb20,000,000, by way of cash, into the equity capital of Zhejiang Communications Finance. Zhejiang Communications Finance then became a 35% owned associate of the Group.

24. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(iv) The Group is able to exercise significant influence over Zheshang Fund because it has the power to appoint one out of four directors of that company under the provisions stated in the Articles of Association of that company.

On August 14, 2014, Zheshang Securities, together with one of the shareholders of Zheshang Fund, Yangshengtang Co., Ltd., auctioned off their respective 25% equity interest (totalling 50%) in Zheshang Fund. The hammer price reached at Rmb414,000,000 offered by Tonglian Capital Management Co., Ltd. ("Tonglian Capital"), another shareholder of Zheshang Fund which is independent to the Group, and Zheshang Securities will receive a consideration of Rmb207,000,000 accordingly.

As at December 2014, the disposal transaction has not been completed and Zheshang Securities received a refundable deposit of RMB103,500,000 in respect of such transfer, of which was included in other payables in Note 37.

The directors of the Company consider the disposal required approval by China Securities Regulatory Commission and equity transfer registration was a lengthy process and they are neither not certain if the approval would be obtained nor the timing when such approval would be granted. The amount of deposit received would be refundable to Tonglian Capital if the transfer eventually cannot be completed.

The summarised financial information in respect of the Group's material associates at the end of the reporting period is set out below. This represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs:

Petroleum Co and its subsidiaries

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Current assets	186,208	180,869
Non-current assets	246,018	257,516
Current liabilities	31,912	46,735
Non-current liabilities	–	1,481
Equity attributable to owners of the Petroleum Co	340,907	333,482
Non-controlling interests of Petroleum Co	59,407	56,687

24. INTERESTS IN ASSOCIATES (Continued)

Petroleum Co and its subsidiaries (Continued)

	For the year ended 12/31/2014 Rmb'000	For the year ended 12/31/2013 Rmb'000
Revenue	**6,365,626**	6,472,584
Profit for the year	**91,441**	31,890
Profit attributable to owners of Petroleum Co	**26,828**	21,631
Profit attributable to non-controlling interests of Petroleum Co	**64,613**	10,259
	91,441	31,890
Dividends received from the associate during the year	**9,701**	8,987

Reconciliation of the above summarised financial information to the carrying amount of the interest in Petroleum Co recognised in the consolidated financial statements:

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Net asset of the associate	**340,907**	333,482
Proportion of the Group's ownership interest in Petroleum Co	**50%**	50%
Carrying amount of the Group's interest in Petroleum Co	**170,454**	166,741

Zhejiang Communications Finance

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Current assets	**2,849,318**	4,504,856
Non-current assets	**3,331,312**	2,184,472
Current liabilities	**5,139,374**	5,801,276

24. INTERESTS IN ASSOCIATES (Continued)

Zhejiang Communications Finance (Continued)

	For the year ended 12/31/2014 Rmb'000	For the date of acquisition to 12/31/2013 Rmb'000
Revenue	**293,370**	155,239
Profit for the year/period	**153,204**	79,054
Dividends received from the associate during the year/period	**–**	–
Capital contribution placed during last period	**–**	300,000

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhejiang Communications Finance recognised in the consolidated financial statements:

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Net asset of the associate	**1,041,256**	888,052
Proportion of the Group's ownership interest in Zhejiang Communications Finance	**35%**	35%
Carrying amount of the Group's interest in Zhejiang Communications Finance	**364,440**	310,818

Aggregate information of associates that are not individually material

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
The Group's share of loss	**(2,015)**	(16,948)
Aggregate carrying amount of the Group's interests in these associates	**92,972**	97,174

25. INTEREST IN A JOINT VENTURE

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Unlisted investment in a joint venture, at cost less impairment	373,470	373,470
Share of post-acquisition loss	(72,803)	(39,526)
	300,667	333,944

At December 31, 2014 and 2013, the Group had interest in the following joint venture:

Name of entity	Form of business structure	Place of registration and operation	Percentage of equity interest attributable to the Group		Principal activities
			12/31/2014 **%**	12/31/2013 %	
Shengxin Expressway Co., Ltd. ("Shengxin Co")	Corporate	The PRC	**50**	50	Management of the Shaoxing section of the Ningbo-Jinhua Expressway

The summarised financial information in respect of the Group's interest in Shengxin Co which is accounted for using the equity method at the end of the reporting period is set out below. This represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs:

Shengxin Co

	12/31/2014 **Rmb'000**	12/31/2013 Rmb'000
Current assets	**41,410**	34,629
Non-current assets	**2,831,259**	2,954,410
Current liabilities	**49,912**	43,557
Non-current liabilities	**2,221,423**	2,277,595
The above amounts of assets and liabilities include the following:–		
Cash and cash equivalents	**37,139**	29,743
Non-current financial liabilities (excluding trade and other payables and provisions)	**2,150,000**	2,200,000

25. INTEREST IN A JOINT VENTURE (Continued)

Shengxin Co (Continued)

	For the year ended 12/31/2014 Rmb'000	From date of acquisition to 12/31/2013 Rmb'000
Revenue	306,827	284,445
Loss for the year/period	(66,553)	(72,020)
Dividend received from the joint venture	–	–
The above loss for the year/period includes the following:–		
Depreciation and amortisation	(172,559)	(171,910)
Interest income	996	146
Interest expense	(129,244)	(137,699)
Income tax expense	(4,464)	(4,464)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shengxin Co recognised in the consolidated financial statements:

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Net asset of the joint venture	601,334	667,887
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount of the Group's interest in Shengxin Co	300,667	333,944

26. AVAILABLE-FOR-SALE INVESTMENTS

AFS investments comprise:

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Non-current assets:		
Unlisted equity securities investments, at cost (Note i)	**38,500**	11,000
Corporate bonds listed in the PRC with fixed interest of 9.6% per annum and maturity date on May 31, 2017	**122,000**	122,000
Trust products	**32,131**	10,514
Financial products (Note ii)	**28,601**	–
	221,232	143,514
Current assets:		
Equity securities	**8,761**	–
Funds	**35,233**	44,574
Trust products	**57,384**	31,000
Corporate bonds	**–**	5,000
Financial products (Note ii)	**468,643**	201,350
	570,021	281,924
	791,253	425,438

As at December 31, 2014, the Group has entered into securities lending arrangement with clients that resulted in the transfer of listed AFS investments with total fair value of Rmb29,922,000 (2013: Rmb2,772,000) to external clients, which did not result in derecognition of the financial assets. Details of the collaterals were set out in Note 31.

