ACHIEVE GROWTH

through Innovation and Prudence

2015 Annual Report

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

Stock code : 0576

Work relentlessly to reform and innovate

2015 is the final year of comprehensive reforms in the Company's three-year development plan. Amid a complex economic environment, under the leadership of the Communications Group, the Company achieved record high operating results by focusing on reform and innovation as main themes, and striving to enhance its competitiveness in the expressway business.

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
Hanghui Co	Zhejiang Hanghui Expressway Co., Ltd. (浙江杭徽高速公路有限公司), a 88.674% owned subsidiary of the Company
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
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, 2015 to December 31, 2015
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 and the 122 km Hanghui Expressway, ancillary facilities along the four expressways, and Zheshang Securities. All of the four expressways are situated within Zhejiang Province in the PRC. As at December 31, 2015, total assets of the Company and its subsidiaries amounted to Rmb73,891.76 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, 2015, consolidated assets of Communications Group totaled Rmb188,227.57 million.

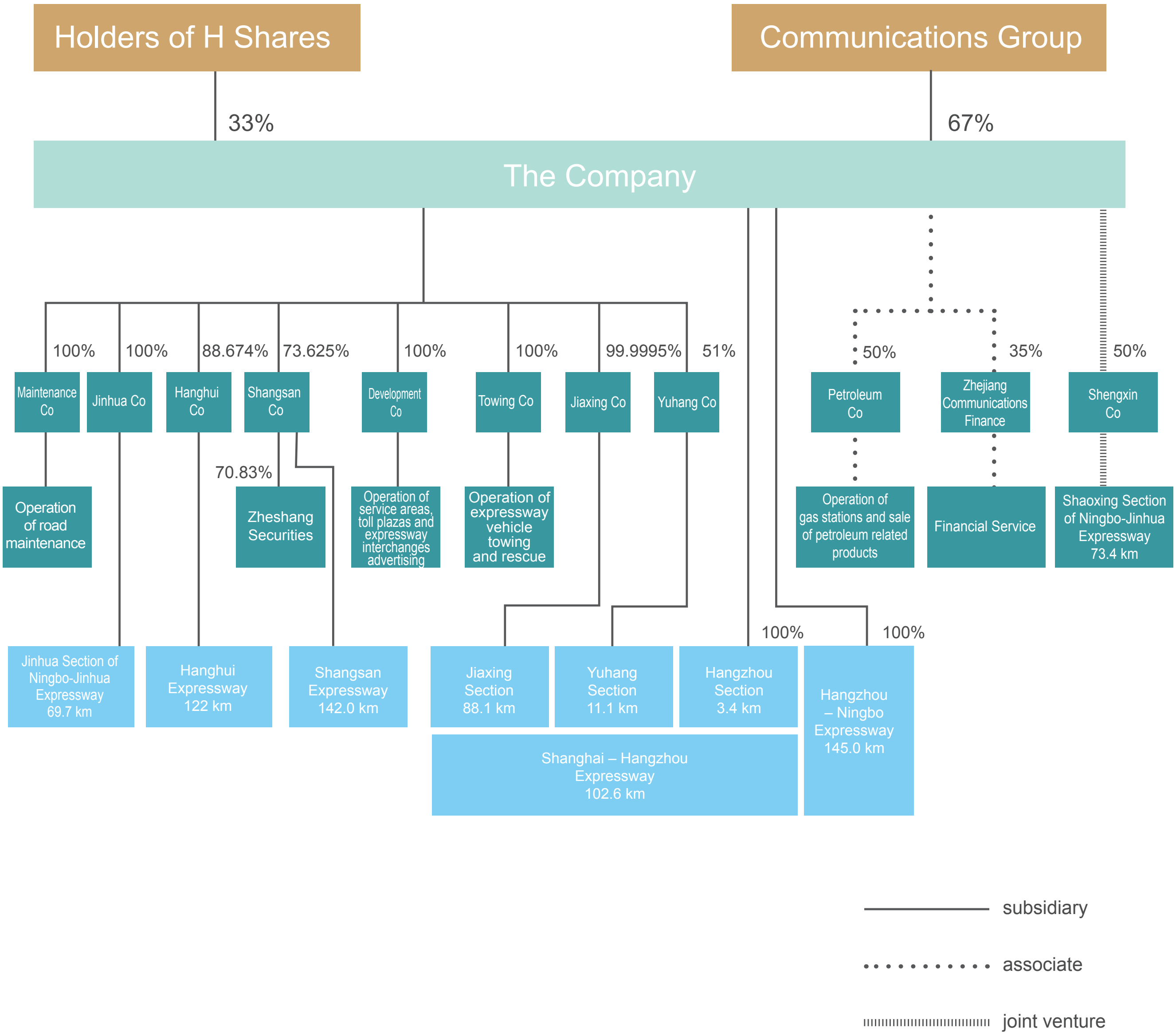
The H Shares of the Company, which represent approximately 33% of the issued share capital of the Company, were listed on the Hong Kong Stock Exchange on May 15, 1997, and the Company subsequently obtained a secondary listing on the London Stock Exchange on May 5, 2000.

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 a solid foundation built on the Group's expressway business, the Company will expand its main businesses scale, enhance its core competitiveness, and grow its financial and securities business so as to increase its profit contribution to the Group. In addition, the Company will seize investment opportunities to acquire new projects, and strive to develop the Company into a first-tier conglomerate with strong competitiveness, profitability and growth potential.

Corporate Structure of the Group

Set out below is the corporate and business structure of the Group as at December 31, 2015



1. The Company completed the disposal of Maintenance Co (Zhejiang Expressway Maintenance Co., Ltd.) on September 14, 2015

2. The Company completed the disposal of Petroleum Co (Zhejiang Expressway Petroleum Development Co., Ltd) on January 4, 2016

Review of Major Corporate Events

1. 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.

2. On March 23, 2015, Yangtze United Financial Leasing Co., Ltd. was approved by China Banking Regulatory Commission and commenced official operation on 18 June. Financial Leasing Co is held by the Company as to 9.0% after a capital contribution of Rmb90 million is made by the Company.

3. On April 1, 2015, the first meeting of the labour union member representative and employee representative meeting for the fifth session of the Company was held at which members of the union committee for the next session, members of the funding review committee and employee supervisors were elected.

4. On April 21, 2015, the office headquarters of the Company was relocated to 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou.

5. On May 18, 2015, the Company announced its 2015 first quarterly results.

6. On June 18, 2015, 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, the re-appointment of Pan-China Certified Public Accountants Ltd. as the PRC auditors of the Company, and the election of members of the Board and the Supervisory Committee for the seventh session.

7. On July 1, 2015, the first meeting of the Board for the seventh session of the Company was held at which chairman of the Board, chairman of each of the committees, senior management and authorised representative were elected.

   On the same date, the Company agreed to manage the 88 km section of the Shen-Su-Zhe-Wan Expressway and 93 km section of the Shen-Jia-Hu-Hang Expressway on behalf of the Communications Group.

8. On August 23, 2015, the Company announced its 2015 interim results in Hong Kong and thereafter conducted its interim results presentations in Hong Kong and the US.

9. On August 31, 2015, the Company entered into an agreement with Zhejiang Communications Resources Investment Co., Ltd. for the disposal of 100% equity interest in Maintenance Co, an associate of the Company at a consideration of Rmb41.08 million.

10. On October 12, 2015, the Company entered into an agreement with Zhejiang Communications Investment Group Industrial Development Co., Ltd. for the disposal of 50% equity interest in Petroleum Co, an associate of the Company at a consideration of Rmb142 million.

11. On October 15, 2015, the Company held an Extraordinary General Meeting at which the payment of an interim dividend of Rmb0.06 per share was approved.

12. On November 12, 2015, the Company announced its 2015 third quarterly results.

    On the same date, the Company completed the acquisition of 80.614% equity interest in Hanghui Expressway upon approval by the independent shareholders at the general meeting in order to further improve the existing expressway network.

13. On November 26, 2015, Zhejiang Zheshang Transformation Upgrade Parent Fund (Limited Partnership) (浙江浙商轉型升級母基金合夥企業（有限合夥）), a company owned as to 24.994% equity interest by the Company was officially established.

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	13
– Yuhang Section	51%	11.1	6	1	0	1995-1998	13
– Hangzhou Section	100%	3.4	4	2	0	1995	13
Hangzhou-Ningbo Expressway							
– Hangzhou to Hongken section	100%	16.0	4	1	0	1992	12
– Hongken to Duantang section	100%	124.0	8	9	2	1995	12
– Duantang to Dazhujia section	100%	5.0	4	1	0	1996	12
Shangsan Expressway	73.625%	142.0	4	11	3	2000	15
Ningbo-Jinhua Expressway							
– Jinhua Section	100%	69.7	4	7	1	2005	15
Hanghui Expressway							
– Changyu Section	88.674%	36.68	4	5	1	2004	14
– Changhang Section	88.674%	85.606	4	8	1	2006	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, Jinhua section of Ningbo-Jinhua Expressway and Hanghui 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

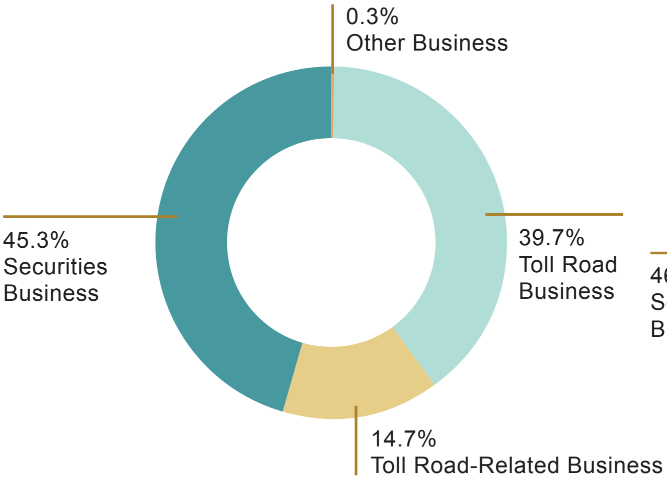
Results

	Year ended December 31,				
	2011 Rmb'000 (Restated)	2012 Rmb'000 (Restated)	2013 Rmb'000 (Restated)	2014 Rmb'000 (Restated)	2015 Rmb'000
Revenue	7,280,061	7,238,675	8,210,666	9,460,308	12,507,394
Profit Before Tax	2,503,552	2,263,721	2,826,319	3,651,440	5,446,652
Income Tax Expense	(687,067)	(618,751)	(742,563)	(905,468)	(1,416,872)
Profit for the year	1,816,485	1,644,970	2,083,756	2,745,972	4,029,780
Attributable to:					
Owners of the Company	1,601,188	1,503,048	1,801,687	2,264,994	2,989,680
Non-controlling interests	215,297	141,922	282,069	480,978	1,040,100
Earnings Per Share (EPS)	36.87 cents	34.61 cents	41.48 cents	52.15 cents	68.84 cents

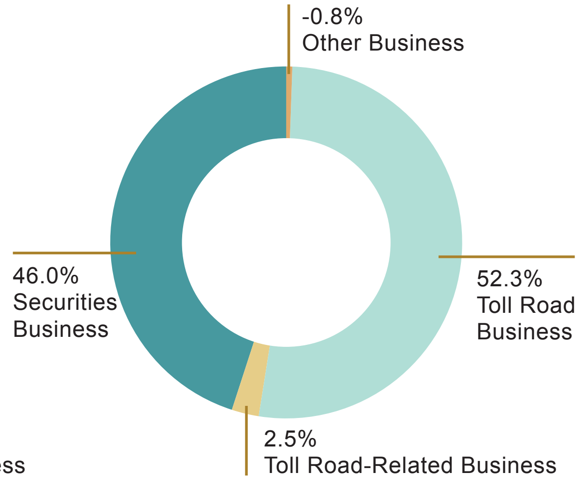
Return on Equity (ROE)

	2011 (Restated)	2012 (Restated)	2013 (Restated)	2014 (Restated)	2015
ROE	9.89%	9.26%	11.22%	13.32%	17.86%

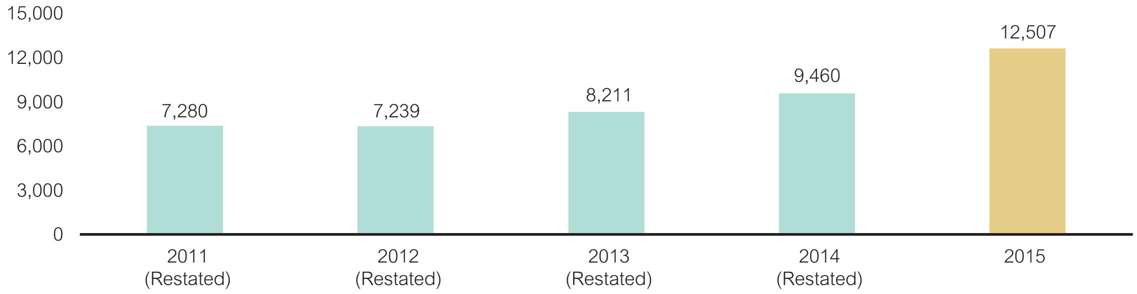
Segmental Revenue (year 2015)



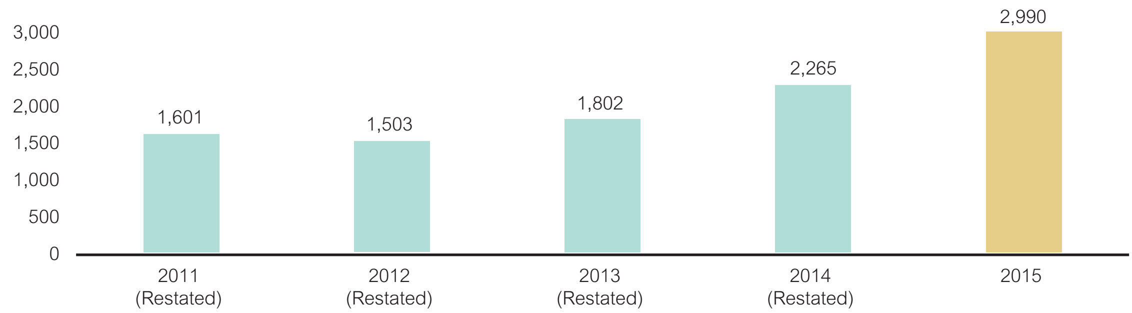
Segmental Net Profit (year 2015)



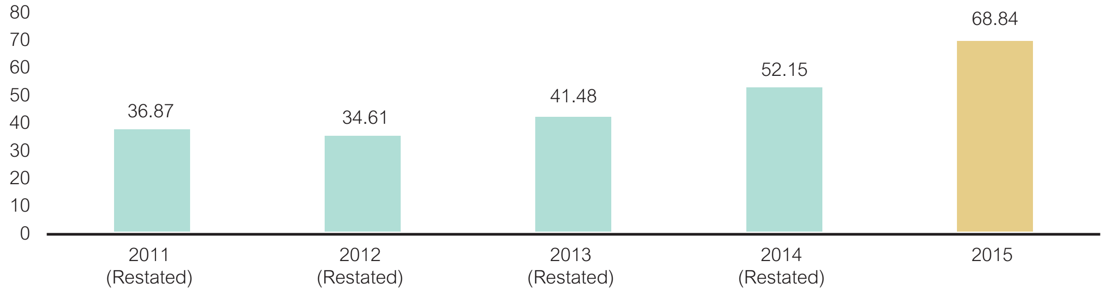
Revenue (Rmb Million)



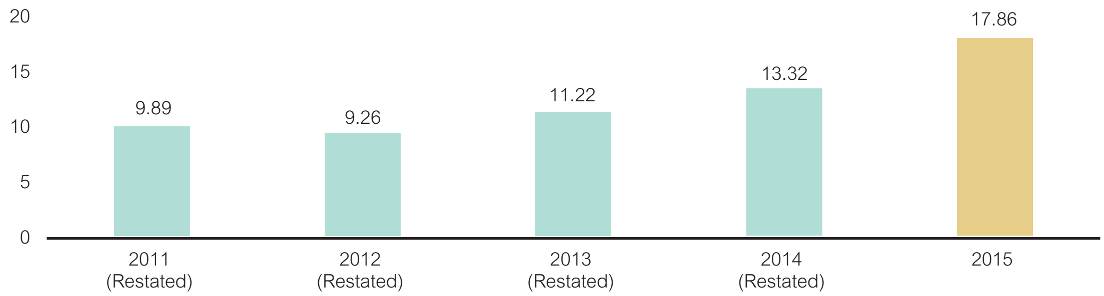
Net profit (Rmb Million)



EPS (Rmb Cents)



ROE (%)



Chairman

ZHAN Xiaozhang

Chairman's Statement

Dear Shareholders,

It is my pleasure to present the annual results of Zhejiang Expressway ("ZJE" or "the Company", collectively referred to as "the Group" with subsidiaries) for the year 2015 on behalf of the Board of Directors.

In 2015, amid the complex and volatile economic conditions at home and abroad, China's GDP grew 6.9% year-over-year, a 25-year low. Despite this, China's economy made steady progress as economic growth continued to maintain within a reasonable range, economic structure was further optimized, and ongoing transformation and upgrading were accelerated. In 2015, Zhejiang's economy saw high and stable growth. GDP growth reached 8% and ranked fourth among all provinces in China. In face of slower economic growth, our Company focused on reform and innovation. We constantly looked to enhance our competitiveness in the expressway business and sought to mitigate some of the risks brought on by turmoil in the capital markets. All in all, we successfully accomplished the goals set out in the three-year development plan that we published in 2013, and we were able to achieve record-high operating results.

In 2015, with strong support from our shareholders, we completed the 80.614% equity stake acquisition in Zhejiang Hanghui Expressway Co., Ltd. in November and successfully increased our shareholding to 88.674% in December. As a result, the total length of the expressways that we own and operate increased from 460km to 582km. Together with the Shanghai-Jiaxing-Huzhou-Hangzhou Expressway and the Shen-Su-Zhe-Wan Expressway that the Company was entrusted to manage, the total length of expressways managed by our company is further extended to 763km. Over the course of the year, we strengthened our efforts to enhance the operation of our expressways, increased toll income by plugging loopholes, reduced costs, and enhanced road safety and road quality. Our securities business posted solid results as we took advantage of the market volatility, strengthened our compliance and risk management practices, and effectively mitigated risks. In terms of transformation, we capitalized on our financial strength and utilized our resources to explore and nurture new business opportunities. One of the companies that we have a minority stake in, Yangtze United Financial Leasing Co., Ltd., has already turned profitable. In addition, Zhejiang Zheshang Transformation Upgrade Parent Fund, a fund of funds, as well as Taiping Science and Technology Insurance Co., Ltd., both of which the Company holds minority stakes, are in the process of being established and becoming operational. During the period, we sold 100% of the equity interest that we held in Maintenance Co. and 50% of the equity interest that we held in Petroleum Co. to Zhejiang Communications Investment, our controlling shareholder. Our strong operating results and successful execution of our strategic plan have helped us focus on our two core businesses in expressways and financial securities, and have laid a solid foundation for future sustainable development.

Chairman’s Statement

Looking ahead to 2016, despite the forecast for greater downward pressure on China's economy, we feel that the economic fundamentals remain promising, and that opportunities and challenges coexist. We will continue to strengthen our expressway business, develop our financial and securities business, and actively nurture other new businesses. Within our expressway business, to ensure our position as the industry leader, we will focus on improving our management and operations by streamlining and standardizing our processes, enhancing technological deployment, and reinforcing cost controls. Meanwhile, we will also actively seek opportunities to expand within and outside the province, aiming to acquire new expressway assets. Within our financial and securities business, we will closely monitor new opportunities for Zheshang Securities that will arise from the ongoing establishment of a multi-level capital market system. We will also look to actively expand into other areas within the financial industry to complement Zheshang Securities and push forward its IPO process.

On behalf of the Board, I would like to express my gratitude to all of our shareholders and stakeholders for their continuous confidence and support. I would also like to thank our management team and all of our staff for their relentless dedication and remarkable achievements. Looking to the future, we will continue to work hard in the next year and maximize value for all of our shareholders.

ZHAN Xiaozhang
Chairman

March 17, 2016

Guided by the 13th five-year plan, the Company will closely adhere to the themes of "Reform and Innovation". The Company looks to build an industry structure, in which the expressway business remains our foundation and the financial and securities business to be our competitive strength, with a focus on nurturing new businesses.

Director and
General Manager

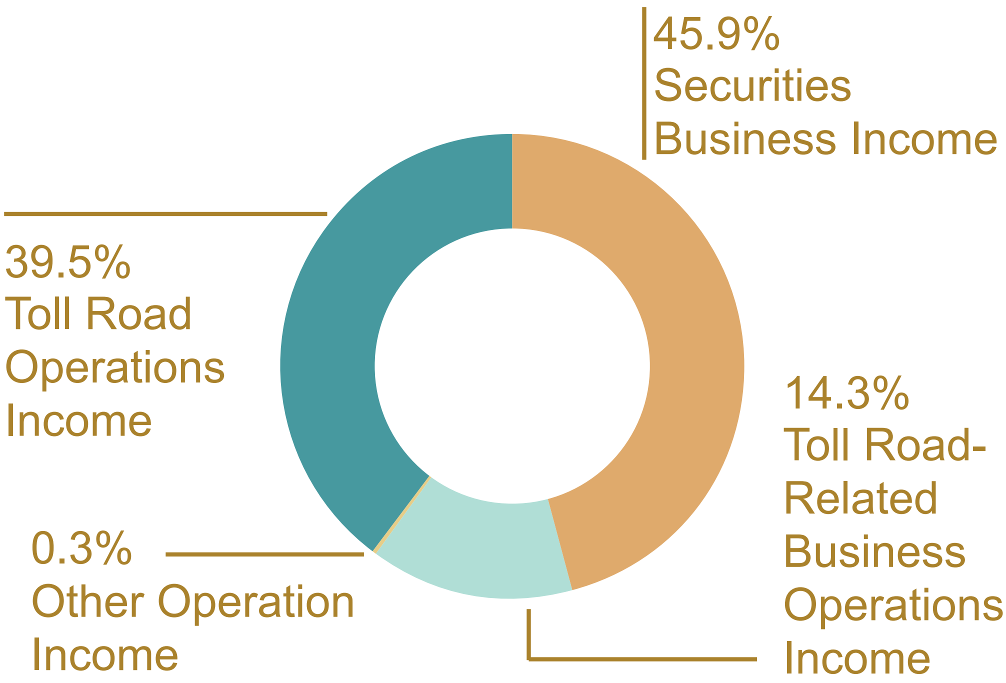
LUO Jianhu

Management Discussion and Analysis

BUSINESS REVIEW

In 2015, China's economy grew at a slower pace with a 6.9% increase in GDP compared with last year due to downward pressure caused by a combination of complex domestic and overseas factors. However, Zhejiang Province's economy benefited from a stable increase in fixed assets investment and consumption, as well as from a solid increase in exports against the market trend. In 2015, Zhejiang Province's GDP increased 8.0% year-on-year and demonstrated a healthy growth trend.

As Zhejiang Province's economy steadily improved and foreign exports increased during the Period, traffic volume on the Group's expressways continued to maintain solid organic growth. In terms of the Group's securities business, in 2015, trading in the domestic stock market was active despite the high volatility. As a result, income from the Group's overall operations increased 33.1% year-on-year. Total income reached Rmb13,001.10 million, of which Rmb5,133.38 million was generated from the four major expressways operated by the Group, representing an increase of 6.4% year-on-year and 39.5% of the total income; Rmb1,854.39 million was from the Group's toll road-related businesses, representing a decrease of 22.5% year-on-year and 14.3% of the total income; and Rmb5,968.41 million was from the securities business, representing an increase of 134.2% year-on-year and 45.9% of the total income.



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

	2015 Rmb'000	2014 Rmb'000 (Restated)	% Change
Toll income			
Shanghai-Hangzhou-Ningbo Expressway	3,257,257	3,111,048	4.7%
Shangsan Expressway	1,055,023	987,429	6.8%
Jinhua section, Ningbo-Jinhua Expressway	356,994	309,222	15.4%
Hanghui Expressway	464,104	417,683	11.1%
Toll road-related business			
Service areas	1,749,857	2,222,332	–21.3%
Advertising	42,882	85,362	–49.8%
External road maintenance	61,648	86,257	–28.5%
Securities business income			
Commission	4,168,427	1,808,953	130.4%
Interest income	1,799,980	739,116	143.5%
Other operation income			
Hotel operation	44,931	–	N/A
Subtotal	13,001,103	9,767,402	33.1%
Less: Revenue taxes	(493,709)	(307,094)	60.8%
Revenue	12,507,394	9,460,308	32.2%

Expand expressway business scale

Enhance operational management capabilities

The company completed the 80.614% equity stake acquisition in Huanghui Co in November 2015 and successfully increased its shareholding to 88.674% in December. As a result, the total length of the expressways that the Company owns and operates increased to 582km. Concurrently, the Company strengthened its efforts to enhance the operation of its expressways, increased toll income by plugging loopholes, reduced costs, and enhanced road safety and road quality.

Management Discussion and Analysis

Toll Road Operations

Driven by Zhejiang Province's steady economic development, during the Period, traffic volume on the Group's expressways registered solid organic growth. During the Period, the organic traffic volume growth rates for the Group's four expressways, namely the Shanghai-Hangzhou-Ningbo Expressway, the Shangsan Expressway, the Jinhua Section of the Ningbo-Jinhua Expressway and the Hanghui Expressway, were 6.3%, 8.0%, 9.5% and 8.3%, respectively, with the varied rates of growth due to the different regions where the four expressways are located.

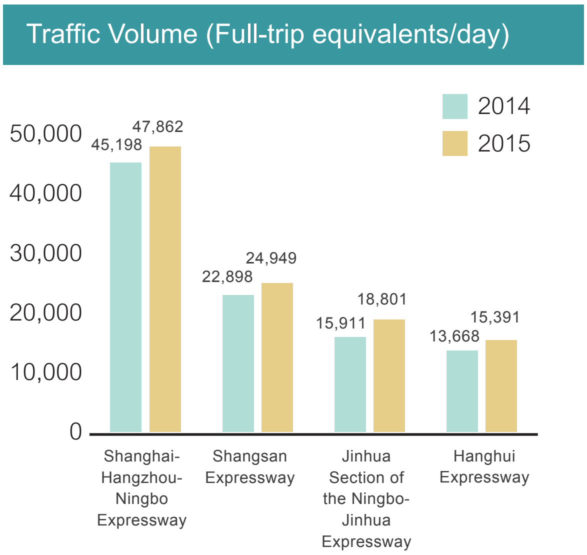
Construction on the Hangzhou Airport Road started on April 15, 2014, resulting in a truck traffic restriction for the 23.7 km section of the Group's neighboring Shanghai-Hangzhou-Ningbo Expressway. To reduce the negative impact from this traffic restriction, the Group made an effort to reduce the restriction time by 2 hours per day in late August, 2015, leading to a recovery in truck traffic volume.

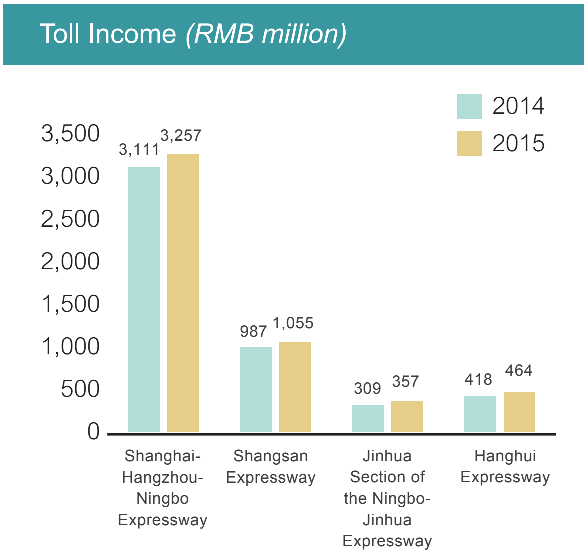
During the Period, the Huangtuling Tunnel on the Ningbo-Taizhou-Wenzhou Expressway was closed due to construction in August, 2015, causing a slightly adverse impact on traffic volume on the Shangsan Expressway in the second half of the year. Despite this, overall traffic volume on the Shangsan Expressway during the Period still recorded steady growth.

The Jinhua Section of the Ningbo-Jinhua Expressway continued to record decent growth in traffic volume, thanks to strong economic growth in regions such as Yiwu, as well as the booming development of e-commerce, foreign trade and exports in the surrounding areas. Despite a slight diversion impact on traffic volume from the Dongyang-Yongkang Expressway that was opened to traffic since July, 2015, there was a substantial increase in the overall traffic volume on the Jinhua Section of the Ningbo-Jinhua Expressway during the Period as the neighboring Hangzhou-Jinhua-Quzhou Expressway was closed from June 6, 2015 to the end of September, 2015 due to construction.

Due to the factors above, during the Period, the average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 47,862, representing an increase of 5.9% 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 46,264, representing an increase of 6.2% year-on-year, and that along the Hangzhou-Ningbo Section was 49,004, representing an increase of 5.7% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 24,949, representing an increase of 9.0% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 18,801, representing an increase of 18.2% year-on-year. Average daily traffic volume in full-trip equivalents along the Hanghui Expressway was 15,391, representing an increase of 12.7% year-on-year.

During the Period, total toll income from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsan Expressway, the 70km Jinhua Section of the Ningbo-Jinhua Expressway and the 122km Hanghui Expressway was Rmb5,133.38 million, representing an increase of 6.4% year-on-year. Toll income from the Shanghai-Hangzhou-Ningbo Expressway was Rmb3,257.26 million, representing an increase of 4.7% year-on-year; toll income from the Shangsan Expressway was Rmb1,055.02 million, representing an increase of 6.8% year-on-year. Toll income from the Jinhua Section of the Ningbo-Jinhua Expressway was Rmb356.99 million, representing an increase of 15.4% year-on-year. Toll income from the Hanghui Expressway was Rmb464.11 million, representing an increase of 11.1% year-on-year.





Toll Road-Related Business Operations

The Company also 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 expressway advertisements and external road maintenance.

Zhejiang Province took action in 2014 to remove billboards from along sides of the expressways, which gradually narrowed most of the advertising business of the Group's subsidiary to expressway service areas. As a result, advertising income was substantially reduced within the Period. Moreover, during the Period, the overall income of the toll road-related business operations was adversely affected due to several reductions in retail prices of domestics refined oil products. During the Period, income from toll road-related operations was Rmb1,854.39 million, representing a decrease of 22.5% year-on-year.

Securities Business

During the Period, despite the mass turbulence in the Shanghai and Shenzhen stock markets since mid-June last year, trading remained relatively active in these two markets and their trading volume increased 218.0% year-on-year in total. As a result, the brokerage business of Zheshang Securities recorded substantial growth in trading volume amid a continued decline in average brokerage commission rate. During the Period, the brokerage commission income of Zheshang Securities increased 154.5% year-on-year.

Additionally, Zheshang Securities actively expanded into innovative businesses while pushing forward the comprehensive development of each business to improve its income and profit structure on an ongoing basis. During the Period, income from Zheshang Securities' investment banking business, interest income from margin financing and securities lending, as well as income from asset management businesses all recorded substantial year-on-year growth of 25.8%, 198.9% and 108.8% respectively.

Zheshang securities

has significantly improved its market position and made steady progress in transformational development

On the securities business side, the Company took advantage of market volatility, strengthened its compliance and risk management practices, and effectively mitigated risks. In terms of transformation, the Company capitalized on its financial strength and utilized its resources to explore and nurture new business opportunities.

Meanwhile, the China Securities Regulatory Commission (the "CSRC") has allowed IPOs to resume since November 2015. The IPO application of Zheshang Securities was submitted to the Shanghai Stock Exchange in May 2013 and is currently waiting for the CSRC's review and approval.

During the Period, Zheshang Securities recorded total operating income of Rmb5,968.41 million, an increase of 134.2% year-on-year. Of which, commission income rose 130.4% year-on-year to Rmb4,168.43 million, and interest income from the securities business was Rmb1,799.98 million, representing an increase of 143.5% year-on-year. Moreover, during the Period, securities investment gains of Zheshang Securities included in the consolidated statement of profit or loss and other comprehensive income of the Group was Rmb571.50 million (2014: gains of Rmb262.39 million).

Hotel Operation

Grand New Century Hotel, owned by Zhejiang Yuhang Expressway Co., Ltd. (a 51% owned subsidiary of the Company), began trial operation on April 28, 2015, and realized income (before sales tax and additional tax) of Rmb44.93 million for the Period.

Long-Term Investments

Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associate company of the Company), was affected by a series of reductions in retail prices of domestic refined oil products, and recorded income of Rmb5,043.67 million, representing a decrease of 20.8% year-on-year. During the Period, net profit of this associate company was Rmb22.47 million (2014: net profit of Rmb26.83 million). The Company completed the disposal of this associate company on January 4, 2016.

Zhejiang Shaoxing Shengxin Expressway Co., Ltd. ("Shengxin Co", a 50% owned joint venture of the Company) operates the 73.4 km-long Shaoxing Section of the Ningbo-Jinhua Expressway. During the Period, the average daily traffic volume in full-trip equivalents was 15,029, representing an increase of 7.4% year-on-year. Toll income during the Period was Rmb331.21 million. However, due to increased road maintenance expenses and its relatively heavy financial burden, the joint venture reported a loss of Rmb50.14 million during the Period (2014: loss of Rmb66.55 million).

During the Period, Zhejiang Communications Investment Group Finance Co., Ltd. (a 35% owned associate company of the Company), derived income mainly from interest, fees and commission for providing financial services, including arranging loans and receiving deposits, to subsidiaries of Zhejiang Communications Investment Group Co., Ltd., the controlling shareholder of the Company. During the Period, this associate company realized a net profit of Rmb139.61 million (2014: net profit of Rmb153.20 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.

Continuously strengthen core businesses Actively nurture new businesses

The Company will continue to strengthen its expressway business, develop its financial and securities business, and nurture other new businesses. The management will continue to work hard in the next year and maximize value for all of our shareholders.

Management Discussion and Analysis

During the Period, profit attributable to owners of the Company was approximately Rmb2,989.68 million, representing an increase of 32.0% year-on-year, return on owners' equity was 17.9%, representing an increase of 34.1% year-on-year, while earnings per share for the Company was Rmb68.84 cents.

Liquidity and financial resources

As at December 31, 2015, current assets of the Group amounted to Rmb54,359.48 million in aggregate (December 31, 2014 (restated): Rmb35,826.44 million), of which bank balances and cash accounted for 9.7% (December 31, 2014 (restated): 11.5%), bank balances held on behalf of customers accounted for 49.8% (December 31, 2014 (restated): 46.3%) held for trading investments accounted for 6.9% (December 31, 2014 (restated): 5.9%) and loans to customers arising from margin financing business accounted for 19.4% (December 31, 2014 (restated): 23.9%). The current ratio (current assets over current liabilities) of the Group as at December 31, 2015 was 1.3 (December 31, 2014 (restated): 1.2). 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 1.8 (December 31, 2014 (restated): 1.4).

The amount of held for trading investments of the Group as at December 31, 2015 was Rmb3,761.22 million (December 31, 2014: Rmb2,124.74 million), of which 89.0% was invested in bonds, 5.9% was invested in stocks, and the rest was invested in open-end equity funds.