Notes:

(i) Unlisted equity securities investments represent investments in unlisted equity securities issued by private entities established in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimated is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(ii) The financial products comprise products offered by fund or asset management companies where funds are mainly invested in listed securities,open-ended funds or asset management plan and the Group's return of investment is tied to the result of such investments.

27. TRADE RECEIVABLES

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Trade receivables comprise:		
A fellow subsidiary (Note 51(i)(a))	3,212	3,077
Third parties	133,349	99,023
Total trade receivables	136,561	102,100
Less: Allowance for doubtful debts	(952)	(672)
	135,609	101,428

The Group has no credit period granted to its trade customers of toll operation and service area businesses. The Group's trade receivable balance for toll operation is toll receivables from the Expressway Fee Settlement Centre of the Highway Administration Bureau of Zhejiang Province, which are normally settled within 3 months. All of these trade receivables were neither past due nor impaired in both years.

In respect of the Group's asset management service, security commission and financial advisory service operated by Zheshang Securities, trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by management.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Within 3 months	116,473	90,812
3 months to 1 year	18,111	10,453
1 to 2 years	971	–
Over 2 years	54	163
	135,609	101,428

27. TRADE RECEIVABLES (Continued)

Movement of allowance for doubtful debts

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
At the beginning of the year	672	956
Impairment recognised for the year	280	7
Amount reversed during the year	–	(291)
At the end of the year	952	672

The Group determines the allowance for impaired debts based on the evaluation of collectability and aged analysis of accounts and on management's judgement including the assessment of change in credit quality and the past collection history of each client. The directors consider the credit risk of the balance to be minimal.

28. LOANS TO CUSTOMERS ARISING FROM MARGIN FINANCING BUSINESS

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Loans to margin clients	8,565,301	2,955,388
Less: Allowance for doubtful debts	(19,388)	(8,477)
	8,545,913	2,946,911

The Group has provided customers with margin financing and security lending for securities transactions, the credit facility limits to margin clients are determined by the discounted market value of the pledged securities accepted by the Group or the market value of cash collateral.

All of the loans to margin clients which are secured by the underlying pledged securities are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call which the customers have to make good of the shortfall. The Group has the right to process forced liquidation if the customer fails to make good of the shortfall within a short period of time.

As at December 31, 2014, loans to customers under the margin financing and securities lending activities carried out in the PRC were secured by the customers' stock securities and cash collaterals. The undiscounted market value of the stock security collaterals was amounted to Rmb24,411,134,000 (2013:Rmb8,207,640,000). Cash collateral of Rmb975,337,000 (2013: Rmb222,313,000) received from clients was included in accounts payable to customers arising from securities business in Note 35.

No aged analysis is disclosed as in the opinion of the directors, the aged analysis does not give additional value in view of the nature of business of securities margin financing.

28. LOANS TO CUSTOMERS ARISING FROM MARGIN FINANCING BUSINESS (Continued)

Movement in the allowance for doubtful debts

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Allowance for doubtful debts at the beginning of the year	8,477	–
Impairment recognised for the year	10,911	8,477
At end of the year	19,388	8,477

The Group determines the allowance for impaired debts based on the evaluation of collectability and aged analysis of accounts and on management's judgement including the assessment of change in credit quality, collateral and the past collection history of each client. As at December 31, 2014, the balance of allowance for doubtful debts include individual assessment of Rmb2,263,000 (2013: Rmb2,572,000) and collective assessment of Rmb17,125,000 (2013: Rmb5,905,000) The concentration of credit risk is limited due to the customer base being large and unrelated.

29. OTHER RECEIVABLES AND PREPAYMENTS

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Current		
Entrusted loan and interest receivable from a related party (Note 51(ii))	491,911	54,000
Interest receivables	163,609	122,392
Financial products investment receivables (Note)	17,000	168,000
Prepayments	86,242	30,195
Others	73,476	77,381
	832,238	451,968
Non-Current		
Entrusted loans and interest receivables from a related party (Note 51(ii))	50,828	401,400
	883,066	853,368

Note: Short-term fixed-yield and principal protected bank financial products.

30. HELD FOR TRADING INVESTMENTS

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Held for trading investments include:		
Listed securities in the PRC, at fair value:		
Equity securities	89,877	78,658
Open-end equity funds	97,718	5,242
Bonds		
Listed in Shanghai/Shenzhen Stock Exchange with fixed interest ranging from 4.36% to 8.5% (2013: nil) per annum	621,813	–
Unlisted with fixed interest ranging from 4.33% to 8.70% (2013: 4.27% to 8.6%) per annum	1,315,332	1,097,125
	2,124,740	1,181,025

31. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Analysed by collateral type:		
Bonds	1,316,942	20,500
Stock securities	1,407,656	853,754
	2,724,598	874,254
Analysed by market:		
Inter bank market	1,316,942	–
Shanghai/Shenzhen Stock Exchange	1,407,656	874,254

The collaterals include both equity and debt securities listed in the PRC. As at December 31, 2014, the fair value of equity securities and debt securities held as collaterals was Rmb4,762,681,000 (2013: Rmb1,915,221,000) and Rmb1,320,746,000 (2013: Rmb20,500,000), respectively.

32. BANK BALANCES HELD ON BEHALF OF CUSTOMERS

For the Group's securities operation carried out by Zheshang Securities, the Group receives and holds money deposited by customers (including other institution). These customers' money is maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective customers and other institution.

Bank balances held on behalf of customers carry interest at market rates which range from 1.62% to 1.98% (2013: 1.62% to 1.98%) per annum.

Bank balances held on behalf of customers that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD Rmb'000	USD Rmb'000
As at December 31, 2014	**12,490**	**42,862**
As at December 31, 2013	13,933	36,948

33. BANK BALANCES AND CASH

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Time deposits with original maturity over three months	**761,320**	704,459
Unrestricted bank balances and cash	**2,689,381**	1,130,759
Time deposits with original maturity of less than three months	**612,341**	676,222
Cash and cash equivalents	**3,301,722**	1,806,981
	4,063,042	2,511,440

Bank balances carry interest at the average market rate of 0.35% (2013: 0.35%) per annum. Time deposits carry interest at fixed rates ranging from 1.35% to 3.30% (2013: 1.35% to 3.30%) per annum.

Bank balances and cash that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD Rmb'000	USD Rmb'000
As at December 31, 2014	**6,098**	**28,832**
As at December 31, 2013	5,462	28,209

34. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	2014/12/31	2013/12/31
	Rmb'000	Rmb'000
Placements from		
Industrial Bank Co., Ltd (unsecured)	500,000	–
China Securities Finance Corporation Limited ("CSF") (secured)	1,440,000	310,000
	1,940,000	310,000

These placements with interest rate ranging from 5.8% to 7.5% (2013: 7.0% to 7.1%) per annum are repayable within 1 year from the end of the reporting period.

The placements from CSF were secured by a cash deposit of Rmb168,161,000 (2013: Rmb10,785,000) and debt and equity securities with total fair value of Rmb178,608,000 (2013: Rmb203,923,000) as at December 31, 2014.

35. ACCOUNTS PAYABLE TO CUSTOMERS ARISING FROM SECURITIES BUSINESS

The amounts mainly represent money held on behalf of clients at the banks and at the clearing houses by the Group.

The amounts include payables for securities/futures business as well as cash collateral from customers for securities lending and/or margin financing arrangement.

The majority of the accounts payable balance is repayable on demand except where certain accounts payable to brokerage clients represent margin deposits received from clients for their trading activities under normal course of business. No aged analysis is disclosed as in the opinion of the directors an aged analysis does not give any additional value in view of the nature of the business.

As at December 31, 2014, Rmb975,337,000 (2013: Rmb222,313,000) cash collateral have been received from clients for securities lending or margin financing arrangement, of which under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

Accounts payable to customers arising from securities business that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD	USD
	Rmb'000	Rmb'000
As at December 31, 2014	**12,490**	**42,862**
As at December 31, 2013	13,933	36,948

36. TRADE PAYABLES

Trade payables mainly represent the construction payables for the improvement projects of toll expressways. The following is an aged analysis of trade payables presented based on the invoice date:

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Within 3 months	438,079	214,669
3 months to 1 year	119,156	82,048
1 to 2 years	67,732	29,518
2 to 3 years	10,897	8,496
Over 3 years	57,740	87,263
	693,604	421,994

37. OTHER PAYABLES AND ACCRUALS

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Other liabilities:		
Accrued payroll and welfare	841,314	544,469
Advance from rental and advertising customers	96,763	94,124
Toll collected on behalf of other toll roads	2,759	5,057
Retention payable	176,416	143,807
Deposit received for disposal of an associate (Note 24(iv))	103,500	–
Others	263,169	192,382
	1,483,921	979,839
Other accruals	77,353	15,657
	1,561,274	995,496

38. BANK AND OTHER BORROWINGS

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Bank loans	350,000	500,000
Loan from a related party (See Note 51(ii))	–	340,000
	350,000	840,000
Secured (Note)	350,000	400,000
Unsecured	–	440,000
	350,000	840,000
Carrying amount repayable:		
Within one year	150,000	540,000
More than one year, but not exceeding two years	200,000	200,000
More than two years but not more than five years	–	100,000
	350,000	840,000
Less: Amounts due within one year	(150,000)	(540,000)
Amounts shown under non-current liabilities	200,000	300,000

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
The bank and other borrowings comprise:		
Fixed-rate borrowings	–	440,000
Variable-rate borrowings	350,000	400,000
	350,000	840,000

The range of effective interest rates (which are also agreed to contracted interest rates) on the Group's borrowings are as follows:

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Effective interest rate:		
Fixed-rate borrowings	N/A	5.04%
Variable-rate borrowings	5.895% – 6.77%	6.22% – 6.77%

Note: Details of the securities pledged for the grant of borrowings to the Group were set out in Note 49.

The Group's borrowings were all dominated in the Group's functional currency as at December 31, 2014 and 2013.

39. SHORT-TERM FINANCING NOTE PAYABLE

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Unsecured		
Short-term loan note (Note i)	–	1,000,000
Beneficial certificates (Note ii)	883,570	–
	883,570	1,000,000

Notes:

(i) As at December 31, 2013, Zheshang Securities had issued short-term loan note at the principal amount of Rmb1,000,000,000, which was interest bearing at of 5.5% per annum. The amount was matured on January 22, 2014 and had been repaid in full on the maturity date.

On January 17, 2014, April 16, 2014 and July 11, 2014, Zheshang Securities issued another three short-term loan notes at principal amount of Rmb1,000,000,000, Rmb1,000,000,000 and Rmb950,000,000, which bear interest at 6.28%, 4.87% and 4.55% per annum, respectively. These amounts were matured on the same year on April 16, 2014, July 15, 2014 and October 10, 2014, respectively and had been repaid in full on these maturity dates.

(ii) During the year ended December 31, 2014, there was Rmb1,083,570,000 principals received from investors for subscription of beneficial certificates issued by Zheshang Securities, which bear fixed rate interest ranging from 5.1% to 7.0% per annum, out of which Rmb200,000,000 was matured and repaid.

As at December 31, 2014, the remaining beneficial certificates of the remaining Rmb883,570,000 and its interests are repayable upon maturity.

40. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Analysed as collateral type:		
Bonds	2,400,257	–
Other rights and interests in debt instruments	3,898,800	–
	6,299,057	–
Analysed by market:		
Shanghai Stock Exchange	70,000	–
Inter-bank market	2,330,257	–
Other financial institutions	3,898,800	–
	6,299,057	–

As of 31 December 2014, the above financial assets sold under repurchase agreements include those repurchase agreements entered into with qualified investors, which amounted to Rmb6,299,057,000, with maturities within 1 year (31 December 2013: nil).

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities are not derecognised from the financial statements but regarded as "collateral" for the liabilities because the Group retains substantially all the risks and rewards of these securities. The cash proceed received is recognised as financial liability.

As at 31 December 2014, the Group enters into repurchase agreements with certain counterparties. The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred securities during the term of the arrangement.