During the Period, net cash used in the Group's operating activities amounted to Rmb2,676.33 million, net cash generated from the Company's operating activities amounted to Rmb1,553.03 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,	
	2015 Rmb'000	2014 Rmb'000 (Restated)
Cash and cash equivalents		
Rmb	4,935,103	3,321,633
US$ in Rmb equivalent	33,386	28,832
HK$ in Rmb equivalent	14,562	6,098
Time deposits - Rmb	270,000	761,320
Held for trading investments - Rmb	3,761,224	2,124,740
Available-for-sale investments - Rmb	1,032,750	570,021
Total	10,047,025	6,812,644
Rmb	9,999,077	6,777,714
US$ in Rmb equivalent	33,386	28,832
HK$ in Rmb equivalent	14,562	6,098

Management Discussion and Analysis

Borrowings and solvency

As at December 31, 2015, total liabilities of the Group amounted to Rmb51,893.11 million (December 31, 2014 (restated): Rmb33,858.59 million), of which 6.5% was bank and other borrowings, 20.4% was bonds payable, 10.4% was financial assets sold under repurchase agreements and 52.0% was accounts payable to customers arising from securities business.

As at December 31, 2015, total interest-bearing borrowings of the Group amounted to Rmb14,584.05 million, representing an increase of 154.4% compared to that as at December 31, 2014. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb2,297.95 million, borrowings from other domestic financial institution of Rmb500.00 million, entrusted loans from Communication Group of Rmb570.00 million, subordinated bonds of Rmb7.20 billion, corporate bonds of Rmb1.50 billion, short-term financing note of Rmb600.00 million and beneficial certificates of Rmb1,916.10 million. Of the interest-bearing borrowings, 63.0% was not payable within one year.

As at December 31, 2015, the Group's loans from domestic commercial banks include short-term and long-term loans (of which long-term loans due in one year amounted to Rmb300.00 million), with annual fixed interest rates ranging from 4.1325% to 4.6% and floating interest rates ranging from 4.41% to 5.9% per annum. The annual fixed interest rate and floating interest rates for borrowings from other domestic financial institutions was 5.1% and ranged from 4.275% to 4.513%, respectively. The annual interest rates for entrusted loans from Communication Group were fixed at 4.55%. The annual coupon rates for short-term financing note ranged from 2.93% to 3.2%. The annual coupon rate for beneficial certificates ranged from 0.7% to 7.0%. The annual interest rates for subordinated bonds were fixed at rates between 5.69% and 6.3%. The annual interest rates for corporate bonds were fixed at 4.9%, 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	870,000	100,000	440,000	330,000
Borrowings from other domestic financial institution	450,000	200,000	250,000	-
Fixed rates				
Domestic commercial bank loans	1,427,951	1,427,951	-	-
Borrowings from other domestic financial institution	50,000	50,000	-	-
Entrusted loans from Communication Group	570,000	-	570,000	-
Short-term loan notes	600,000	600,000	-	-
Beneficial certificates	1,916,100	16,100	1,900,000	-
Subordinated bonds	7,200,000	3,000,000	4,200,000	-
Corporate bonds	1,500,000	-	1,500,000	-
Total as at December 31,2015	14,584,051	5,394,051	8,860,000	330,000
Total as at December 31,2014 (Restated)	5,733,570	2,573,570	2,460,000	700,000

Total interest expenses for the Period amounted to Rmb635.75 million, of which capitalized interest amounted to Rmb3.25 million, while profit before interest and tax amounted to Rmb6,079.15 million. The interest cover ratio (profit before interest and tax over interest expenses) stood at 9.6 (2014 (restated): 14.0) times.

	2015 Rmb'000	2014 Rmb'000 (Restated)
Profit before tax and interest	6,079,147	3,924,340
Interest expenses	635,748	280,268
Interest cover ratio	9.6	14.0

As at December 31, 2015, the asset-liability ratio (total liabilities over total assets) of the Group was 70.2% (December 31, 2014 (restated): 61.6%). 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 53.2% (December 31, 2014 (restated): 45.1%).

Capital structure

As at December 31, 2015, the Group had Rmb21,998.65 million in total equity, Rmb45,859.07 million in fixed-rate liabilities, Rmb1,320.00 million in floating-rate liabilities, and Rmb4,714.04 million in interest-free liabilities, representing 29.8%, 62.1%, 1.8% and 6.3% 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 113.1% as at December 31, 2015 (December 31, 2014 (restated): 89.1%).

	As at December 31, 2015		As at December 31, 2014	
	Rmb'000	%	Rmb'000 (Restated)	% (Restated)
Total equity	21,998,649	29.8%	21,128,470	38.4%
Fixed rate liabilities	45,859,072	62.1%	27,037,773	49.2%
Floating rate liabilities	1,320,000	1.8%	3,030,000	5.5%
Interest-free liabilities	4,714,042	6.3%	3,790,813	6.9%
Total	73,891,763	100.0%	54,987,056	100.0%
Long-term interest-bearing liabilities	9,190,000	12.4%	3,160,000	5.7%
Gearing ratio 1 (note)		113.1%		81.9%
Gearing ratio 2 (note)		41.8%		15.0%
Asset-liabilities ratio1 (note)		70.2%		61.6%
Asset-liabilities ratio 2 (note)		53.2%		45.1%

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 Rmb2,222.94 million. Amongst the total capital expenditure, Rmb1,699.35 million was incurred for acquiring 80.614% equity interest in Hanghui Co, Rmb102.10 million was incurred for other equity investments, Rmb199.57 million was incurred for acquisition and construction of properties, Rmb184.44 million was incurred for purchase and construction of equipment and facilities, and Rmb37.48 million was incurred for service area renovation and expansion.

As at December 31, 2015, the capital expenditure committed by the Group totaled Rmb661.19 million. Amongst the total capital expenditures committed by the Group, Rmb317.63 million will be used for acquisition and construction of properties, Rmb312.22 million for acquisition and construction of equipment and facilities, and Rmb31.34 million for service area renovation and expansion.

The Group will consider financing the above-mentioned capital expenditure commitments with internally generated cash flow first and then will comprehensively consider using debt financing and equity financing to meet any shortfalls.

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 Rmb2.20 billion, in accordance with their proportionate equity interest in Shengxin Co. During the Period, Rmb110.00 million of the bank loans had been repaid.

Pursuant to the board resolution dated June 24, 2008 of Zhejiang Jinhua Yongjin Expressway Co., Ltd. (“Jinhua Co”, a 100% owned subsidiary of the Company), Jinhua Co provided the operating right of the expressway operated by it as pledged asset for its domestic commercial bank loans. The outstanding balance of such commercial loan was Rmb100.00 million. As at December 31, 2015, the carrying amount of the pledged asset was Rmb1,666.19 million. The commercial bank loan was fully repaid on January 29, 2016 before it was due.

Pursuant to a pledge agreement, Hanghui Co provided operating right of certain parts of the expressway operated by it as pledged asset for its domestic commercial bank loans. The outstanding balance of such commercial loan was Rmb620.00 million. As at December 31, 2015, the carrying amount of the pledged asset was Rmb2,420.32 million.

Except for the above, as at December 31, 2015, the Group did not have any other contingent liabilities, pledge of assets or guarantees.

Foreign exchange exposure

During the Period, save for (i) dividend payments to the holders of H shares in Hong Kong dollars and (ii) setting up Zheshang Futures (Hong Kong) Co., Limited with HK$10.00 million contributed capital by Zheshang Futures Co., Ltd., a wholly owned subsidiary of Zheshang Securities, 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, 2015, there were 7,271 employees within the Group, amongst whom 1,714 worked in the managerial, administrative and technical positions, while 5,457 worked in fields such as toll collection, maintenance, service areas, securities and futures business outlets.

OUTLOOK

The pace of global economic recovery has been slower than expected while China's economy is in a key phase of structural adjustment and transformation, and still faces certain downward pressure. Looking into 2016, given varied regional economic development and traffic demand, the toll performance of each expressway operated by the Group is expected to vary. We expect overall traffic volume in 2016 will continue to grow at a steady pace, albeit slower than that in 2015.

Additionally, the Dongyang-Yongkang Expressway, which opened to traffic in July 2015, is expected to continue to have a slight diversion impact on traffic for the Jinhua Section of the Ningbo-Jinhua Expressway. Therefore, the Group will endeavor to not only enhance the quality of its expressway operations and services and adopt measures to ensure smooth and safe travel, but will also strengthen the analysis of these newly opened networks and intensify promotional and marketing efforts to direct and attract more vehicles to use the expressways operated by the Group and minimize the diversion impact.

Although the Shenzhen and Shanghai stock markets experienced significant turbulences in 2015, we believe the Group's securities business is still facing new opportunities as the Chinese government continues to actively promote the healthy development of capital markets and deepen the establishment of a multi-level capital market. Meanwhile, it is expected that Zheshang Securities' A-Share listing application on the Shanghai Stock Exchange may progress further as the CSRC has allowed A-Share IPOs to resume. Zheshang Securities will strengthen its cost and risk control and ensure its businesses maintain their healthy growth path, while deploying strategic measures to be more resilient to challenges from the current market environment and intense industry competition through expanding its efforts in developing innovative businesses.

Facing a complicated new environment, the Company's management will strongly unite all of our employees to develop our core expressway business, and further enhance our core competencies. The Company will also strengthen its securities business and seek new drivers for profit growth. Under the premise of controlling risks, the Company will continue to search for suitable investments and development projects, while also cultivating management's capabilities to handle diversified operations in order to enlarge the potential of its future development and profitability to deliver solid results for shareholders.

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. The overall economy is still subject to downside pressure to a certain extent. As the expressway toll road business is closely related to the macroeconomy, it is subject to the macroeconomic performance. 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

The slight diversion impact on traffic from the Jinhua section of the Ningbo-Jinhua Expressway caused by the Dongyang-Yongkang Expressway, which commenced service in July 2015. 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. At the same time, as the consultation paper "Regulation on Administration of Toll Roads" (《高速公路收費管理條例》) 2015 has not been officially promulgated at present, 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.

Management Discussion and Analysis

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 5, 6 and 7 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 47, 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 2015 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 17, 2016

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)*
Mr. CHENG Tao *(Appointed on July 1, 2015)*
Ms. LUO Jianhu *(General Manager)*
Mr. DING Huikang *(Ended of Appointment Term on July 1, 2015)*

The non-executive directors of the Company during the Period were:
Mr. WANG Dongjie
Mr. DAI Benmeng
Mr. ZHOU Jianping

The independent non-executive directors of the Company during the Period were:
Mr. ZHOU Jun
Mr. PEI Ker-Wei
Ms. LEE Wai Tsang Rosa

During the Period, the Board held a total of ten 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
Mr. ZHAN Xiaozhang (Chairman)	9/10	1/10
Mr. CHENG Tao (Appointed on July 1, 2015)	6/6	
Ms. LUO Jianhu (General Manager)	10/10	
Mr. DING Huikang (Ended of Appointment Term on July 1, 2015)	4/4	
Mr. WANG Dongjie	8/10	2/10
Mr. DAI Benmeng	7/10	3/10
Mr. ZHOU Jianping	8/10	2/10
Mr. ZHOU Jun	9/10	1/10
Mr. PEI Ker-Wei	9/10	1/10
Ms. LEE Wai Tsang Rosa	10/10	

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 possessing the appropriate professional qualification or accounting or related financial management expertise.

Corporate Governance Report

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 July 1, 2015 and will expire on June 30, 2018.

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 the 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. ZHAN Xiaozhang, Mr. ZHOU Jun, Mr. PEI Ker-Wei, Ms. LEE Wai Tsang Rosa 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 promoting 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. PEI Ker-Wei, Mr. ZHOU Jun, 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, Mr. CHENG Tao and Ms. LUO Jianhu as well as Mr. ZHANG Jingzhong, Mr. WANG Dehua, Mr. Tony ZHENG and several outside experts and advisors, of whom Mr. ZHAN Xiaozhang serves as Chairman of the Strategic Committee.

Corporate Governance Report

During the Period, the Audit Committee held a total of five 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	Attendance through communication
Mr. ZHOU Jun	4/5		
Mr. PEI Ker-Wei	4/5		1/5
Ms. LEE Wai Tsang Rosa	4/5		1/5
Mr. WANG Dongjie	4/5		1/5
Mr. ZHOU Jianping	3/5	1/5	1/5

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

During the Period, the Nomination Committee held a total of one meeting. 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 through communication
Mr. ZHAN Xiaozhang	1/1
Mr. ZHOU Jun	1/1
Mr. PEI Ker-Wei	1/1
Ms. LEE Wai Tsang Rosa	1/1
Mr. DAI Benmeng	1/1

During the Period, the Nomination Committee mainly discussed the candidates for 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.

During the Period, the Remuneration Committee held a total of one meeting. 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 through communication
Mr. PEI Ker-Wei	1/1
Mr. ZHOU Jun	1/1
Ms. LEE Wai Tsang Rosa	1/1
Mr. DAI Benmeng	1/1
Mr. ZHOU Jianping	1/1

During the Period, the Remuneration Committee mainly discussed the remuneration and allowance packages for directors of the Board, supervisors of the Supervisory Committee and senior management of the Company. Proposed remuneration and allowance packages for directors of the Board, supervisors of the Supervisory Committee and senior management of the Company that were reviewed by the Remuneration Committee were later reviewed and approved by the Board.

During the Period, the Strategic Committee did not hold any 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.

Corporate Governance Report

AUDITORS' REMUNERATION

During the Period, the Company had paid Rmb approximately 3.28 million and Rmb1.45 million to Deloitte Touche Tohmatsu Certified Public Accountants (the Hong Kong auditors) and Pan-China Certified Public Accountants Ltd. (the PRC auditors), respectively, for audit services conducted in 2014. Besides, the Company had paid Rmb890,000 to Deloitte Touche Tohmatsu Certified Public Accountants (the Hong Kong auditors) for other assurance service provided.

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, 2015, 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, 2015, 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	186,356,024(L) 1,582,000(S) 74,335,779(P)	12.99% (L) 0.11%(S) 5.18%(P)
BlackRock, Inc.	Interest of controlled corporations	169,469,960(L)	11.82%(L)
The Bank of New York Mellon Corporation	Investment manager/ approved lending agent	72,365,466(L) 70,150,710(P)	5.05%(L) 4.89%(P)

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

Save as disclosed above, as at December 31, 2015, 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 179 of this report.

Corporate Governance 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 ZHENG
Company Secretary
5/F, #2 Mingzhu International Business Center,
199 Wuxing Road, Hangzhou, Zhejiang 310020
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 Tuesday, December 22, 2015 at the headquarters of the Company. Details of this extraordinary general meeting of the shareholders were set out in the announcement dated December 22, 2015 on resolutions passed at the extraordinary general meeting of the shareholders.

The next annual general meeting of the Company is expected to be held in May, 2016 with exact date and resolutions for review to 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 AND RISK MANAGEMENT

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, and the management system on environment, occupational health and safety. 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 attaches great importance to risk management. As of the end of 2015, the Company established its risk management mechanism and relevant regulations, established risk management strategy and took risk control measures in response to major risks faced by the Company.

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 Period, the Audit Committee focused on management of various projects, as well as compliance and risk control of margin financing and securities lending businesses. 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 a review 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. The risk management of the Company was deemed to be effective and controllable.

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 the resolutions 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.

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 has been appointed as an Executive Director of the Company since July 2015.

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.

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.

Directors, Supervisors and Senior Management Profiles

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 General Manager of the Strategic Development and Legal Affairs Department.

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 Department Head of Organization 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 of arts and a master's degree of economics in international finance. He also serves as the Chairman of S.I. Infrastructure Holdings Ltd. and seven other companies, the Chairman of SIIC Environment Holdings 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.

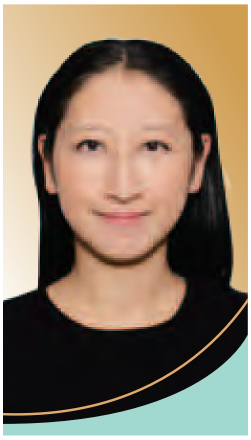
Mr. Zhou is a member of the Standing Committee of the CPC Shanghai Municipal Committee and is currently the Chairman of Shanghai Lantai Investment Management Co., Ltd. (上海藍太投資管理有限公司) of Shanghai Charity Foundation.

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 China Merchant Group, and Independent Director of Want Want China Holdings (00151.hk), Zhong An Real Estate (00672.hk) and MMG Limited (01208.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 in securities and futures under the SFO. Ms. Lee is a director of Grand Finance Group Company Ltd. and Tianjin Yishang Friendship Holdings Co., Ltd. Ms. Lee has extensive experience in management, investment, securities and auditing.

Directors, Supervisors and Senior Management Profiles

SUPERVISOR

Supervisor Representing Shareholders

Mr. YAO Huiliang
born in 1972, graduated from the Zhejiang University and is a senior accountant.

Since he started his career in August 1990, Mr. YAO had served as Project Management Manager at Zhejiang Zhetong Road Operation Co., Ltd., Finance Manager of the Management Committee of the Ningbo Second Phase of Yongtaiwen Expressway, Assistant to the General Manager and Finance Manager of the Ningbo Expressway Co., and Deputy Manager of the Finance Management Department, and Vice Manager of the Finance Center of the Communications Group.

Mr. YAO currently serves as Manager of the Finance Management Department of the Communications Group.

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 President of China Everbright Bank, Hangzhou Branch. 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 a 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.

Mr. Zhang resigned from his position as an Independent Supervisor of the Company, with effect from March 17, 2016.

Directors, Supervisors and Senior Management Profiles

Mr. SHI Ximin

born in 1960, obtained a doctorate degree in Accounting from the Central University of Finance and Economics, and holds a doctorate degree in Management.

Since he started his career in July 1983, Mr. Shi had served as Deputy Dean of the Accounting Department, and Director of Graduate School of the Zhejiang University of Finance & Economics, as well as Dean of the Zhejiang Business College. Mr. Shi currently serves as a professor in the Accounting Department of the Zhejiang University of Finance & Economics, Deputy Chairman of the Zhejiang Association of CFO, and independent director of Wolong Real Group Estate Co., Ltd. (SH: 600173) and Zhejiang Jianfeng Group Co.,Ltd. (SH: 600668) (both companies listed on the Shanghai Stock Exchange).

Supervisor Representing Employees

Mr. LU Xinghai

born in 1967, graduated from the Department of Psychology of the Hangzhou University with a doctorate degree in Management Psychology and is a Senior Economist, the Supervisor Representing Employees of the Company.

Mr. Lu had served as Manager of the Human Resources Department of Hangzhou BC Foods Co., Ltd., Deputy Manager of the Human Resources Department of the Company. He currently also serves as the Head of the Party-Staff Work Department and Director of Labour Union Office of the Company.

Directors, Supervisors and Senior Management Profiles

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 of engineering 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. 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. and Jiaxing Co.

Mr. ZHU Yimin

born in 1961, is an Engineer, Mr. Zhu graduated from Chang'an University with professional programme in Roads and Transportation Engineering in July 2007. He joined the People's Liberation Army garrison 83026 from December 1978 to January 1982. From January 1982 to December 1998, he worked in Anji County Water Traffic Control Department, Huzhou Port and Water Traffic Administration Department and Huzhou City Water Traffic Administration Department. From June 1994 to December 1998, he was the Director of Huzhou City Traffic Engineering Department. From December 1998 to September 2000, he served as the Assistant to Director of Huzhou City Water Traffic Control and Administration Department. From January 2003 to August 2004, he was the Assistant Manager of Huzhou City Transportation Investment and Development Corporation. From August 2004 to May 2015, Mr. Zhu has served in different positions including the Deputy General Manager of Zhejiang Shenjiahuhang Expressway Co., Ltd, the Deputy General Manager of Zhejiang Province North Zhejiang Expressway Management Co., Ltd., the Deputy General Manager of Zhejiang Shensuzhewan Expressway Co. Ltd., the Deputy General Manager of Zhejiang Province West Zhejiang Expressway Co., Ltd., and Deputy General Manager of Zhejiang Hanghui Expressway Co. Ltd.

He has been the Deputy General Manager and party committee member of the Company since July 1, 2015.

Directors, Supervisors and Senior Management Profiles

Mr. WANG Dehua

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. Mr. Wang has professional accounting qualifications, including CPA, HKICPA, ACCA, etc. 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 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.

Ms. ZHANG Xiuhua

born in 1969, is a Senior Economist. 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, Manager of the Operation Department and Assistant to General Manager.

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

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, 2015.

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, no further analysis of the revenue and segment profit by geographical area is presented. An analysis of the Group's revenue and segment profit by principal activities for the year ended December 31, 2015 is set out in note 8 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended December 31, 2015 and the state of financial position at that date are set out in the financial statements on pages 70 to 176.

An interim dividend of Rmb 0.06 per share (approximately HK$0.073) was paid on November 12, 2015. The Directors have recommended the payment of a final dividend of Rmb 0.28 (approximately HK$ 0.334) per share in respect of the year. The final dividend is subject to shareholders' approval at the 2015 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 49.4% during the Period. Further details of the dividends are set out in note 17 to the financial statements.

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.

Results	Year ended December 31, 2015 Rmb'000	2014 Rmb'000 (Restated)	2013 Rmb'000 (Restated)	2012 Rmb'000 (Restated)	2011 Rmb'000 (Restated)
Revenue	12,507,394	9,460,308	8,210,666	7,238,675	7,280,061
Operating costs	(7,060,298)	(5,898,198)	(5,256,706)	(4,874,283)	(4,578,440)
Gross profit	5,447,096	3,562,110	2,953,960	2,364,392	2,701,621
Security investment gains	584,114	278,252	99,663	99,783	7,925
Other income	295,918	262,244	255,315	318,532	303,553
Administrative expenses	(108,627)	(105,703)	(100,741)	(100,934)	(105,447)
Other expenses	(162,576)	(104,306)	(71,944)	(59,241)	(44,691)
Finance costs	(632,495)	(272,900)	(295,461)	(350,782)	(368,343)
Share of profit(loss) of associates	48,289	65,020	21,537	(4,513)	8,934
Share of loss of a joint venture	(25,067)	(33,277)	(36,010)	(3,516)	–
Profit before tax	5,446,652	3,651,440	2,826,319	2,263,721	2,503,552
Income tax expense	(1,416,872)	(905,468)	(742,563)	(618,751)	(687,067)
Profit for the year	4,029,780	2,745,972	2,083,756	1,644,970	1,816,485
Attributable to:					
Owners of the Company	2,989,680	2,264,994	1,801,687	1,503,048	1,601,188
Non-controlling interests	1,040,100	480,978	282,069	141,922	215,297
Earnings per share– Basic and diluted	68.84 cents	52.15 cents	41.48 cents	34.61 cents	36.87 cents

Report of the Directors

Assets and liabilities	As at December 31, 2015 Rmb'000	2014 Rmb'000 (Restated)	2013 Rmb'000 (Restated)	2012 Rmb'000 (Restated)	2011 Rmb'000 (Restated)
Total assets	73,891,763	54,987,056	35,947,318	35,532,636	35,679,240
Total liabilities	51,893,114	33,858,586	16,175,239	15,676,614	15,864,176
Net assets	21,998,649	21,128,470	19,772,079	19,856,022	19,815,064

Notes:

1. The consolidated results of the Group for the four years ended December 31, 2014 have been restated in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by Hong Kong Institute of Certified Public Accountants, while those for the year ended December 31, 2015 were prepared based on the consolidated statement of profit or loss and other comprehensive income as set out on page 70 of the financial report.

2. The 2015 earnings per share is based on the profit attributable to owners of the Company for the year ended December 31, 2015 of Rmb2,989,680,000 (2014 (Restated): Rmb 2,264,994,000) and the 4,343,114,500 (2014:4,343,114,500) 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,**	
	2015	2014	2015	2014
	Rmb'000	Rmb'000 (Restated)	Rmb'000	Rmb'000 (Restated)
As reported in the statutory financial statements of the Group prepared in accordance with PRC GAAP	4,038,913	2,755,166	22,272,330	21,393,908
HK GAAP adjustments:				
(a) Goodwill	–	–	(199,769)	(199,769)
(b) Amortization provided, net of deferred tax	(1,952)	(1,952)	(167,060)	(165,108)
(c) Assessment on impact of appreciation, net of deferred tax	(3,658)	(3,656)	52,791	56,449
(d) Others	(334)	(399)	7,666	7,110
(e) Non-controlling interests	(3,189)	(3,187)	32,691	35,880
As restated in the financial statements	4,029,780	2,745,972	21,998,649	21,128,470

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 note 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 “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 Rmb 3,202,000 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 19 to the financial statements.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at December 31, 2015 are set out in note 50 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 73 to the financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2015, 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 HKGAAP, amounted to Rmb 2,743,963,000. In addition, in accordance with the Company Law of the PRC, the amount of approximately Rmb 3,645,726,000 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, 2015, other than the deposits placed with a non-bank financial institution of Rmb 545,471,000, 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.

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)
Mr. CHENG Tao (Appointed on July 1, 2015)
Ms. LUO Jianhu (General Manager)
Mr. DING Huikang (Ended of Appointment Term on July 1, 2015)

NON-EXECUTIVE DIRECTORS

Mr. WANG Dongjie
Mr. DAI Benmeng
Mr. ZHOU Jianping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHOU Jun
Mr. PEI Ker-Wei
Ms. LEE Wai Tsang Rosa

Report of the Directors

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 55 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, which effect from July 1, 2015 to June 30, 2018.

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, 2015 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.

Dividends payable to the Shareholders who are mainland individual investors or corporate investors investing in the H Shares via the Shanghai-Hong Kong Stock Connect will be paid in Rmb by China Securities Depository and Clearing Corporation Limited Shanghai Branch ("CSDC Shanghai Branch") as entrusted by the Company.

According to the requirements of the "Notice on Taxation Policies Concerning the Shanghai-Hong Kong Stock Connect Pilot Program (Finance Tax【2014】No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅【2014】81號)) jointly published by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission, the Shanghai-Hong Kong Stock Connect tax arrangements are as follows: (i) for Chinese mainland individual investors who invest in the H Shares via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax at the rate of 20% in the distribution of dividends. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Company Limited for tax credit relating to the withholding tax already paid abroad; and (ii) for Chinese mainland securities investment funds that invest in the H Shares via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax in the distribution of dividends pursuant to the foregoing provisions.

For Chinese mainland corporate investors that invest in the H Shares via the Shanghai-Hong Kong Stock Connect, the Company will not withhold the income tax in the distribution of interim dividend and such investors shall file the tax returns on their own.

Report of the Directors

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 of the Company are taxed and/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 forth coming Annual General Meeting of the shareholders.

By Order of the Board
ZHAN Xiaozhang
Chairman

Hangzhou, Zhejiang Province, the PRC
March 17, 2016

Report of the Supervisory Committee

During the Period, the Supervisory Committee duly performed its supervisory responsibilities, and safe guarded 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 a total of three meetings of its own, and attended ten meetings held by the Board and three general meetings of shareholders. The Supervisory Committee considered that the Company took active efforts and fully accomplished the targets set at the beginning of the year by adhering to its strategic positioning and focusing on reform and innovation. The operating results of the Company set a record high alongside with accelerating transformation development and strengthening management capabilities of toll road operations. The effective implementation of reform measures in the areas of asset injection, business consolidation, cost control and IT development generated fruitful results.

The Supervisory Committee has reviewed the financial statements of the Company for 2015 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 2015, and complied with the relevant laws, regulations and the Company's Articles of Association. The Company maintained a relatively stable dividend 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
YAO Huiliang
Chairman of the Supervisory Committee

Hangzhou, Zhejiang Province, the PRC
March 17, 2016

Continuing Connected Transactions

During the year ended 31 December, 2015, 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.

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 Rmb662,017,000.

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

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 70 to 176, which comprise the consolidated statement of financial position as at December 31, 2015, 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 financial position of the Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2015

	NOTES	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Revenue	8	12,507,394	9,460,308
Operating costs		(7,060,298)	(5,898,198)
Gross profit		5,447,096	3,562,110
Securities investment gains	9	584,114	278,252
Other income	10	295,918	262,244
Administrative expenses		(108,627)	(105,703)
Other expenses		(162,576)	(104,306)
Share of profit of associates		48,289	65,020
Share of loss of a joint venture		(25,067)	(33,277)
Finance costs	11	(632,495)	(272,900)
Profit before tax	12	5,446,652	3,651,440
Income tax expense	13	(1,416,872)	(905,468)
Profit for the year		4,029,780	2,745,972
Other comprehensive income	14		
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
– Fair value gain during the year		137,431	68,301
– Reclassification adjustments for cumulative gain included in profit or loss upon disposal		(65,826)	–
Share of differences arising on translation		367	–
Income tax relating to items that may be reclassified subsequently		(17,901)	(17,075)
Other comprehensive income for the year, net of income tax		54,071	51,226
Total comprehensive income for the year		4,083,851	2,797,198
Profit for the year attributable to:			
Owners of the Company		2,989,680	2,264,994
Non-controlling interests		1,040,100	480,978
		4,029,780	2,745,972
Total comprehensive income attributable to:			
Owners of the Company		3,017,800	2,291,596
Non-controlling interests		1,066,051	505,602
		4,083,851	2,797,198
EARNINGS PER SHARE – Basic and diluted	18	Rmb68.84 cents	Rmb52.15 cents

Consolidated Statement of Financial Position

At December 31, 2015

	NOTES	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	19	3,178,494	3,289,047	2,058,513
Prepaid lease payments	20	57,745	66,001	68,156
Expressway operating rights	21	13,229,442	14,265,387	15,250,850
Goodwill	22	86,867	86,867	86,867
Other intangible assets	23	155,219	155,590	154,564
Interests in associates	25	583,537	627,866	574,733
Interest in a joint venture	26	275,600	300,667	333,944
Available-for-sale investments	27	1,635,858	221,232	143,514
Other receivables	31	–	50,828	401,400
Deferred tax assets	45	329,526	97,135	84,655
		19,532,288	19,160,620	19,157,196
CURRENT ASSETS				
Inventories	28	316,528	170,654	73,576
Trade receivables	29	151,083	136,158	104,498
Loans to customers arising from margin financing business	30	10,550,590	8,545,913	2,946,911
Other receivables and prepayments	31	1,231,799	857,563	477,901
Prepaid lease payments	20	1,939	2,155	2,155
Dividend receivable		20,494	–	–
Derivative financial assets	44	2,288	–	–
Available-for-sale investments	27	1,032,750	570,021	281,924
Held for trading investments	32	3,761,224	2,124,740	1,181,025
Financial assets held under resale agreements	33	4,959,155	2,724,598	874,254
Bank balances held on behalf of customers	34	27,078,574	16,576,751	8,228,160
Bank balances and cash				
– Time deposits with original maturity over three months	35	270,000	761,320	704,459
– Cash and cash equivalents	35	4,983,051	3,356,563	1,915,259
		54,359,475	35,826,436	16,790,122

Consolidated Statement of Financial Position

At December 31, 2015

	NOTES	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
CURRENT LIABILITIES				
Placements from other financial institutions	36	200,000	1,940,000	310,000
Accounts payable to customers arising from securities business	37	27,009,641	16,545,146	8,167,103
Trade payables	38	908,616	996,651	754,953
Tax liabilities		641,606	463,648	331,611
Other taxes payable		88,022	71,021	54,942
Other payables and accruals	39	2,809,079	1,588,312	1,026,016
Dividends payable		333	76,139	94,976
Derivative financial liabilities	44	4,258	–	–
Bank and other borrowings	40	1,777,951	1,690,000	980,000
Short-term financing note payable	41	616,100	883,570	1,000,000
Bonds payable	43	3,000,000	–	–
Financial assets sold under repurchase agreements	42	5,385,380	6,299,057	–
		42,440,986	30,553,544	12,719,601
NET CURRENT ASSETS		11,918,489	5,272,892	4,070,521
TOTAL ASSETS LESS CURRENT LIABILITIES		31,450,777	24,433,512	23,227,717
NON-CURRENT LIABILITIES				
Bank and other borrowings	40	1,590,000	1,960,000	3,250,000
Bonds payable	43	7,600,000	1,200,000	–
Deferred tax liabilities	45	262,128	145,042	205,638
		9,452,128	3,305,042	3,455,638
		21,998,649	21,128,470	19,772,079
CAPITAL AND RESERVES				
Share capital	46	4,343,115	4,343,115	4,343,115
Reserves		12,393,543	12,657,782	11,712,552
Equity attributable to owners of the Company		16,736,658	17,000,897	16,055,667
Non-controlling interests	47	5,261,991	4,127,573	3,716,412
		21,998,649	21,128,470	19,772,079

The consolidated financial statements on pages 70 to 176 were approved and authorised for issue by the board of directors on 17 March 2016 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, 2015

	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	Share of differences arising on translation 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, 2014												
(Originally stated)	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
Merger accounting restatement	–	–	–	–	–	–	–	1,460,956	(1,377,827)	83,129	19,991	103,120
At January 1, 2014 (Restated)	4,343,115	3,645,726	3,545,859	1,712	1,801	–	1,085,779	1,599,088	1,832,587	16,055,667	3,716,412	19,772,079
Profit for the year	–	–	–	–	–	–	–	–	2,264,994	2,264,994	480,978	2,745,972
Other comprehensive income for the year	–	–	–	–	26,602	–	–	–	–	26,602	24,624	51,226
Total comprehensive income for the year	–	–	–	–	26,602	–	–	–	2,264,994	2,291,596	505,602	2,797,198
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 (Restated)	4,343,115	3,645,726	3,907,055	1,712	28,403	–	1,150,925	1,599,088	2,324,873	17,000,897	4,127,573	21,128,470
Profit for the year	–	–	–	–	–	–	–	–	2,989,680	2,989,680	1,040,100	4,029,780
Other comprehensive income for the year	–	–	–	–	27,929	191	–	–	–	28,120	25,951	54,071
Total comprehensive income for the year	–	–	–	–	27,929	191	–	–	2,989,680	3,017,800	1,066,051	4,083,851
Dividend paid to non-controlling-interests	–	–	–	–	–	–	–	–	–	–	(107,812)	(107,812)
Arising from the acquisition of												
a subsidiary under common control	–	(118,926)	–	–	–	–	–	(1,580,422)	–	(1,699,348)	–	(1,699,348)
Contribution by												
non-controlling-interests	–	–	–	–	–	–	–	–	–	–	5,000	5,000
Acquisition of additional interest of a non-												
wholly owned subsidiary (note iii)	–	(171,179)	–	–	–	–	–	–	–	(171,179)	171,179	–
Interim dividend	–	–	–	–	–	–	–	–	(260,587)	(260,587)	–	(260,587)
Final dividend	–	–	–	–	–	–	(1,150,925)	–	–	(1,150,925)	–	(1,150,925)
Proposed final dividend	–	–	–	–	–	–	1,216,072	–	(1,216,072)	–	–	–
Transfer to reserves	–	–	598,718	–	–	–	–	–	(598,718)	–	–	–
At December 31, 2015	4,343,115	3,355,621	4,505,773	1,712	56,332	191	1,216,072	18,666	3,239,176	16,736,658	5,261,991	21,998,649

Consolidated Statement of Changes in Equity

For the year ended December 31, 2015

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 subsidiaries under common control using the merger accounting method. This includes the capital of the combining entities at their existing book values since the first date they were under common control and were reduced by the Group's payment of cash consideration to the controlling party and the excess in payment for the acquisition of additional interest to non-controlling interest of its carrying amount to the controlling party.