The following tables provides a summary of carrying amounts and fair values related to transferred financial assets that are not derecognised in their entirety and the associated liabilities as at December 31, 2014:

	Held for trading trading investments Rmb'000	Financial assets held under resale agreements Rmb'000	Loans to customers arising from margin financing business Rmb'000	Total Rmb'000
Carrying amount of transferred assets	1,253,581	1,834,693	3,987,504	7,075,778
Carrying amount of associated liabilities	(1,116,868)	(1,768,419)	(3,413,770)	(6,299,057)
Net position	136,713	66,274	573,734	776,721

41. BONDS PAYABLE

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Long term subordinated bonds	**1,200,000**	–

Detailed information for long term subordinated bonds as at 31 December 2014 repayable in full in two to four years is as follows:

Name	Face value	Carrying amount	Issue date	Maturity date	Interest rate
	Rmb'000	Rmb'000			
14 Zheshang (Note i)	700,000	700,000	September 22, 2014	September 21, 2018	6.30%
14 Zheshang 02 (Note ii)	500,000	500,000	November 20, 2014	November 19, 2017	5.90%
	1,200,000	1,200,000			

Notes:

(i) On September 22, 2014, Zheshang Securities issued a 4-year subordinated bond in the principal amount of Rmb1,000,000,000, with a redemption option exercisable at par value plus the unpaid interests at the second anniversary since the date of issue, out of which a principal amount of Rmb300,000,000 was subscribed by the Company. The annual interest rate in first two years is 6.30%, and which will be 9.30% for the remaining two years if the issuer does not exercise the option of redemption.

(ii) On November 20, 2014, Zheshang Securities issued a 3-year subordinated bond to the public in principal amount of Rmb500,000,000, at a fixed interest rate of 5.9% per annum.

42. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Changes in fair value of held for trading and available-for-sale investments	Accelerated tax depreciation of property plant and equipment and expressway operating rights	Fair value adjustment of long term assets	Temporary differences of accrued expenses	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At January 1, 2013	31,786	160,822	122,195	(45,679)	269,124
Credit to profit or loss	(5,381)	(13,286)	(8,868)	(36,822)	(64,357)
Charge to other comprehensive income	871	–	–	–	871
At December 31, 2013	27,276	147,536	113,327	(82,501)	205,638
Charge (credit) to profit or loss	10,079	(11,643)	(8,866)	(67,241)	(77,671)
Charge to other comprehensive income	17,075	–	–	–	17,075
At December 31, 2014	**54,430**	**135,893**	**104,461**	**(149,742)**	**145,042**

As at December 31, 2014, the Group had unused tax losses of approximately Rmb42,055,000 (2013: Rmb132,860,000) No deferred taxation asset has been recognised due to the unpredictability of future profit streams.

The unrecognised tax losses will expire in the following years:

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Year 2014	**–**	66,614
Year 2015	**2,704**	24,895
Year 2016	**23,751**	23,751
Year 2017	**15,600**	15,600
	42,055	130,860

43. SHARE CAPITAL

	Number of shares 12/31/2014 and 2013	Share capital 12/31/2014 and 2013 Rmb'000
Registered, issued and fully paid:		
Domestic shares of Rmb1.00 each	2,909,260,000	2,909,260
H Shares of Rmb1.00 each	1,433,854,500	1,433,855
	4,343,114,500	4,343,115

The domestic shares are not currently listed on any stock exchange.

The H Shares have been listed on the Stock Exchange since May 15, 1997. The H Shares were admitted to the Official List on May 5, 2000 and their dealings on the London Stock Exchange commenced on the same day.

On February 14, 2002, the United States Securities and Exchange Commission, following the approval by the Board of Directors and the China Securities Regulatory Commission, declared the registration statement in respect of the ADSs evidenced by ADRs representing the deposited H Shares of the Company effective.

All the domestic shares and H Shares rank pari passu with each other as to dividends and voting rights.

44. NON-CONTROLLING INTERESTS

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Balance at beginning of year	**3,696,421**	3,577,221
Share of total comprehensive income	**525,816**	308,573
Deregistration of a subsidiary (Note i)	**(1,420)**	–
Arising from acquisition of additional interest in a subsidiary (Note ii)	**–**	(78,863)
Dividend paid to non-controlling interests during the year	**(93,021)**	(110,510)
	4,127,796	3,696,421

Notes:

(i) As detailed in Note 52, during 2014, the Group has deregistered Roadtone Co (as defined in Note 52), a 51% owned subsidiary, resulting in the reduction of non-controlling interest of RMB1,420,000.

(ii) As detailed in Note 46, during 2013, the Group acquired the remaining 76.55% equity interest in Jinhua Co, of which 10.267% was acquired from the non-controlling shareholder for a consideration of RMB101,512,000. This acquisition of additional interest in a subsidiary resulted in a reduction of non-controlling interest of Rmb78,863,000.

44. NON-CONTROLLING INTERESTS (Continued)

The summarised financial information in respect of the Group's subsidiary that has material non-controlling interests, namely Shangsan Co and its subsidiaries and Yuhang Co (as defined in Note 53) at the end of the reporting period are set out below. The summarised financial information below represents amounts before intragroup elimination.

Shangsan Co and its subsidiaries

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Current assets	**34,149,648**	15,434,356
Non-current assets	**3,633,244**	3,052,155
Current liabilities	**27,550,416**	10,692,614
Non-current liabilities	**1,474,595**	19,758
Equity attributable to owners of the Company	**5,014,542**	4,460,933
Non-controlling interests	**3,743,339**	3,313,206

	For the year ended 12/31/2014 Rmb'000	For the year ended 12/31/2013 Rmb'000
Revenue	**3,392,626**	2,404,228
Expenses	**(2,172,342)**	(1,710,102)
Profit for the year	**1,220,284**	694,126
Other comprehensive income	**51,458**	2,228
Total comprehensive income	**1,271,742**	696,354
Profit attributable to owner of the Company	**738,815**	425,610
Profit attributable to non-controlling interests	**481,469**	268,516
	1,220,284	694,126
Total comprehensive income attributable to owner of the Company	**765,649**	426,772
Total comprehensive income attributable to non-controlling interests	**506,093**	269,582
	1,271,742	696,354

44. NON-CONTROLLING INTERESTS (Continued)

Shangsan Co and its subsidiaries (Continued)