(iii) It represented the effect in relation to an additional capital contribution of Rmb1,500,000,000 unilaterally made by the Group to Zhejiang Hanghui Expressway Co., Ltd., ("Hanghui Co") a subsidiary of the Group, in December 2015, which resulted in a debt of share premium amounting to Rmb171,179,000.

Consolidated Statement of Cash Flows

For the year ended December 31, 2015

	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Profit before tax	**5,446,652**	3,651,440
Adjustments for:		
Finance costs	**632,495**	272,900
Interest income	**(62,193)**	(59,924)
Share of profit of associates	**(48,289)**	(65,020)
Share of loss of a joint venture	**25,067**	33,277
Depreciation of property, plant and equipment	**243,599**	222,154
Amortisation of expressway operating rights	**991,800**	988,148
Release of prepaid lease payments	**2,004**	2,155
Amortisation of other intangible assets	**23,632**	20,293
(Reversal of) impairment loss on available-for-sale investments	**(58)**	6,554
Cumulative gain relcassified from equity on disposal of available-for-sale investments	**(65,826)**	–
Interest income from available-for-sale investments	**(69,419)**	–
Gain on disposal of part of expressway operating rights	**(52,500)**	–
Loss on disposal of property, plant and equipment	**6,746**	13,416
Loss on write-down of inventories	**–**	830
Loss on disposal of prepaid lease payment	**1,850**	–
(Reversal of) allowance for trade receivables and other receivables	**531**	(1,156)
Allowance for advance to customers arising from margin financing business	**36,182**	10,911
Allowance for financial assets held on the resale agreement	**44,836**	–
Gain on disposal of a subsidiary	**(879)**	–
Gain on disposal of an associate	**(916)**	(29,890)
Operating cash flows before movements in working capital	**7,155,314**	5,066,088
Decrease (increase) in inventories	**91,612**	(97,908)
Increase in trade receivables	**(62,698)**	(31,940)
Increase in loans to customers arising from margin financing business	**(2,040,859)**	(5,609,913)
Increase in other receivables and prepayments	**(204,687)**	(83,495)
Increase in held for trading investments	**(1,636,484)**	(943,715)
Increase in financial assets held under resale agreements	**(2,279,393)**	(1,850,344)
Increase in bank balances held on behalf of customers	**(10,501,823)**	(8,348,591)
Decrease in derivative financial instrument	**1,970**	–
(Decrease) increase in placements from other financial institutions	**(1,740,000)**	1,630,000
Increase in accounts payable to customers arising from securities business	**10,464,495**	8,378,043
(Decrease) increase in trade payables	**(86,008)**	55,800
Increase in other taxes payable	**17,001**	16,079
Increase in other payables and accruals	**753,661**	425,126
(Decrease) increase in financial assets sold under repurchase agreement	**(913,677)**	6,299,057
Cash (used in) generated from operations	**(981,576)**	4,904,287
Income taxes paid	**(1,372,120)**	(863,582)
Interest paid	**(322,638)**	(283,366)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(2,676,334)**	3,757,339

Consolidated Statement of Cash Flows

For the year ended December 31, 2015

	NOTES	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
INVESTING ACTIVITIES			
Interest received		**70,522**	22,725
Investment in associates		**(102,100)**	–
Proceeds from disposal of an associate		**100,000**	29,234
Proceeds from disposal of a subsidiary	49	**18,741**	–
Proceeds from disposal of part of expressway operating rights		**53,891**	–
Proceeds from disposal of prepaid lease payment		**4,618**	–
Refundable deposit received for the disposal an associate		**62,100**	103,500
Dividends received from an associate		**33,122**	9,701
Proceeds on disposal of property, plant and equipment		**2,313**	13,757
Entrusted loans to a related party		**(550,000)**	(100,000)
Purchases of financial products investment		**–**	(89,000)
Settlement of financial products investment		**17,000**	240,000
Purchases of property, plant and equipment		**(326,517)**	(1,270,485)
Purchases of intangible assets		**(23,261)**	(21,319)
Purchase of available-for-sale investments		**(2,901,830)**	(508,490)
Proceeds on disposal of available-for-sale investments		**1,231,383**	204,422
Decrease (increase) in time deposits		**491,320**	(56,861)
Repayment of entrusted loans from a related party		**450,000**	50,000
NET CASH USED IN INVESTING ACTIVITIES		**(1,368,698)**	(1,372,816)
FINANCING ACTIVITIES			
Dividends paid		**(1,411,512)**	(1,346,366)
Dividends paid to non-controlling shareholders		**(183,618)**	(111,858)
Payment for the acquisition of a subsidiary under common control	2	**(1,699,348)**	–
New bank and other borrowings raised		**2,597,951**	912,500
Repayment of bank and other borrowings		**(2,880,000)**	(1,492,500)
New issue of bonds payable		**9,400,000**	1,200,000
Issue of short-term financing note payable		**3,833,560**	4,033,570
Repayment of short-term financing note payable		**(4,101,030)**	(4,150,000)
Interest paid		**(3,253)**	(7,145)
Capital contribution by non-controlling interests		**5,000**	–
Contribution from limited partnership in a subsidiary		**113,403**	20,000
Distribution made to the non-controlling shareholders for the deregistration of a subsidiary		**–**	(1,420)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**5,671,153**	(943,219)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,626,121**	1,441,304
CASH AND CASH EQUIVALENTS AT JANUARY 1		**3,356,563**	1,915,259
Effect of foreign exchange rate changes		**367**	–
CASH AND CASH EQUIVALENTS AT DECEMBER 31	35	**4,983,051**	3,356,563

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

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, securities underwriting and sponsorship services, asset management, advisory services and proprietary trading;

(e) the operation of hotel, the provision of catering service and sales of properties.

2. MERGER ACCOUNTING RESTATEMENT

On August 5, 2015, the Group entered into a share transfer agreement with Communications Group to acquire 80.614% equity interest in Zhejiang Hanghui Expressway Co., Ltd. ("Hanghui Co") from Communications Group for a cash consideration of Rmb1,699,348,000. Hanghui Co is principally engaged in the operation and management of the Hanghui Expressway, which is the Zhejiang section of Hangzhou–Ruili Expressway (G56) within the national expressway network. Before the above acquisition, Hanghui Co was 80.614% owned by Communications Group and 19.386% owned by non-controlling shareholders. The acquisition has been approved by independent shareholders on October 15, 2015 and subsequently completed on November 10, 2015. After the completion of the acquisition, Hanghui Co then became a 80.614% owned subsidiary of the Group. In December 2015, the equity interest held by the Group was increased to 88.674% after the Company made an additional capital contribution to Hanghui Co. Since Communications Group is the parent company of the Company, the Group's acquisition of the 80.614% 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").

As a result, the comparative consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended December 31, 2014 and the consolidated statement of financial position as at December 31, 2014 have therefore been restated, in order to include the losses, assets and liabilities of the combining entities since the date on which they first come under common control.

The adopting of merger accounting method in respect of the Group's acquisition of 80.614% equity interest in Hanghui Co has resulted in a decrease in total comprehensive income attributable to owners of the Company and a decrease in profit attributable to owners of the Company for the year ended December 31, 2014 by Rmb84,058,000 and Rmb84,058,000, respectively.

2. MERGER ACCOUNTING RESTATEMENT (Continued)

The effect of the merger accounting restatement in respect of the Group's acquisition of 80.614% equity interest in Hanghui Co described above on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2014 by line items is as follows:

	Year ended 12/31/2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Revenue	9,051,123	409,185	9,460,308
Operating costs	(5,576,211)	(321,987)	(5,898,198)
Gross profit	3,474,912	87,198	3,562,110
Securities investment gains	278,252	–	278,252
Other income	250,492	11,752	262,244
Administrative expenses	(85,533)	(20,170)	(105,703)
Other expenses	(103,443)	(863)	(104,306)
Share of profit of associates	65,020	–	65,020
Share of loss of a joint venture	(33,277)	–	(33,277)
Finance costs	(78,231)	(194,669)	(272,900)
Profit before tax	3,768,192	(116,752)	3,651,440
Income tax expense	(917,948)	12,480	(905,468)
Profit for the year	2,850,244	(104,272)	2,745,972
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
– Fair value gain during the year	68,301	–	68,301
Income tax relating to items that may be reclassified subsequently	(17,075)	–	(17,075)
Other comprehensive income for the year, net of income tax	51,226	–	51,226
Total comprehensive income for the year	2,901,470	(104,272)	2,797,198
Profit for the year attributable to:			
Owners of the Company	2,349,052	(84,058)	2,264,994
Non-controlling interests	501,192	(20,214)	480,978
	2,850,244	(104,272)	2,745,972
Total comprehensive income attributable to:			
Owners of the Company	2,375,654	(84,058)	2,291,596
Non-controlling interests	525,816	(20,214)	505,602
	2,901,470	(104,272)	2,797,198
EARNINGS PER SHARE			
– Basic and diluted	Rmb54.09 cents	Rmb(1.94) cents	Rmb52.15 cents

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

2. MERGER ACCOUNTING RESTATEMENT (Continued)

The effects of the merger accounting restatement in respect of the Group's acquisition of 80.614% equity interest in Hanghui Co described above on the consolidated statements of financial position as at January 1, 2014 and December 31, 2014 by line items are as follows:

	January 1, 2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	January 1, 2014 Rmb'000 (Restated)	December 31, 2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	December 31, 2014 Rmb'000 (Restated)
NON-CURRENT ASSETS						
Property, plant and equipment	1,762,042	296,471	2,058,513	2,987,465	301,582	3,289,047
Prepaid lease payments	68,156	–	68,156	66,001	–	66,001
Expressway operating rights	11,911,133	3,339,717	15,250,850	11,112,507	3,152,880	14,265,387
Goodwill	86,867	–	86,867	86,867	–	86,867
Other intangible assets	154,564	–	154,564	155,590	–	155,590
Interests in associates	574,733	–	574,733	627,866	–	627,866
Interest in a joint venture	333,944	–	333,944	300,667	–	300,667
Available-for-sale investments	143,514	–	143,514	221,232	–	221,232
Other receivables	401,400	–	401,400	50,828	–	50,828
Deferred tax assets	–	84,655	84,655	–	97,135	97,135
	15,436,353	3,720,843	19,157,196	15,609,023	3,551,597	19,160,620
CURRENT ASSETS						
Inventories	73,576	–	73,576	170,654	–	170,654
Trade receivables	101,428	3,070	104,498	135,609	549	136,158
Loans to customers arising from margin financing business	2,946,911	–	2,946,911	8,545,913	–	8,545,913
Other receivables and prepayments	451,968	25,933	477,901	832,238	25,325	857,563
Prepaid lease payments	2,155	–	2,155	2,155	–	2,155
Available-for-sale investments	281,924	–	281,924	570,021	–	570,021
Held for trading investments	1,181,025	–	1,181,025	2,124,740	–	2,124,740
Financial assets held under resale agreements	874,254	–	874,254	2,724,598	–	2,724,598
Bank balances held on behalf of customers	8,228,160	–	8,228,160	16,576,751	–	16,576,751
Bank balances and cash						
– Time deposits with original maturity over three months	704,459	–	704,459	761,320	–	761,320
– Cash and cash equivalents	1,806,981	108,278	1,915,259	3,301,722	54,841	3,356,563
	16,652,841	137,281	16,790,122	35,745,721	80,715	35,826,436

2. MERGER ACCOUNTING RESTATEMENT (Continued)

The effects of the merger accounting restatement in respect of the Group's acquisition of 80.614% equity interest in Hanghui Co described above on the consolidated statements of financial position as at January 1, 2014 and December 31, 2014 by line items are as follows: (Continued)

	January 1, 2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	January 1, 2014 Rmb'000 (Restated)	December 31, 2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	December 31, 2014 Rmb'000 (Restated)
CURRENT LIABILITIES						
Placements from other financial institutions	310,000	–	310,000	1,940,000	–	1,940,000
Accounts payable to customers arising from securities business	8,167,103	–	8,167,103	16,545,146	–	16,545,146
Trade payables	421,994	332,959	754,953	693,604	303,047	996,651
Tax liabilities	331,611	–	331,611	463,648	–	463,648
Other taxes payable	53,417	1,525	54,942	67,642	3,379	71,021
Other payables and accruals	995,496	30,520	1,026,016	1,561,274	27,038	1,588,312
Dividends payable	94,976	–	94,976	76,139	–	76,139
Bank and other borrowings	540,000	440,000	980,000	150,000	1,540,000	1,690,000
Short-term financing note payable	1,000,000	–	1,000,000	883,570	–	883,570
Financial assets sold under repurchase agreements	–	–	–	6,299,057	–	6,299,057
	11,914,597	805,004	12,719,601	28,680,080	1,873,464	30,553,544
NET CURRENT ASSETS	4,738,244	(667,723)	4,070,521	7,065,641	(1,792,749)	5,272,892
TOTAL ASSETS LESS CURRENT LIABILITIES	20,174,597	3,053,120	23,227,717	22,674,664	1,758,848	24,433,512

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

2. MERGER ACCOUNTING RESTATEMENT (Continued)

The effects of the merger accounting restatement in respect of the Group's acquisition of 80.614% equity interest in Hanghui Co described above on the consolidated statements of financial position as at January 1, 2014 and December 31, 2014 by line items are as follows: (Continued)

	January 1, 2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	January 1, 2014 Rmb'000 (Restated)	December 31, 2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	December 31, 2014 Rmb'000 (Restated)
NON-CURRENT LIABILITIES						
Bank and other borrowings	300,000	2,950,000	3,250,000	200,000	1,760,000	1,960,000
Bonds payable	–	–	–	1,200,000	–	1,200,000
Deferred tax liabilities	205,638	–	205,638	145,042	–	145,042
	505,638	2,950,000	3,455,638	1,545,042	1,760,000	3,305,042
	19,668,959	103,120	19,772,079	21,129,622	(1,152)	21,128,470
CAPITAL AND RESERVES						
Share capital	4,343,115	–	4,343,115	4,343,115	–	4,343,115
Reserves	11,629,423	83,129	11,712,552	12,658,711	(929)	12,657,782
Equity attributable to owners of the Company	15,972,538	83,129	16,055,667	17,001,826	(929)	17,000,897
Non-controlling interests	3,696,421	19,991	3,716,412	4,127,796	(223)	4,127,573
	19,668,959	103,120	19,772,079	21,129,622	(1,152)	21,128,470

The effects of merger accounting restatement in respect of the Group's acquisition of 80.614% equity interest in Hanghui Co described above on the Group's equity as at January 1, 2014 and December 31, 2014 are as follows:

	January 1, 2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	January 1, 2014 Rmb'000 (Restated)	December 31, 2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	December 31, 2014 Rmb'000 (Restated)
Share capital	4,343,115	–	4,343,115	4,343,115	–	4,343,115
Share premium	3,645,726	–	3,645,726	3,645,726	–	3,645,726
Statutory reserve	3,545,859	–	3,545,859	3,907,055	–	3,907,055
Capital reserve	1,712	–	1,712	1,712	–	1,712
Investment revaluation reserve	1,801	–	1,801	28,403	–	28,403
Dividend reserve	1,085,779	–	1,085,779	1,150,925	–	1,150,925
Special reserve	138,132	1,460,956	1,599,088	138,132	1,460,956	1,599,088
Retained profits	3,210,414	(1,377,827)	1,832,587	3,786,758	(1,461,885)	2,324,873
Non-controlling interests	3,696,421	19,991	3,716,412	4,127,796	(223)	4,127,573
	19,668,959	103,120	19,772,079	21,129,622	(1,152)	21,128,470

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

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010 – 2012 Cycle*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011 – 2013 Cycle*

The application of the amendments to 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.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	*Financial Instruments*[1]
HKFRS 15	*Revenue from Contracts with Customers*[1]
HKFRS 16	*Lease*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[3]
Amendments to HKAS 1	*Disclosure Initiative*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[3]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012–2014 Cycle*[3]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[3]

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

2 Effective for annual periods beginning on or after January 1, 2019.

3 Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

4 Effective for annual periods beginning on or after a date to be determined.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

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

HKFRS 9 Financial Instruments (Continued)

Key requirements of HKFRS 9:

- 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 subsequent 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.

3. 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 an 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.

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

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 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.

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.

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

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

The amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associates or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of 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, 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 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 amendments should be applied prospectively to transactions occurring in annual periods beginning on or after a date to be determined. 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.

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 a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

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.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES

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 ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provision of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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.

4. 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.

Change in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in the Group's ownership interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in related to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate of a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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.

4. 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.

4. 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.

4. 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.

4. 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.

Revenue from room rental, food and beverage sales and other ancillary service in the hotel are recognised when the relevant service have been rendered.

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.

4. 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**
Hotel buildings	30 years	3.2%
Leasehold land and buildings	20 – 50 years	1.9% – 4.9%
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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. 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.

4. 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 properties held for sale, consumables and parts for toll road operation, maintenance and hotel service and those commodities held for sale arising from the securities business.

Inventories are stated at the lower of cost and net realisable value. Cost of properties held for sale includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Costs of other 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. 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.

4. 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.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the amount of benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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.

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 marketplace.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. 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).

4. 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. 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.

4. 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.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instruments, in which event the timing of recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

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.

4. 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.

5. 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.

Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns.

An investor's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent. At the end of each reporting period, the Group assesses the variable returns arising from other equities and uses plenty of judgments, in combination with historical exposure to variable returns, to determine the consolidation scope.

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, 2015, the carrying amount of goodwill is Rmb86,867,000 (without accumulated impairment loss) (2014: Rmb86,867,000 (without accumulated impairment loss)). Details of the impairment testing are disclosed in Note 24.

5. 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, 2015, the carrying amounts of intangible assets with indefinite useful lives were Rmb66,563,000 (without accumulated impairment loss) (2014: Rmb66,563,000 (without accumulated impairment loss)). Details of the impairment testing are disclosed in Note 24.

Impairment of loans to customers arising from margin financing business and financial assets held under resale agreements

The Group reviews its loans to customers arising from margin financing business and financial assets held under resale agreements to assess impairment on a periodic basis. When there is objective evidence of impairment loss for loans to customers arising from margin financing business and financial assets held under resale agreements, the Group takes into consideration the estimation of future cash flows. Specifically, the Group reviews the value of the cash and securities collateral received from the customers firstly on an individual basis, then on a collective basis in determining the impairment.

The policy for collective impairment allowances for loans to customers arising from margin financing business and financial assets held under resale agreements of the Group is based on the evaluation of probability of default, loss given default and exposure at default of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these loans to customers arising from margin financing business and financial assets held under resale agreements, including the current creditworthiness, and the past collection history. Details are set out in Note 30 and 33.

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, 2015, the carrying amount of interest in a joint venture was Rmb275,600,000 (without accumulated impairment loss) (2014: Rmb300,667,000 (without accumulated impairment loss)), and the carrying amount of interest in associates was Rmb583,537,000 (without accumulated impairment loss) (2014: Rmb627,866,000 (without accumulated impairment loss)).

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

Key sources of estimation uncertainty (Continued)

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, 2015, in respect of the financial guarantee contract provided to a joint venture of the Group in the amount of Rmb1,021,374,000 (2014: Rmb1,076,910,000), the directors of the Company considered that the fair value of the financial guarantee obligation was insignificant in both years.

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 2015, the fair value of the held-for-trading investment, available-for-sale investments (excluding those unlisted equity securities investments measured at cost), derivative financial assets and derivative financial liabilities,was estimated at an asset of Rmb3,761,224,000 (2014: Rmb2,124,740,000), Rmb2,624,011,000 (2014: Rmb752,753,000), Rmb2,288,000 (2014: nil) and Rmb4,258,000 (2014: nil), respectively.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
Financial assets			
AFS investments			
– at cost	44,597	38,500	11,000
– at fair value	2,624,011	752,753	414,438
Fair value through profit or loss			
Held for trading investments	3,761,224	2,124,740	1,181,025
Derivative financial assets	2,288	–	–
Loans and receivables (including cash and cash equivalents)	49,182,275	32,922,414	15,621,927
Financial liabilities			
Fair value through profit or loss			
Derivative financial liabilities	4,258	–	–
Amortised cost	48,314,488	31,648,954	14,541,943

(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, derivative financial assets, derivative financial liabilities, bank and other borrowings, 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, placement from other financial institutions, fixed-rate bank and other borrowings, short-term financing note payable, financial assets sold under repurchase agreements and bonds payable (see Notes 30, 31, 33, 35, 36, 40, 41, 42 and 43 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 34, 35 and 40 for details).

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For the year ended December 31, 2015

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

(i) Interest rate risk (Continued)

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 held on behalf of customers, bank balances and bank and other 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 (2014: 30 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 30 basis points (2014: 30 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2015 would have increased/decreased by Rmb69,169,000 (2014 (restated): Rmb38,370,000). 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 Group 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	
	12/31/2015	12/31/2014	**12/31/2015**	12/31/2014
	Rmb'000	Rmb'000	**Rmb'000**	Rmb'000
Hong Kong dollar ("HKD")	**36,788**	18,352	**22,226**	12,490
United States dollar ("USD")	**158,445**	71,693	**120,058**	42,862

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

(ii) Currency risk (Continued)

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.

(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% (2014: 5%) higher/lower,

- post-tax profit for the year ended December 31, 2015 would have increased/decreased by Rmb141,046,000 (2014: Rmb79,678,000) as a result of the changes in fair value of held for trading investments; and

- investment valuation reserve would have increased by Rmb98,400,000 (2014: Rmb28,228,000) 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.

- post-tax profit for the year ended December 31, 2015 would have net decreased/increased by Rmb74,000 (2014: nil) as a result of the changes in fair value of derivative financial assets and liabilities.

6. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk

As at December 31, 2015, 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 53.

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.

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 Co., Ltd. ("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 loan 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.

6. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

The Investment Committee of Zheshang Securities is also responsible to the credit risk arising from its proprietary trading operation, including the investments in AFS 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.

As at December 31, 2015, other than the concentration of credit risk on trade receivables, entrusted loan receivables and financial guarantee contract amounting to Rmb151,083,000 (2014 (restated): Rmb136,158,000), Rmb634,436,000 (2014: Rmb542,739,000), and Rmb1,021,374,000 (2014: Rmb1,076,910,000) as disclosed in Notes 29, 31 and 53, 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, 2015 and December 31 2014 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, 2015 and 2014 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity tables

	Weighted average interest rate	On demand or Less than 3 months	3 months-1 year	1-3 years	3-5 years	+5 years	Total undiscounted cash flows	Carrying amount at 31/12/2015
	%	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
2015								
Non-derivative financial Liabilities								
Placements from other financial institutions	6.30	200,414	–	–	–	–	200,414	200,000
Accounts payable to customers arising from securities business	–	27,009,641	–	–	–	–	27,009,641	27,009,641
Trade payables	–	908,616	–	–	–	–	908,616	908,616
Other payables	–	176,800	50,000	–	–	–	226,800	226,800
Bank and other borrowings								
– fixed rate	4.40	21,664	1,537,881	611,780	–	–	2,171,325	2,047,951
– variable rate	4.86	115,321	240,893	509,255	296,738	344,905	1,507,112	1,320,000
Short-term financing note payable	3.13	620,739	–	–	–	–	620,739	616,100
Financial assets sold under repurchase agreements	4.11	4,421,097	510,106	536,649	–	–	5,467,852	5,385,380
Bonds payable	5.51	145,500	3,399,945	5,229,723	3,098,022	–	11,873,190	10,600,000
Financial guarantee	–	1,021,374	–	–	–	–	1,021,374	–
		34,641,166	5,738,825	6,887,407	3,394,760	344,905	51,007,063	48,314,488
2014 (Restated)								
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	–	996,651	–	–	–	–	996,651	996,651
Other payables	–	134,530	–	–	–	–	134,530	134,530
Bank and other borrowings								
– fixed rate	5.25	8,030	631,342	–	–	–	639,372	620,000
– variable rate	5.80	152,623	1,081,714	1,120,719	398,704	753,557	3,507,317	3,030,000
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	–
		27,986,006	1,922,679	2,408,423	398,704	753,557	33,469,369	31,648,954

6. 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, 2015 and 2014, the Group has not entered into any master netting arrangements with counterparties. The collaterals of which, 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., are disclosed in the corresponding notes, which are generally not on the net basis in financial position. However, the risk exposure associated with favourable contracts is significantly reduced by the collaterals received by the Group which could be recovered to the extent if a default occurs, in respect of the outstanding receivable amounts from the counterparty.

The analysis above does not include the cash flow of derivatives, which do not have material impact on the cash flow of the group or the company.

(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).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

6. FINANCIAL INSTRUMENTS (Continued)

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

Financial Assets	Classified as	Fair value as at 31/12/2015 Rmb'000	Fair value as at 31/12/2014 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 – 221,699	Assets – 89,877	Level 1	Quoted bid prices in an active market.	N/A	N/A
2) Equity securities listed in exchange (inactive due to low transaction volume)	Available-for-sale investments	Assets – 237,260	Assets – 8,761	Level 2	Recent transaction prices..	N/A	N/A
		Assets – 202,441	N/A	Level 3	Discounted cash flow. The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability.	Discounted for lack of marketability.	The higher the discount, the lower the fair value.
3) Listed open-ended equity funds	Held for trading investments	Assets – 191,967	Assets – 97,718	Level 1	Quoted bid prices in an active market.	N/A	N/A
4) Fund listed in exchange	Available-for-sale investments	Assets – 55,982	Assets – 35,233	Level 1	Quoted bid prices in an active market.	N/A	N/A
5) Debt investments listed in exchange and debt investment in interbank market	Held for trading investments	Assets – 1,170,952	Assets – 621,813	Level 1	Quoted bid prices in an active market.	N/A	N/A
	Available-for-sale investments	N/A	Assets – 122,000				
	Held for trading investments	Assets – 2,176,606	Assets – 1,315,332	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
	Available-for-sale investments	Assets – 50,000	N/A	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

6. FINANCIAL INSTRUMENTS (Continued)

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

Financial Assets	Classified as	Fair value as at 31/12/2015 Rmb'000	Fair value as at 31/12/2014 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
6) Investments in structured products	Available-for-sale investments	Assets- 544,597	Assets – 246,053	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-141,418	Assets – 251,191	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.	Actual yield of the underlying investment portfolio and the discount rate	The higher the actual yield, the higher the fair value
7) Investments in trust products	Available-for-sale investments	Assets – 10,000	Assets – 89,515	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.	Actual yield of the underlying investment portfolio and the discount rate	The higher the actual yield, the higher the fair value
8) Unlisted equity investment at fair value	Available-for-sale investments	Assets-1,382,313	N/A	Level 2	Calculated based on the fair value of the underlying investments which are listed equity securities, after making adjustments of related expenses.	N/A	N/A

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

6. FINANCIAL INSTRUMENTS (Continued)

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

As at December 31, 2015

	Level 1 Rmb'000	Level 2 Rmb'000	Level 3 Rmb'000	Total Rmb'000
Held for trading investments				
– Equity securities				
a. Manufacturing	99,732	–	–	99,732
b. Financial services	45,814	–	–	45,814
c. information technology service	21,284	–	–	21,284
d. Transportation, storage and portal service	54,869	–	–	54,869
	221,699	–	–	221,699
– Open-ended fund	191,967	–	–	191,967
– Bonds	1,170,952	2,176,606	–	3,347,558
Sub-total	1,584,618	2,176,606	–	3,761,224
Available-for-sale investments				
– Equity				
a. Manufacturing	–	104,309	–	104,309
b. Information technology service	–	58,688	202,441	261,129
c. Financial services	–	3,919	–	3,919
d. Transportation, storage and postal service	–	2,305	–	2,305
e. Construction	–	18,837	–	18,837
f. Energy service	–	3,108	–	3,108
g. Wholesaling	–	9,210	–	9,210
h. Agriculture, forestry, fishing and Animal husbandry	–	6,706	–	6,706
i. Others	–	1,412,491	–	1,412,491
	–	1,619,573	202,441	1,822,014
– Fund	55,982	–	–	55,982
– Debt investments	–	50,000	–	50,000
– Structured products	–	544,597	141,418	686,015
– Trust products	–	–	10,000	10,000
Sub-total	55,982	2,214,170	353,859	2,624,011

6. 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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

6. 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, 2015 and 2014.

For the year ended December 31, 2015

	Structured products Rmb'000	Trust products Rmb'000	Restricted shares Rmb'000	Total Rmb'000
At beginning of the year	251,191	89,515	–	340,706
Addition	20,080	20,000	200,000	240,080
Disposal	(20,000)	(93,000)	–	(113,000)
Total loss recognised in other comprehensive income	(21,337)	(6,515)	2,441	(25,411)
Transfer out of Level 3	(88,516)	–	–	(88,516)
At end of the year	141,418	10,000	202,441	353,859

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

7. 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 40, 41, 42 and 43, 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.

8. 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) Toll related operation – (1) service area and advertising businesses, including the sale of food, restaurant operation, automobile servicing, operation of petrol stations, design and rental of advertising billboards at toll plazas, and (2) the toll road maintenance service and others.

(iii) Securities operation – the securities broking, margin financing and securities lending, securities underwriting and sponsorship, asset management, advisory services and proprietary trading.

(iv) Other operation – properties development, hotel operation and other ancillary services.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

8. 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, 2015

	Toll operation Rmb'000	Toll related operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Segment Rmb'000	Elimination Rmb'000	Total Rmb'000
Revenue							
External sales	**4,961,928**	**1,842,417**	**5,660,628**	**42,421**	**12,507,394**	**–**	**12,507,394**
Inter-segment sales	**–**	**4,674**	**–**	**–**	**4,674**	**(4,674)**	**–**
Total	**4,961,928**	**1,847,091**	**5,660,628**	**42,421**	**12,512,068**	**(4,674)**	**12,507,394**
Segment profit	**2,105,911**	**99,512**	**1,851,706**	**(27,349)**	**4,029,780**		**4,029,780**

For the year ended December 31, 2014 (Restated)

	Toll operation Rmb'000	Toll related operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Segment Rmb'000	Elimination Rmb'000	Total Rmb'000
Revenue							
External sales	4,662,897	2,379,051	2,418,360	–	9,460,308	–	9,460,308
Inter-segment sales	–	4,631	–	–	4,631	(4,631)	–
Total	4,662,897	2,383,682	2,418,360	–	9,464,939	(4,631)	9,460,308
Segment profit	1,833,289	153,607	753,028	6,048	2,745,972		2,745,972

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.

8. 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		
	12/31/2015	12/31/2014	01/01/2014	**12/31/2015**	12/31/2014	01/01/2014
	Rmb'000	Rmb'000	Rmb'000	**Rmb'000**	Rmb'000	Rmb'000
		(Restated)	(Restated)		(Restated)	(Restated)
Toll operation	**16,112,291**	17,632,061	18,233,801	**(4,806,764)**	(5,188,933)	(5,767,114)
Toll related operation	**1,069,499**	1,291,913	1,172,423	**(164,374)**	(253,992)	(234,708)
Securities operation	**55,593,321**	35,163,763	15,980,470	**(46,729,548)**	(28,187,371)	(10,102,539)
Others	**1,029,785**	812,452	473,757	**(192,428)**	(228,290)	(70,878)
Total segment assets (liabilities)	**73,804,896**	54,900,189	35,860,451	**(51,893,114)**	(33,858,586)	(16,175,239)
Goodwill	**86,867**	86,867	86,867	**–**	–	–
Consolidated assets (liabilities)	**73,891,763**	54,987,056	35,947,318	**(51,893,114)**	(33,858,586)	(16,175,239)

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, 2015

	Toll operation Rmb'000	**Toll related operation Rmb'000**	**Securities operation Rmb'000**	**Others Rmb'000**	**Total Rmb'000**
Income tax expense	**699,845**	**28,622**	**688,405**	**–**	**1,416,872**
Interest income	**53,529**	**6,830**	**1,813**	**21**	**62,193**
Interest expense	**182,406**	**–**	**448,621**	**1,468**	**632,495**
Interests in associates	**–**	**400,180**	**42,309**	**141,048**	**583,537**
Interest in a joint venture	**275,600**	**–**	**–**	**–**	**275,600**
Share of profit (loss) of associates	**–**	**60,006**	**(1,609)**	**(10,108)**	**48,289**
Share of loss of a joint venture	**(25,067)**	**–**	**–**	**–**	**(25,067)**
Gain on fair value changes on held for trading investments	**6,732**	**–**	**413,554**	**–**	**420,286**
Additions to non-current assets (Note)	**158,218**	**47,367**	**127,686**	**190,319**	**523,590**
Depreciation and amortisation	**1,128,185**	**41,460**	**77,517**	**13,873**	**1,261,035**
Loss on disposal of property, plant and equipment	**2,371**	**4,124**	**251**	**–**	**6,746**

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

8. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended December 31, 2014 (Restated)

	Toll operation Rmb'000	Toll related operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Rmb'000
Income tax expense	623,740	23,420	258,308	–	905,468
Interest income	49,375	8,002	2,547	–	59,924
Interest expense	212,706	–	60,194	–	272,900
Interests in associates	–	534,893	31,818	61,155	627,866
Interest in a joint venture	300,667	–	–	–	300,667
Share of profit (loss) of associates	–	67,035	(8,063)	6,048	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)	480,216	25,341	746,439	260,495	1,512,491
Depreciation and amortisation	1,109,593	45,753	77,404	–	1,232,750
Loss on disposal of property, plant and equipment	3,499	9,459	458	–	13,416

Note: Non-current assets excluded financial instruments.

8. 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 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Toll operation revenue	**4,961,928**	4,662,897
Service area businesses revenue (mainly sales of goods)	**1,741,134**	2,213,770
Advertising business revenue	**41,478**	83,297
Toll road maintenance service	**59,805**	81,984
Commission and fee income from securities operation	**3,932,791**	1,679,244
Interest income from securities operation	**1,727,837**	739,116
Hotel and catering revenue	**42,421**	–
	12,507,394	9,460,308

Geographical information

The Group's operations are located in the PRC. 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, 2015 and 2014, there are no individual customer with sales over 10% of the total sales of the Group.

9. SECURITIES INVESTMENT GAINS

	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000
Gain on fair value changes on held for trading investments	**420,286**	278,252
Cumulative gain reclassified from equity on disposal of AFS investments	**65,826**	–
Interest income from AFS investments	**69,419**	–
Gain on fair value changes on derivatives financial instruments	**28,583**	–
	584,114	278,252

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

10. OTHER INCOME

	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Interest income on bank balances, entrusted loan receivables and financial products investment	**62,193**	59,924
Rental income (Note)	**123,734**	122,265
Handling fee income	**2,398**	2,142
Towing income	**8,321**	9,372
Gain on disposal of an associate	**916**	29,890
Gain on disposal of a subsidiary	**879**	–
Exchange (loss) gain, net	**(3,330)**	1,173
Loss on commodity trading, net	**(17,973)**	(20,785)
Gain on disposal of part of expressway operating rights	**52,500**	–
Others	**66,280**	58,263
	295,918	262,244

Note: Rental income included contingent rent of approximately Rmb30,475,000 (2014: Rmb44,552,000) during the year.