	For the year ended 12/31/2014 Rmb'000	For the year ended 12/31/2013 Rmb'000
Dividends paid to non-controlling shareholders	**(75,960)**	(94,950)
Net cash inflow (outflow) from operating activities	**1,443,261**	(1,236,398)
Net cash outflow from investing activities	**(1,113,220)**	(851,427)
Net cash inflow from financing activities	**983,570**	554,950
Net cash inflow (outflow)	**1,313,611**	(1,532,875)

Yuhang Co

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Current assets	**70,876**	198,150
Non-current assets	**1,068,890**	725,236
Current liabilities	**311,917**	104,544
Non-current liabilities	**108,391**	108,747
Equity attributable to owners of the Company	**366,924**	362,148
Non-controlling interests	**352,534**	347,947

	For the year ended 12/31/2014 Rmb'000	For the year ended 12/31/2013 Rmb'000
Revenue	**92,944**	114,089
Expenses	**(61,015)**	(52,145)
Profit for the year	**31,929**	61,944

44. NON-CONTROLLING INTERESTS (Continued)

Yuhang Co (Continued)

	For the year ended 12/31/2014 Rmb'000	For the year ended 12/31/2013 Rmb'000
Profit and total comprehensive income		
– attributable to owner of the Company	**16,284**	31,591
– attributable to non-controlling interests	**15,645**	30,353
	31,929	61,944
Dividends paid to non-controlling shareholders	**(11,058)**	(11,058)
Net cash inflow from operating activities	**50,048**	93,743
Net cash outflow from investing activities	**(119,571)**	(190,205)
Net cash inflow from financing activities	**20,279**	72,391
Net cash outflow	**(49,244)**	(24,071)

45. RETIREMENT BENEFITS SCHEMES

The employees of the Group are members of the state-managed retirement benefits scheme operated by the PRC government. To supplement this existing retirement benefits scheme, the Group adopted a corporate annuity scheme in accordance with relevant rules and regulations. The Group is required to contribute a certain percentage of payroll costs to these retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions.

No forfeited contributions are available to reduce the contribution payable in future years.

46. ACQUISITION OF A SUBSIDIARY UNDER COMMON CONTROL IN THE PRIOR YEAR

On March 20, 2013, the Group entered into share transfer agreements with Communications Group and Yiwu Communications Development Co., Ltd. ("Yiwu Development"), an independent third party, to acquire the 66.283% and 10.267% equity interests in Zhejiang Jinhua Yongjin Expressway Co., Ltd. ("Jinhua Co"), from Communications Group and Yiwu Development, respectively, for corresponding cash consideration of Rmb655,356,000 and Rmb101,512,000, totalling Rmb756,868,000. Jinhua Co is principally engaged in the operation and management of the Jinhua Section of the Ningbo-Jinhua Expressway. Before the above acquisitions, Jinhua Co was a 23.45% owned associate of the Group. After the completion of the acquisition, Jinhua Co then became a 100% owned subsidiary of the Group. Since Communications Group is the parent company of the Company, the Group's acquisition of the 66.283% equity interest from Communications Group was regarded as a business combination involving entities under common control and was accounted for using merger accounting method, in accordance with the guidance set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" (" AG5") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the acquisition of 10.267% equity interest in Jinhua Co from Yiwu Development was accounted for as acquisition of additional interest in a subsidiary.

47. COMMITMENTS

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Authorised but not contracted for:		
– Purchase of machinery and equipment	431,405	344,933
– Renovation of service areas	67,700	18,000
– Acquisition and construction of properties	308,049	1,324,082
– Equity investments	213,000	30,000
	1,020,154	1,717,015

48. OPERATING LEASES

The Group as lessee

	Year ended 12/31/2014 Rmb'000	Year ended 12/31/2013 Rmb'000
Minimum lease payments	71,186	80,244
Contingent rental expenses	1,721	3,085
	72,907	83,329

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Within one year	50,789	60,087
In the second to fifth years inclusive	85,594	125,500
Over five years	725	1,797
	137,108	187,384

Operating lease payments represent rentals payable by the Group for certain service areas along expressways located in Zhejiang and Tianjin, and the operating branches of Zheshang Securities and Zheshang Futures. They are negotiated for an average term of three to ten years and some of the rentals contain both a fixed element and a contingent element linked to sales. The above commitment represented the minimum lease payments payable to lessors only and do not include any contingent rent elements

48. OPERATING LEASES (Continued)

The Group as lessor

The Group leased their service areas and communication ducts under operating lease arrangements. Leases are negotiated for terms ranging from 1 to 25 years and rentals are fixed annually.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Within one year	94,793	60,090
In the second to fifth years inclusive	102,860	88,047
After five years	29,708	25,643
	227,361	173,780

For certain of the Group's service areas, the rental income are variable and being calculated at the higher of a pre-agreed percentage of revenue of the relevant service areas made by the lessees or the minimum lease payments. The above commitment represented the minimum lease payments from lessees only and do not include any contingent rent elements.

49. PLEDGE OF ASSETS

At the end of reporting period, the Group had pledged the following assets to banks as securities against general banking facilities granted to the Group:

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Property, plant and equipment	747,456	381,797
Expressway operating rights	1,777,267	1,882,283
Prepaid lease payments	39,251	40,372
	2,563,974	2,304,452

50. CONTINGENT LIABILITIES

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Guarantees given to bank, in respect of a joint venture (Note)	1,076,910	1,100,000

Note: The Group provided a financial guarantee to Shengxin Co, a 50% owned joint venture of the Group, in favour of a bank for 50% of its outstanding bank borrowings and interest. As at December 31, 2014, the bank borrowings of Shengxin Co and accrued interest amounted to Rmb2,150,000,000 (2013: Rmb2,200,000,000) and Rmb3,820,000 (2013: nil), respectively. The directors of the Company consider that the fair value of the guarantee is insignificant at initial recognition and default by the guaranteed party is not probable as at December 31, 2014.