11. FINANCE COSTS

	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Bank and other borrowings	**187,127**	221,300
Short-term loan note	**64,390**	43,543
Bonds payable	**384,231**	15,425
Total borrowing costs	**635,748**	280,268
Less: Amount capitalised in the cost of qualifying assets (Note)	**(3,253)**	(7,368)
	632,495	272,900

Note: Borrowing costs capitalised during the year ended 31 December 2015 includes all the interest expenses, net of interest income, arising from the specific borrowings to the expenditure on qualifying assets.

12. PROFIT BEFORE TAX

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

	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Depreciation of property, plant and equipment	**243,599**	222,154
Release of prepaid lease payments	**2,004**	2,155
Amortisation of expressway operating rights (included in operating costs)	**991,800**	988,148
Amortisation of other intangible assets (included in operating costs)	**23,632**	20,293
Total depreciation and amortisation	**1,261,035**	1,232,750
Staff costs (including directors and supervisors):		
– Wages, salaries and bonuses	**1,804,299**	1,045,597
– Pension scheme contributions	**99,226**	81,161
	1,903,525	1,126,758
Auditors' remuneration	**7,810**	6,933
Allowance for loans to customers arising from margin financing business	**36,182**	10,911
Allowance for trade receivables	**340**	280
Allowance (reversal of) for other receivables	**191**	(1,436)
Allowance for financial assets held under resale agreements	**44,836**	–
Loss on disposal of property, plant and equipment	**6,746**	13,416
Loss on disposal of prepaid lease payment	**1,850**	–
Gain on disposal of part of expressway operating rights	**(52,500)**	–
Cost of inventories recognised as an expense	**1,547,565**	2,037,575
(Reversal of) impairment loss on available-for-sale investments	**(58)**	6,554
Allowance for write-down of inventories	**–**	830

13. INCOME TAX EXPENSE

	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Current tax:		
PRC Enterprise Income Tax	**1,550,078**	995,619
Deferred tax (Note 45)	**(133,206)**	(90,151)
	1,416,872	905,468

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

13. INCOME TAX EXPENSE (Continued)

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 PRC subsidiaries is 25%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit. No Hong Kong Profits Tax has been provided as the Group has no estimated assessable profit for both years.

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 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Profit before tax	**5,446,652**	3,651,440
Tax at the PRC enterprise income tax rate of 25% (2014:25%)	**1,361,663**	912,860
Tax effect of share of profit of associates	**(12,072)**	(16,255)
Tax effect of share of loss of a joint venture	**6,267**	8,319
Utilisation of unused tax loss previously not recognised	**(15,135)**	(22,201)
Tax effect of expenses not deductible for tax purposes	**65,322**	22,745
Tax effect of realised gain on disposal of an associate and a subsidiary	**10,827**	–
Tax charge for the year	**1,416,872**	905,468

14. OTHER COMPREHENSIVE INCOME

Tax effect relating to other comprehensive income as follows:

	Year ended 12/31/2015			Year ended 12/31/2014		
	Before-tax amount Rmb'000	**Tax impact Rmb'000**	**Net-of-income-tax amount Rmb'000**	Before-tax amount Rmb'000	Tax impact Rmb'000	Net-of-income-tax amount Rmb'000
Fair value gain on AFS financial assets arising during the year	**137,431**	**(34,358)**	**103,073**	68,301	(17,075)	51,226
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of AFS financial assets	**(65,826)**	**16,457**	**(49,369)**	–	–	–
Share of exchange differences of a subsidiary	**367**	**–**	**367**	–	–	–
Total	**71,972**	**(17,901)**	**54,071**	68,301	(17,075)	51,226

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

The emoluments paid or payable to each of the 10 (2014: 12) directors and 7 (2014: 5) supervisors are as follows:

	Zhan Xiaozhang@	Luo Jianhu@	Cheng Tao@	Ding Huikang@	Wang Dongjie^	Dai Benmeng^	Zhou Jianping^	Wang Weili^	Li Zongsheng^	Zhou Jun*	Pei Ker-wei*	Lee Wai Tsang*	Zhang Junsheng*	Liu Haisheng#	Yao Huiliang#	Wu Yongming#	Zhang Guohua#	Shi Ximin#	Lu Xinghai#	Fu Zhexiang#	Zhang Xiuhua#	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	Rmb'000	Rmb'000	Rmb'000	Rmb'000
		(note vi)	(note i)	(note ii)		(note iii)	(note iii)	(note iv)	(note iv)			(note iii)	(note iv)	(note v)	(note i)			(note i)	(note i)			
2015																						
Salaries,allowances and benefits in kind	197	478	474	227	7	6	7	–	–	3	201	6	–	–	5	6	5	5	5	5	5	1,642
Bonuses paid and payable	711	326	54	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,091
Pension scheme contributions	20	20	20	10	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	70
Total emoluments	928	824	548	237	7	6	7	–	–	3	201	6	–	–	5	6	5	5	5	5	5	2,803
2014																						
Salaries, allowances and benefits in kind	293	460	–	460	2	–	–	4	5	–	200	–	54	1	–	4	3	–	–	6	6	1,498
Bonuses paid and payable	480	296	–	182	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	958
Pension scheme contributions	19	19	–	19	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	57
Total emoluments	792	775	–	661	2	–	–	4	5	–	200	–	54	1	–	4	3	–	–	6	6	2,513

@ Executive directors. The emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

^ Non-executive directors. The emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

* Independent non-executive directors. The emoluments shown above were mainly for their services as directors of the Company.

\# Supervisors. The emoluments shown above were mainly for their services as supervisors of the Company.

Notes:

(i) Appointed on July 1, 2015.

(ii) Retired on June 30, 2015.

(iii) Appointed on December 29, 2014.

(iv) Resigned on December 29, 2014.

(v) Resigned on April 8, 2014.

(vi) 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 three 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.

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

The emoluments paid or payable to each of the 8 (2014: 8) senior managements are as follows:

	Ding Huikang Rmb'000 (note i)	Zhang Jingzhong Rmb'000	Fang Zhexing Rmb'000	Zhu Yimin Rmb'000 (note i)	Wang Dehua Rmb'000	Zhan Huagang Rmb'000	Zheng Hui Rmb'000	Zhang Xiuhua Rmb'000	Cheng Tao Rmb'000 (note ii and iv)	Wu Junyi Rmb'000 (note iii)	Total Rmb'000
2015											
Salaries, allowances and benefits in kind	223	445	445	223	445	445	445	445	–	–	3,116
Bonuses paid and payable	218	218	218	–	188	218	215	58	–	–	1,333
Pension scheme contributions	10	20	20	10	20	20	20	20	–	–	140
Total emoluments	451	683	683	233	653	683	680	523	–	–	4,589
2014											
Salaries, allowances and benefits in kind	–	456	456	–	345	456	439	439	78	–	2,669
Bonuses paid and payable	–	182	182	–	–	182	54	54	–	230	884
Pension scheme contributions	–	19	19	–	14	19	19	19	3	–	112
Total emoluments	–	657	657	–	359	657	512	512	81	230	3,665

Notes:

(i) Appointed on July 1, 2015.

(ii) Appointed on October 28, 2014.

(iii) Resigned on March 17, 2014.

(iv) Mr. Cheng Tao is appointed executive director of the Company on July 1, 2015. As such, his emoluments for those services rendered by him as the senior management in 2015 was included in the director's and supervisor's emoluments.

The emoluments of each of the senior managements were below HK$1,000,000 (equivalent to Rmb837,800 (2014: Rmb788,900)) 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.

16. EMPLOYEES' EMOLUMENTS

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

	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000
Salaries, allowances and benefits in kind	**3,040**	5,539
Bonuses paid and payable (Note)	**14,815**	10,875
Pension scheme contributions	**116**	101
	17,971	16,515

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, 2015 and 2014.

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 (2014: five) non-director employees.

Their emoluments are within the following bands:

	No. of individuals	
	Year ended 12/31/2015	Year ended 12/31/2014
HK$3,000,001 to HK$3,500,000 (equivalent to Rmb2,513,401 (2014: Rmb2,366,701) to Rmb2,932,300 (2014: Rmb2,761,150))	**1**	–
HK$3,500,001 to HK$4,000,000 (equivalent to Rmb 2,932,301 (2014: Rmb2,761,001) to Rmb3,351,200 (2014: Rmb3,156,000))	**2**	4
HK$4,500,001 to HK$5,000,000 (equivalent to Rmb3,770,101 (2014: Rmb3,550,001) to Rmb4,189,000 (2014: Rmb3,945,000))	**1**	–
HK$5,500,001 to HK$6,000,000 (equivalent to Rmb4,607,901 (2014: Rmb4,339,001) to Rmb5,026,800 (2014: Rmb4,733,000))	**1**	1

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17. DIVIDENDS

	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Dividends recognised as distribution during the year:		
2015 Interim – Rmb6 cents (2014: 2014 interim Rmb6 cents) per share	260,587	260,587
2014 Final – Rmb26.5 cents (2014: 2013 Final Rmb25 cents) per share	1,150,925	1,085,779
	1,411,512	1,346,366

The final dividend of Rmb28 cents per share in respect of the year ended December 31, 2015 (2014: final dividend of Rmb26.5 cents per share in respect of the year ended December 31, 2014) in the total amount of Rmb1,216,072,000(2014: Rmb1,150,925,000) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

18. 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 Rmb2,989,680,000(2014 (Restated): Rmb2,264,994,000) and the 4,343,114,500 (2014: 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, 2015 and 2014.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings Rmb'000	Hotel 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, 2014 (Originally Stated)	638,239	–	819,311	470,202	220,002	546,426	385,790	3,079,970
Merger accounting restatement	–	–	268,546	–	35,871	193,613	36,740	534,770
At January 1, 2014 (Restated)	638,239	–	1,087,857	470,202	255,873	740,039	422,530	3,614,740
Additions	244,574	–	14,823	15,703	19,951	52,601	1,140,835	1,488,487
Transfer	10,145	–	14,616	3,025	–	1,296	(29,082)	–
Disposals	–	–	(9,005)	(95,980)	(22,753)	(47,573)	–	(175,311)
At December 31, 2014 (Restated)	892,958	–	1,108,291	392,950	253,071	746,363	1,534,283	4,927,916
Additions	17,125	–	35,629	29,952	22,502	42,914	250,107	398,229
Transfer	681,227	549,543	89,901	40,603	–	78,798	(1,440,072)	–
Transfer to inventory	–	–	–	–	–	–	(242,149)	(242,149)
Disposals	–	–	(1,729)	(49,971)	(44,927)	(37,086)	–	(133,713)
Disposal of a subsidiary (Note 49)	–	–	–	(94)	(3,517)	(12,431)	–	(16,042)
At December 31, 2015	1,591,310	549,543	1,232,092	413,440	227,129	818,558	102,169	4,934,241
DEPRECIATION								
At January 1, 2014 (Originally Stated)	203,781	–	247,967	323,124	146,790	396,266	–	1,317,928
Merger accounting restatement	–	–	60,357	–	33,272	144,670	–	238,299
At January 1, 2014 (Restated)	203,781	–	308,324	323,124	180,062	540,936	–	1,556,227
Provided for the year	40,660	–	54,769	46,680	16,656	63,389	–	222,154
Disposals	1,637	–	(6,255)	(84,587)	(14,093)	(36,214)	–	(139,512)
At December 31, 2014 (Restated)	246,078	–	356,838	285,217	182,625	568,111	–	1,638,869
Provided for the year	62,541	10,365	70,460	36,384	15,783	48,066	–	243,599
Disposals	(115)	–	(1,657)	(45,008)	(42,854)	(35,020)	–	(124,654)
Disposal of a subsidiary (Note 49)	–	–	–	(39)	(573)	(1,455)	–	(2,067)
At December 31, 2015	308,504	10,365	425,641	276,554	154,981	579,702	–	1,755,747
CARRYING VALUES								
At December 31, 2015	**1,282,806**	**539,178**	**806,451**	**136,886**	**72,148**	**238,856**	**102,169**	**3,178,494**
At December 31, 2014 (Restated)	646,880	–	751,453	107,733	70,446	178,252	1,534,283	3,289,047
At January 1, 2014 (Restated)	434,458	–	779,533	147,078	75,811	199,103	422,530	2,058,513

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

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 52.

During the year ended December 31, 2014, 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, of which was fully paid during the same year. The whole block of building was included in construction in progress since the building was under renovation and has not reached the usable condition as at December 31, 2014 and was transferred to leasehold land and buildings during the year ended December 31, 2015.

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20. PREPAID LEASE PAYMENTS

	12/31/2015	12/31/2014
	Rmb'000	Rmb'000
Analysed for reporting purposes as:		
Current assets	**1,939**	2,155
Non-current assets	**57,745**	66,001
	59,684	68,156

The amount represents prepayment of rentals under operating leases for "land use rights" of land situated in the PRC.

As at December 31, 2015, 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 52.

21. EXPRESSWAY OPERATING RIGHTS

	Rmb'000
COST	
At January 1, 2014 (Originally stated)	19,508,332
Merger accounting restatement	4,498,452
At January 1, 2014 (Restated)	24,006,784
Additions	2,685
At December 31, 2014 (Restated)	24,009,469
Disposal	(3,653)
Adjustment due to completion of settlement	(42,754)
At December 31, 2015	23,963,062
AMORTISATION	
At January 1, 2014 (Originally stated)	7,597,199
Merger accounting restatement	1,158,735
At January 1, 2014 (Restated)	8,755,934
Charge for the year	988,148
At December 31, 2014 (Restated)	9,744,082
Charge for the year	991,800
Disposal	(2,262)
At December 31, 2015	10,733,620
CARRYING VALUES	
At December 31, 2015	13,229,442
At December 31, 2014(Restated)	14,265,387
At January 1, 2014(Restated)	15,250,850

21. EXPRESSWAY OPERATING RIGHTS (Continued)

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, Jinhua Section of the Ningbo-Jinhua Expressway and Hanghui 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, 2015 and 2014, the expressway operating rights in respect of Jinhua Section of the Ningbo-Jinhua Expressway and Hanghui Expressway has been pledged as collaterals to secure general banking facilities granted to the Group. Details of which were set out in Note 52.

During the year ended December 31, 2015, a portion of land where the Yuhang section of Shanghai-Hangzhou expressway occupied was requisitioned by the government, with the consideration of Rmb53,891,000, leading to the decrease in expressway operating right with carrying amount of Rmb1,391,000 and recognition of a gain in other income with amount of Rmb52,500,000.

22. GOODWILL

	Rmb'000
COST AND CARRYING VALUES	
At January 1 2014 December 31, 2014 and December 31, 2015	86,867

Particulars regarding impairment testing on goodwill are disclosed in Note 24.

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23. 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, 2014	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
Additions	–	–	–	23,261	23,261
At December 31, 2015	101,147	63,083	3,480	125,691	293,401
AMORTISATION					
At January 1, 2014	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
Charge for the year	6,266	–	–	17,366	23,632
At December 31, 2015	66,679	–	–	71,503	138,182
CARRYING VALUES					
At December 31, 2015	**34,468**	**63,083**	**3,480**	**54,188**	**155,219**
At December 31, 2014	40,734	63,083	3,480	48,293	155,590

The customer bases of Zheshang Securities and Zheshang Futures Broker Co., Ltd. ("Zheshang Futures") are amortised on a straight-line basis over fifteen years and three 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 24.

24. 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 22 and 23 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, 2015 and 2014 allocated to these units are as follows:

	Goodwill		Securities/futures firm licenses		Trading seats	
	12/31/2015	12/31/2014	**12/31/2015**	12/31/2014	**12/31/2015**	12/31/2014
	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, 2015 and 2014, 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 13 years (2014: 14 years) and 15 years (2014: 16 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.

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24. 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.

25. INTERESTS IN ASSOCIATES

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Unlisted investments in associates, at cost less impairment	482,749	488,542
Share of post-acquisition profit, net of dividends received	100,788	139,324
	583,537	627,866

At December 31, 2015 and 2014, 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		Principal activities
			12/31/2015 %	12/31/2014 %	
Zhejiang Expressway Petroleum Development Co., Ltd. ("Petroleum Co") (Note i)	Corporate	The PRC	–	50	Operation of petrol stations and sale of petroleum products
Zhejiang Concord Property Investment Co., Ltd. ("Zhejiang Concord Property")	Corporate	The PRC	45	45	Investment and real estate development
Zhejiang Communications Investment Group Finance Co., Ltd. ("Zhejiang Communications Finance")	Corporate	The PRC	35	35	Finance and investment
Zheshang Fund Management Co., Ltd. ("Zheshang Fund") (Note ii)	Corporate	The PRC	25	25	Asset fund management
Yangtze United Financial Leasing Co., Ltd. ("Yangtze United Financial Leasing") (Note iii)	Corporate	The PRC	9	–	Provision of printing services and property leasing
Zhejiang Zheshang Innovation Capital Management Co., Ltd. ("Zheshang Innovation Capital Management") (Note iv)	Corporate	The PRC	40	–	Investment management and consulting

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

25. INTERESTS IN ASSOCIATES (Continued)

Notes:

(i) On 12 October 2015, the Company entered into an agreement with Zhejiang Communications Investment Group Industrial Development Co., Ltd. ("Zhejiang Communications Investment"), a wholly owned subsidiary of Communications Group, pursuant to which the Company sold the 50% equity interest in Petroleum Co to Zhejiang Communications Investment at a cash consideration of Rmb142,018,000. The disposal has been substantially completed when the necessary approvals and consents obtained by the end of 2015. Subsequently, the change of registration process has been completed on 4 January 2016. Disposal gain of Rmb916,000 was made through the transaction.