51. RELATED PARTY TRANSACTIONS AND BALANCES

Other than disclosed elsewhere in the consolidated financial statements, during the year, the Group also entered into the following significant transactions with related parties:

(i) Transactions and balances with government related parties

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("government-related entities"). In addition, the Group itself is part of a larger group of companies under the Communications Group which is controlled by the PRC government. However, due to the business nature, in respect of the Group's toll road and securities business, the directors are of the opinion that it is impracticable to ascertain the identity of counterparties and accordingly whether the transactions are with other government-related entities in the PRC. Details of other significant transactions with government related parties are summarised below:

(a) Communications Group

Short-term loan

	For the year ended 12/31/2014 Rmb'000	For the year ended 12/31/2013 Rmb'000
Interest expenses incurred	–	10,886

Pursuant to the entrusted loan contracts entered into between Jinhua Co and Communications Group on January 21, 2013, Communications Group agreed to provide Jinhua Co with entrusted loans amounting to Rmb140,000,000 at a variable interest rate of 6.00% per annum. Such loan with those entrust loans provided by Communications Group before January 1, 2013, amounted to Rmb200,000,000 were replaced by two new entrusted loan contracts subsequently in 2013, amounted to Rmb170,000,000 each at a variable rate of 5.24% per annum, with maturity date of August 10, 2015. All of the loans were early repaid in 2013. No additional entrusted loans were advanced to the Group during the current year.

51. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(i) Transactions and balances with government related parties (Continued)

(a) Communications Group (Continued)

Other transactions

	For the year ended 12/31/2014 Rmb'000	For the year ended 12/31/2013 Rmb'000
Toll road service area leasing income earned (Note)	**3,212**	3,077
Toll road service area management fee paid (Note)	**600**	600
Property leasing income earned	**1,552**	1,035
Road maintenance service expenses incurred	**15,403**	43,272
Toll road related inspection services income earned	**7,173**	7,286

Note: Pursuant to the leasing and operation agreement entered into between Jinhua Co and Zhejiang Communications Investment Group Industrial Development Co.,Ltd. ("Zhejiang Communications Investment"), a fellow subsidiary of the Communications Group, Jinhua Co leased the toll road service area to Zhejiang Communications Investment and Zhejiang Communications Investment managed the operation of the service area and the advertising business in respect of the toll road service area. Such business began from January 1, 2011, and will be expired at the same time with the operating right for Jinhua Section in 2030.

(b) Transactions with other government related parties

Petroleum Co

	For the year ended 12/31/2014 Rmb'000	For the year ended 12/31/2013 Rmb'000
Purchase of petroleum products	**1,931,466**	1,781,179

Pursuant to the operation management agreement entered into between Zhejiang Expressway Investment Development Co., Ltd. ("Development Co"), a wholly owned subsidiary of the Company, and Petroleum Co in respect of the petrol stations in the service areas along the Shanghai-Hangzhou-Ningbo and Shangsan Expressways, Petroleum Co assist Development Co in running their petrol stations along these roads. Petroleum Co is a government related entity and also an associate of the Group.

Others

The Group has entered into various significant transactions, including deposit placements, borrowings and other general banking facilities, with certain banks and financial institution which are government-related entities in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

51. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(ii) Transactions and balances with associates and other non-government related parties

Loan advanced from Zhejiang Communications Finance

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Outstanding loan payable balances repayable within one year	**–**	340,000

	For the year ended 12/31/2014	For the year ended 12/31/2013
	Rmb'000	Rmb'000
Interest expenses incurred	**6,534**	6,873

The amounts of loan advanced from Zhejiang Communications Finance in last year were unsecured and repaid during the year in accordance with the terms of loan agreements.

During the year, the Group had further obtained advances of RMB400,000,000 and RMB58,500,000, which carried interest at a fixed interest rate of 5.04% and 6.16% per annum, respectively. Both of these two loans were fully repaid during the same year.

Short-term loan advanced to Zhejiang Concord Property

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
Outstanding loan receivable balances	**500,000**	450,000
Interest receivables	**42,739**	5,400
	542,739	455,400
Analysed for reporting purpose as:		
Current assets (note 29)	**491,911**	54,000
Non-current assets (note 29)	**50,828**	401,400
	542,739	455,400

	For the year ended 12/31/2014	For the year ended 12/31/2013
	Rmb'000	Rmb'000
Interest income earned	**43,024**	44,476

51. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(ii) Transactions and balances with associates and other non-government related parties (Continued)

Short-term loan advanced to Zhejiang Concord Property (Continued)

During the year, the Group advanced additional entrusted loans to Zhejiang Concord Property totalling Rmb100,000,000 (2013: Rmb450,000,000) and received settlement of loan principals and interests amounting to Rmb50,000,000 (2013: Rmb610,000,000) and Rmb5,686,000 (2013: Rmb39,299,000), respectively.

The amounts were unsecured and repayable in accordance with the terms of entrusted loan agreements entered into between the Group and Hangzhou Concord Group. The amounts carried interests at an effective interest rate of 10% (2013: 12%) per annum. All entrusted loans in both years were guaranteed by World Trade Ltd, an independent third party, in full.

Financial service provided by Zhejiang Communications Finance

The Group entered into a financial services agreement with Zhejiang Communications Finance. Pursuant to the agreement, Zhejiang Communications Finance agreed to provide the Group with the deposit services, the loan and financial leasing services, the clearing services and other financial services.

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
Bank balances and cash		
– Time deposits with original maturity over three months	**20,000**	–
– Cash and cash equivalents	**536,751**	60,443
	556,751	60,443

	For the year ended 12/31/2014 Rmb'000	For the year ended 12/31/2013 Rmb'000
Interest income earned	**1,551**	858

51. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(ii) Key management emoluments

The remuneration of the directors, supervisors and key management personnel during the year was Rmb5,637,000 (2013: Rmb4,820,000) including retirement benefit scheme contribution of Rmb147,000 (2013: Rmb136,000) which is determined by the performance of the individuals and the market trends.

52. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Date and place of registration	Registered and paid-in capital Rmb	Percentage of equity interest attributable to the Company Direct 12/31/2014 %	Direct 12/31/2013 %	Indirect 12/31/2014 %	Indirect 12/31/2013 %	Principal activities
Yuhang Co	Note 1	75,223,000	51	51	–	–	Management of the Yuhang Section of the Shanghai-Hangzhou Expressway
Jiaxing Co	Note 2	1,859,200,000	99.999454	99.999454	–	–	Management of the Jiaxing Section of the Shanghai-Hangzhou Expressway
Shangsan Co	Note 3	2,400,000,000	73.625	73.625	–	–	Management of the Shangsan Expressway
Development Co	Note 4	120,000,000	100	100	–	–	Operation of service areas as well as roadside advertising along the expressways operated by the Group
Zhejiang Expressway Advertising Co., Ltd. ("Advertising Co")	Note 5	16,000,000	–	–	*70	*70	Provision of advertising services
Zhejiang Expressway Vehicle Towing and Rescue Services Co., Ltd. ("Towing Co")	Note 6	8,000,000	100	100	–	–	Provision of vehicle towing, repair and emergency rescue services
Hangzhou Roadtone Advertising Co., Ltd. ("Roadtone Co")	Note 7	3,000,000	–	–	–	*51	Provision of advertising services
Zheshang Securities	Note 8	3,000,000,000	–	–	**52.15	**52.15	Operation of securities business
Zheshang Futures	Note 9	500,000,000	–	–	***52.15	***52.15	Operation of securities business
Zheshang Capital Management	Note 10	100,000,000 (2013: RMB3,000,000)	–	–	***52.15	***52.15	Operation of securities business
Zheshang Securities Asset Management Co., Ltd. ("Asset Management")	Note 11	500,000,000	–	–	***52.15	***52.15	Provision of asset management service

52. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Date and place of registration	Registered and paid-in capital Rmb	Percentage of equity interest attributable to the Company Direct 12/31/2014 %	Direct 12/31/2013 %	Indirect 12/31/2014 %	Indirect 12/31/2013 %	Principal activities
Ningbo Dongfang Jujin Investment Management Co., Ltd ("Dongfang Jujin")	Note 12	1,000,000	–	–	***52.15	***52.15	Provision of investment management and advisory services
Ningbo Dongtang Jujin Jiahua Investment Management Center ("Dongtang Jujin Jiahua")	Note 13	29,150,000	–	–	***16.37	***16.37	Provision of investment management and advisory and private equity investments
Zhejiang Zheqi Co., Ltd. ("Zhejiang Zheqi")	Note 14	200,000,000 (2013: Rmb100,000,000)	–	–	***52.15	***52.15	Trading of future
Jinhua Co	Note 15	900,000,000	100	100	–	–	Management of the Jinhua Section of the Ningbo–Jinhua Expressway
Zhejiang Expressway Road Maintenance Co., Ltd. ("Maintenance Co")	Note 16	30,000,000	100%	–	–	–	Management of toll road

* These two companies are subsidiaries of Development Co, a wholly-owned subsidiary of the Company, and, accordingly, are accounted for as subsidiaries by virtue of the Group's control over them.

** The company is a subsidiary of Shangsan Co, a non-wholly-owned subsidiary of the Company, and, accordingly, is accounted for as a subsidiary by virtue of the Group's control over it.

*** The companies and partnership entity are subsidiaries of Zheshang Securities, a non-wholly-owned subsidiary of Shangsan Co, and accordingly, are accounted for as subsidiaries by virtue of the Group's control over it.

Note 1: Yuhang Co was established on June 7, 1994 in the PRC as a joint stock limited company and was subsequently restructured into a limited liability company under its current name on November 28, 1996. The Company is able to control over Yuhang Co because it has the power to appoint five out of nine directors of that company and under the provisions stated in the Articles of Association of that company, the passing of ordinary resolutions at the board meetings required one-half of the directors attending the meetings.

Note 2: Jiaxing Co was established on June 30, 1994 in the PRC as a joint stock limited company and was subsequently restructured into a limited liability company under its current name on November 29, 1996.

Note 3: Shangsan Co was established on January 1, 1998 in the PRC as a limited liability company.

Note 4: Development Co was established on May 28, 2003 in the PRC as a limited liability company.

52. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Note 5: Advertising Co was established on June 1, 1998 in the PRC as a limited liability company.

Note 6: Towing Co was established on July 31, 2003 in the PRC as a limited liability company.

Note 7: Roadtone Co was established on July 27, 2004 in the PRC as a limited liability company and has been de-registered during the year.

Note 8: Zheshang Securities was established on May 9, 2002 in the PRC as a limited liability company. On November 16, 2013, the board of directors of the Company announced that Zheshang Securities proposed to seek a separate listing of its shares as A shares on the Shanghai Stock Exchange. This proposed spin-off for separate listing has not yet been completed at the end of the reporting period.

Note 9: Zheshang Futures was established on September 7, 1995 in the PRC as a limited liability company.

Note 10: Zheshang Capital Management was established on February 9, 2012 in the PRC as a limited liability company. The registered capital of Zheshang Capital Management has been reduced from Rmb300,000,000 to Rmb100,000,000 during the year ended December 31, 2014.

Note 11: Asset Management was established on July 22, 2013 in the PRC as a limited liability Company.

Note 12: Dongfang Jujin was established on March 25, 2014 in the PRC as a limited liability company.

Note 13: Dongfang Jujin Jiahua was established on April 11, 2014 in the PRC as a limited partnership. Pursuant to the partnership agreement, Dongfang Jujin is a general partner, while Zheshang Capital Management and other two individuals are limited partners of the partnership.

The directors of the Company consider that the Group has the practical ability to direct the relevant activities of Dongfang Jujin Jiahua unilaterally, and it is therefore classified as a subsidiary of the Group.

Note 14: Zhejiang Zheqi was established on April 9, 2013 in in the PRC as a limited liability Company, and its paid-in share capital was increased by Rmb100,000,000 to Rmb200,000,000 during the year ended December 31, 2014.

Note 15: Jinhua Co was established in February 2002 in the PRC as a limited liability Company. As at December 31, 2012, 23.45% equity interest of Jinhua Co was directly held by the Company. During the year ended December 31, 2013, the Company acquired the remaining 66.283% and 10.267% equity interests in Jinhua Co from Communications Group and non-controlling interests, respectively, and Jinhua Co then became a wholly owned subsidiary and directly held by the Company as at December 31, 2013.

Note 16: Maintenance Co was established on January 28, 2014 in the PRC as a limited liability company.

All of the Company's subsidiaries are operating in the PRC. As at December 31, 2014, Zheshang Securities has issued long-term subordinated bonds to the public and beneficial certificates at the total principal amount of Rmb1,200,000,000 and Rmb883,570,000, respectively. As at December 31, 2013, Zheshang Securities had issued a short-term loan note at principle value of Rmb1,000,000,000 which was fully repaid during the year. Except for Zheshang Securities, none of the other subsidiaries had any debt securities in issue at any time during the year.

53. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

	12/31/2014	12/31/2013
	Rmb'000	Rmb'000
NON-CURRENT ASSETS		
Property, plant and equipment	478,498	266,358
Prepaid lease payments	1,594	1,688
Expressway operating rights	4,227,602	4,572,835
Other intangible assets	2,552	2,739
Investments in subsidiaries	6,640,021	6,610,021
Investments in associates	395,484	397,670
Investment in a joint venture	373,470	373,470
Available-for-sale investments	101,554	72,514
Bonds receivables	300,000	–
Other receivables	50,828	401,400
	12,571,603	12,698,695
CURRENT ASSETS		
Inventories	3,064	3,616
Trade receivables	17,867	28,046
Other receivables	481,536	45,959
Prepaid lease payments	95	95
Available-for-sale investments	10,650	30,000
Held for trading investment	80,000	80,000
Amount due from subsidiaries	230,619	328,324
Bank balances and cash		
– Time deposits with original maturity over three months	50,000	20,000
– Cash and cash equivalents	581,014	349,576
	1,454,845	885,616
CURRENT LIABILITIES		
Trade payables	99,989	139,071
Tax liabilities	106,092	106,073
Other taxes payable	9,164	8,846
Other payables and accruals	267,028	225,984
Amount due to subsidiaries	891,630	305,337
Bank borrowings	–	440,000
	1,373,903	1,225,311
NET CURRENT ASSETS (LIABILITIES)	80,942	(339,695)
TOTAL ASSETS LESS CURRENT LIABILITIES	12,652,545	12,359,000

53. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY (Continued)

	12/31/2014 Rmb'000	12/31/2013 Rmb'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**94,478**	98,482
	94,478	98,482
	12,558,067	12,260,518
CAPITAL AND RESERVES		
Share capital	**4,343,115**	4,343,115
Reserves	**8,214,952**	7,917,403
	12,558,067	12,260,518

	Share capital Rmb'000	Share premium Rmb'000	Statutory reserves Rmb'000	Investment valuation reserve Rmb'000	Dividend reserves Rmb'000	Special reserves Rmb'000	Retained profits Rmb'000	Total Rmb'000
At December 31, 2013	4,343,115	3,645,726	1,993,059	385	1,085,779	18,666	1,173,788	12,260,518
Total comprehensive income for the year	–	–	–	–	–	–	1,644,147	1,644,147
Disposal of an associate	–	–	–	(232)	–	–	–	(232)
Interim dividend	–	–	–	–	–	–	(260,587)	(260,587)
Final dividend	–	–	–	–	(1,085,779)	–	–	(1,085,779)
Proposed final dividend	–	–	–	–	1,150,925	–	(1,150,925)	–
Transfer to reserve	–	–	167,011	–	–	–	(167,011)	–
At December 31, 2014	**4,343,115**	**3,645,726**	**2,160,070**	**153**	**1,150,925**	**18,666**	**1,239,412**	**12,558,067**

54. EVENTS AFTER THE END OF THE REPORTING PERIOD

The following events have been carried out subsequent to the end of the reporting period:

(i) On January 21, 2015, Zheshang Securities has issued a three-year unsecured subordinated bond at the principal amount of Rmb500,000,000, which bears interest at a fixed rate of 6.3% per annum.

(ii) On February 2, 2015, Zheshang Securities has issued a five-year unsecured corporate bond at the principal amount of Rmb1,500,000,000, with the redemption option exercisable by the bondholders at the third anniversary of the date of issue. The corporate bond bears fixed interest rate of 4.9% per annum with interest to be paid annually in arrears for the first three years. At the third anniversary of the date of issue, the bondholders has the right to require Zheshang Securities to redeem the outstanding corporate bond at an amount equals to its principal amount. If the redemption option is not exercised, the interest rate would be re-priced for the remaining period of two years till maturity at that time.

Independent Auditor's Report

(Issued by a Third Country Auditor registered with The UK Financial Reporting Council)

Deloitte.
德勤

TO THE MEMBERS OF ZHEJIANG EXPRESSWAY CO., LTD.
浙江滬杭甬高速公路股份有限公司
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Zhejiang Expressway Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 63 to 164, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

(Issued by a Third Country Auditor registered with The UK Financial Reporting Council)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at December 31, 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Certified Public Accountants
(Registered as a Third Country Auditor with the UK Financial Reporting Council)
Shanghai, China
March 18, 2015

Corporate Information

EXECUTIVE DIRECTORS

ZHAN Xiaozhang (Chairman)
LUO Jianhu (General Manager)
DING Huikang

NON-EXECUTIVE DIRECTORS

LI Zongsheng (Resigned on December 29, 2014)
WANG Weili (Resigned on December 29, 2014)
WANG Dongjie
DAI Benmeng
ZHOU Jianping

INDEPENDENT NON-EXECUTIVE DIRECTORS

ZHANG Junsheng (Resigned on December 29, 2014)
ZHOU Jun
PEI Ker-Wei
LEE Wai Tsang Rosa

SUPERVISORS

FU Zhexiang
WU Yongmin
LIU Haisheng (Resigned on April 8, 2014)
ZHANG Guohua
ZHANG Xiuhua

COMPANY SECRETARY

Tony ZHENG

AUTHORIZED REPRESENTATIVES

ZHAN Xiaozhang
ZHANG Jingzhong

STATUTORY ADDRESS

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PRC 310007

Corporate Information

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Hong Kong

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Hong Kong
Tel : 852-2117 0861
Fax: 852-2117 0869

PRINCIPAL BANKERS

Industrial and Commercial Bank of China,
Zhejiang Branch
Shanghai Pudong Development Bank,
Hangzhou Branch

H SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Room 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East
Hong Kong

H SHARES LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Code: 0576

LONDON STOCK EXCHANGE PLC

Code: ZHEH

ADRS INFORMATION

US Exchange: OTC
Symbol: ZHEXY
CUSIP: 98951A100
ADR: H Shares 1:10

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Location Map of Expressways in Zhejiang Province