(ii) 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 2015, the disposal transaction has not been completed and Zheshang Securities received a refundable deposit of Rmb165,600,000 in respect of such transfer, of which was included in other payables in Note 39.

The directors of the Company consider the disposal required approval by China Securities Regulatory Commission and equity transfer registration, which was a lengthy process and they are not able to estimate the timing when and whether such approval would be granted. The amount of deposit received would be refundable to Tonglian Capital if the transfer eventually cannot be completed.

(iii) When established, the Group is able to exercise significant influence over Yangtze United Financial Leasing because it has the power to appoint one out of eight directors of that company under the provisions stated in the Articles of Association of that company.

(iv) Zheshang Innovation Capital Management was established on May 29, 2015. Zheshang Capital Management Co., Ltd. ("Zheshang Capital Management"), the subsidiary of the group contributed capital of RMB 12,000, 000 for 40% shareholding. The Group is able to exercise significant influence over Zheshang Innovation Capital Management.

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25. INTERESTS IN ASSOCIATES (Continued)

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:

Zhejiang Communications Finance

	12/31/2015	12/31/2014
	Rmb'000	Rmb'000
Current assets	**3,168,911**	2,849,318
Non-current assets	**3,101,430**	3,331,312
Current liabilities	**5,126,968**	5,139,374

	For the year ended 12/31/2015	For the year ended 12/31/2014
	Rmb'000	Rmb'000
Revenue	**258,851**	293,370
Profit for the year	**139,608**	153,204
Dividends received from the associate during the year	**13,121**	–

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

	12/31/2015	12/31/2014
	Rmb'000	Rmb'000
Net asset of the associate	**1,143,373**	1,041,256
Proportion of the Group's ownership interest in Zhejiang Communications Finance	**35%**	35%
Carrying amount of the Group's interest in Zhejiang Communications Finance	**400,181**	364,440

Yangtze United Financial Leasing

	12/31/2015
	Rmb'000
Current assets	**63,564**
Non-current assets	**5,826,108**
Current liabilities	**4,884,944**

25. INTERESTS IN ASSOCIATES (Continued)

Yangtze United Financial Leasing

	For the date of acquisition to 12/31/2015 Rmb'000
Revenue	84,461
Profit for the period	4,728
Dividends received from the associate during the period	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Yangtze United Financial Leasing recognised in the consolidated financial statements:

	12/31/2015 Rmb'000
Net asset of the associate	1,004,728
Proportion of the Group's ownership interest in Yangtze United Financial Leasing	9%
Carrying amount of the Group's interest in Yangtze United Financial Leasing	90,426

Aggregate information of associates that are not individually material

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
The Group's share of loss (profit)	(999)	11,399
Aggregate carrying amount of the Group's interests in these associates	92,930	263,426

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26. INTEREST IN A JOINT VENTURE

	12/31/2015	12/31/2014
	Rmb'000	Rmb'000
Unlisted investment in a joint venture, at cost less impairment	373,470	373,470
Share of post-acquisition loss	(97,870)	(72,803)
	275,600	300,667

At December 31, 2015 and 2014, 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
			12/31/2015	12/31/2014	
			%	%	
Zhejiang Shaoxing 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

	12/31/2015	12/31/2014
	Rmb'000	Rmb'000
Current assets	41,371	41,410
Non-current assets	2,672,775	2,831,259
Current liabilities	55,988	49,912
Non-current liabilities	2,106,959	2,221,423
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	37,152	37,139
Non-current financial liabilities (excluding trade and other payables and provisions)	2,040,000	2,150,000

26. INTEREST IN A JOINT VENTURE (Continued)

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: (Continued)

Shengxin Co (Continued)

	For the year ended 12/31/2015 Rmb'000	For the year ended 12/31/2014 Rmb'000
Revenue	319,882	306,827
Loss for the year	(50,135)	(66,553)
Dividend received from the joint venture	–	–
The above loss for the year includes the following:		
Depreciation and amortisation	(175,837)	(172,559)
Interest income	838	996
Interest expense	(111,978)	(129,244)
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:

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Net asset of the joint venture	551,199	601,334
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount of the Group's interest in Shengxin Co	275,600	300,667

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27. AVAILABLE-FOR-SALE INVESTMENTS

AFS investments comprise:

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Non-current assets:		
Unlisted equity securities investments, at cost (Note i)	44,597	38,500
Listed equity securities investments, at fair value (Note ii)	202,441	–
Corporate bonds listed in the PRC (Note iii)	–	122,000
Trust products	–	32,131
Financial products (Note iv)	6,507	28,601
Unlisted equity investment at fair value (Note v)	1,382,313	–
	1,635,858	221,232
Current assets:		
Equity securities	237,260	8,761
Funds	55,982	35,233
Trust products	10,000	57,384
Corporate bonds	50,000	–
Financial products (Note iv)	679,508	468,643
	1,032,750	570,021
	2,668,608	791,253

As at December 31, 2015, the Group has entered into securities lending arrangement with clients that resulted in the transfer of listed AFS investments with total fair value of Rmb173,000 (2014: Rmb29,922,000) to external clients, which did not result in derecognition of the financial assets. Details of the collaterals were set out in Note 33.

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) Listed equity securities investments represent stocks listed in PRC with lock-up period for 3 years since the subscription. The financial instrument was measured at fair value based on a valuation taking into account the quote stock prices with adjustment of restriction factors.

(iii) The corporate bonds carried fixed interest of 9.6% per annum with maturity date on May 31, 2017, and were early redeemed during the year ended December 31, 2015.

(iv) 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.

(v) Unlisted equity investment mainly includes investment in a special account managed by China Securities Finance Corporation Limited (the "CSFCL"). Pursuant to the agreement the Company entered into with the CSFCL, the Company contributed to a special account managed by the CSFCL in 2015. The Company is entitled to the profit or loss derived from the special account in proportion to the funding portion contributed. As at December 31, 2015, the Company determined the total fair value of the investment according to the Evaluation Report provided by the CSFCL.

28. INVENTORIES

As at December 31, 2015, the inventories of the Group includes residential properties held for sales with carrying amount of Rmb272,933,000, which has been transferred from construction in progress when the management of the Group decided to sell and obtained the property sales permit.

29. TRADE RECEIVABLES

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
Trade receivables comprise:			
Fellow subsidiaries	10,331	3,212	3,077
Third parties	142,044	133,898	102,093
Total trade receivables	152,375	137,110	105,170
Less: Allowance for doubtful debts	(1,292)	(952)	(672)
	151,083	136,158	104,498

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 Co., Ltd. ("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:

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
Within 3 months	80,949	117,022	93,882
3 months to 1 year	64,493	18,111	10,453
1 to 2 years	4,679	971	–
Over 2 years	962	54	163
	151,083	136,158	104,498

29. TRADE RECEIVABLES (Continued)

Movement of allowance for doubtful debts

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
At the beginning of the year	952	672	956
Impairment recognised for the year	340	280	7
Amount reversed during the year	–	–	(291)
At the end of the year	1,292	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.

30. LOANS TO CUSTOMERS ARISING FROM MARGIN FINANCING BUSINESS

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Loans to margin clients	10,606,160	8,565,301
Less: Allowance for doubtful debts	(55,570)	(19,388)
	10,550,590	8,545,913

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, 2015, 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 Rmb31,224,317,000 (2014:Rmb24,411,134,000). Cash collateral of Rmb1,061,658,000 (2014: Rmb975,337,000) received from clients was included in accounts payable to customers arising from securities business in Note 37. As of 31 December 2015 and 2014, no individual customer with fair value of pledged securities fell below the carry amount of margin loan.

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.

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

Movement in the allowance for doubtful debts

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Allowance for doubtful debts at the beginning of the year	**19,388**	8,477
Impairment recognised for the year	**36,182**	10,911
At end of the year	**55,570**	19,388

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, 2015, the balance of allowance for doubtful debts include individual assessment of Rmb2,552,000 (2014: Rmb2,263,000) and collective assessment of Rmb53,018,000 (2014: Rmb17,125,000) The concentration of credit risk is limited due to the customer base being large and unrelated.

31. OTHER RECEIVABLES AND PREPAYMENTS

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
Current			
Entrusted loan and interest receivable from a related party (Note 54(ii))	**634,436**	491,911	54,000
Interest receivables	**269,080**	163,609	122,392
Financial products investment receivables (Note)	**–**	17,000	168,000
Prepayments	**41,977**	87,280	30,915
Bond and listed equity subscription deposit	**176,377**	–	–
Consideration receivable in relation to the disposal to Communications Group of an associate (Note 25) and a subsidiary (Note 49)	**44,759**	–	–
Others	**65,170**	97,763	102,594
	1,231,799	857,563	477,901
Non-Current			
Entrusted loans and interest receivables from a related party (Note 54(ii))	**–**	50,828	401,400
	1,231,799	908,391	879,301

Note: The amount represents short-term fixed-yield and principal protected bank financial products, which have been matured and fully redeemed during the year ended December 31, 2015.

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32. HELD FOR TRADING INVESTMENTS

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Held for trading investments include:		
Listed securities in the PRC, at fair value:		
Equity securities	**221,699**	89,877
Open-end equity funds	**191,967**	97,718
Bonds in the PRC, at fair value:		
Listed in Shanghai/Shenzhen Stock Exchange with fixed interest ranging from 0.2% to 8.5% (2014: 4.36% to 8.5%) per annum	**1,170,952**	621,813
Unlisted with fixed interest ranging from 3.18% to 8.70% (2014: 4.33% to 8.70%) per annum	**2,176,606**	1,315,332
	3,761,224	2,124,740

33. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Analysed by collateral type:		
Bonds	**1,921,876**	1,316,942
Stock securities	**3,037,279**	1,407,656
	4,959,155	2,724,598
Analysed by market:		
Inter bank market	**1,521,876**	1,316,942
Shanghai/Shenzhen Stock Exchange	**3,437,279**	1,407,656
	4,959,155	2,724,598

The collaterals include both equity and debt securities listed in the PRC. As at December 31, 2015, the fair value of equity securities and debt securities held as collaterals was Rmb6,394,246,000 (2014: Rmb4,762,681,000) and Rmb1,947,197,000 (2014: Rmb1,320,746,000), respectively.

34. 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 2.12% (2014: 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, 2015	**22,226**	**125,058**
As at December 31, 2014	12,490	42,862

35. BANK BALANCES AND CASH

	12/31/2015 **Rmb'000**	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
Time deposits with original maturity over three months	**270,000**	761,320	704,459
Unrestricted bank balances and cash	**4,207,862**	2,744,222	1,239,037
Time deposits with original maturity of less than three months	**775,189**	612,341	676,222
Cash and cash equivalents	**4,983,051**	3,356,563	1,915,259
	5,253,051	4,117,883	2,619,718

Bank balances carry interest at the average market rate of 0.35% (2014: 0.35%) per annum. Time deposits carry interest at fixed rates ranging from 1.35% to 6.50% (2014: 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, 2015	**14,562**	**33,387**
As at December 31, 2014	6,098	28,832

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36. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	12/31/2015	12/31/2014
	Rmb'000	Rmb'000
Placements from		
Industrial Bank Co., Ltd (unsecured)	–	500,000
CSFCL (secured)	200,000	1,440,000
	200,000	1,940,000

These placements with interest rate of 6.30% (2014: 5.8% to 7.5%) per annum are repayable within 1 year from the end of the reporting period.

The placements from CSFCL were secured by a cash deposit of Rmb86,704,000 (2014: Rmb168,161,000) and debt and equity securities with total fair value of Rmb184,400,000 (2014: Rmb178,608,000) as at December 31, 2015.

37. 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 also 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, 2015, Rmb1,971,098,000 (2014: Rmb975,337,000) 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, 2015	**22,226**	**125,058**
As at December 31, 2014	12,490	42,862

38. 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:

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
Within 3 months	**422,424**	464,221	235,778
3 months to 1 year	**230,650**	127,906	86,391
1 to 2 years	**117,341**	76,657	37,974
2 to 3 years	**35,425**	11,889	13,641
Over 3 years	**102,776**	315,978	381,169
	908,616	996,651	754,953

39. OTHER PAYABLES AND ACCRUALS

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
Other liabilities:			
Accrued payroll and welfare	**1,609,626**	855,620	559,204
Advance from rental and advertising customers	**62,151**	96,763	94,124
Toll collected on behalf of other toll roads	**2,758**	2,759	5,057
Retention payable	**123,917**	181,242	148,050
Deposit received for disposal of an associate (Note 25(ii))	**165,600**	103,500	–
Deposits of equity return swaps (Note)	**77,000**	–	–
Payables to limited partnership in subsidiaries	**133,088**	19,737	–
Others	**287,673**	245,684	197,940
	2,461,813	1,505,305	1,004,375
Other accruals	**347,266**	83,007	21,641
	2,809,079	1,588,312	1,026,016

Note: Equity return swaps contain non-closely related embedded derivatives as their returns are linked to the fluctuation of specific stock price. The embedded derivatives are accounted for under note 44 after being bifurcated from their respective host contracts.

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40. BANK AND OTHER BORROWINGS

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
Bank loans	2,297,951	2,580,000	3,120,000
Loan from related parties (See Note54(i)(a), 54(ii))	1,070,000	1,070,000	1,110,000
	3,367,951	3,650,000	4,230,000
Secured (Note)	630,000	2,480,000	2,920,000
Unsecured	2,737,951	1,170,000	1,310,000
	3,367,951	3,650,000	4,230,000
Carrying amount repayable:			
Within one year	1,777,951	1,690,000	980,000
More than one year, but not exceeding two years	400,000	550,000	1,640,000
More than two years but not more than five years	860,000	710,000	760,000
More than five years	330,000	700,000	850,000
	3,367,951	3,650,000	4,230,000
Less: Amounts due within one year	(1,777,951)	(1,690,000)	(980,000)
Amounts shown under non-current liabilities	1,590,000	1,960,000	3,250,000

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
The bank and other borrowings comprise:			
Fixed-rate borrowings	2,047,951	620,000	1,110,000
Variable-rate borrowings	1,320,000	3,030,000	3,120,000
	3,367,951	3,650,000	4,230,000

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

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)	01/01/2014 Rmb'000 (Restated)
Effective interest rate:			
Fixed-rate borrowings	4.13%-5.10%	5.24% – 5.40%	5.04% – 5.40%
Variable-rate borrowings	4.275%-5.90%	5.40% – 6.60%	5.54% – 6.77%

Note: Details of the securities pledged for the grant of borrowings to the Group were set out in Note 52.

The Group's borrowings were all dominated in the functional currency of the group entities as at December 31, 2015 and 2014.

41. SHORT-TERM FINANCING NOTE PAYABLE

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Unsecured		
Short-term loan note (Note i)	600,000	–
Beneficial certificates (Note ii)	16,100	883,570
	616,100	883,570

Notes:

(i) During the year ended December 31, 2015, Zheshang Securities issued a short-term loan note at the principal amount of Rmb11,000,000,000, which was interest bearing at of from 2.93% to 3.20% per annum, out of which Rmb500,000,000 was matured and repaid. As at December 31, 2015,the remaining Rmb600,000,000 was repayable upon maturity.

(ii) As at December 31, 2014, there was Rmb883,570,000 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. The amount was matured in 2015 and had been repaid in full on the maturity date.

During the year ended December 31, 2015, there were Rmb2,733,560,000 principals received from investors for subscription of beneficial certificates issued by Zheshang Securities, which bear interest rates ranging from 0.7% to 6.47% per annum, out of which Rmb2,717,460,000 was matured and repaid. As at December 31, 2015, the remaining beneficial certificates of the remaining Rmb16,100,000 and its interests are repayable upon maturity.

42. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Analysed as collateral type:		
Bonds	3,485,380	2,400,257
Other rights and interests in debt instruments	1,900,000	3,898,800
	5,385,380	6,299,057
Analysed by market:		
Shanghai Stock Exchange	350,000	70,000
Inter-bank market	3,135,380	2,330,257
Other financial institutions	1,900,000	3,898,800
	5,385,380	6,299,057

As of 31 December 2015, the above financial assets sold under repurchase agreements include those repurchase agreements entered into with qualified investors, which amounted to Rmb5,385,380,000 (31 December 2014: 6,299,057,000), with maturities within 1 year.

42. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (Continued)

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 2015, 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, 2015:

	Held for trading investments Rmb'000	Financial assets held under resale agreements Rmb'000	Loans to customers arising from margin financing business Rmb'000	Others Rmb'000	Total Rmb'000
Carrying amount of transferred assets	1,466,278	1,521,876	2,052,846	718,769	5,759,769
Carrying amount of associated liabilities	(1,301,409)	(1,513,971)	(1,900,000)	(670,000)	(5,385,380)
Net position	164,869	7,905	152,846	48,769	374,389

43. BONDS PAYABLE

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Subordinated bonds (Note)	**8,700,000**	1,200,000
Long term beneficial certificates	**1,900,000**	–
	10,600,000	1,200,000
Less: subordinated bonds due within 1year	**3,000,000**	–
Amounts shown under non-current liabilities	**7,600,000**	1,200,000

Notes:

On September 22, 2014, Zheshang Securities issued a four-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.

43. BONDS PAYABLE (Continued)

Notes: (Continued)

On March 17, 2015, Zheshang Securities issued a four-year subordinated bond in the principal amount of Rmb1,500,000,000, with a redemption option exercisable at par value plus the unpaid interests at the second anniversary since the date of issue. The annual interest rate in first two years is 5.80%, and which will be 8.80% for the remaining two years if the issuer does not exercise the option of redemption.

On February 3, 2015, Zheshang Securities 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.

Other subordinated bonds without redemption option bear fixed interest rates.

44. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The Group entered into numbers of equity return swaps contracts with its customers of securities business. The notional principal amounts of the Group's equity return swaps contracts as at December 31, 2015 in relation to equity return swaps contracts were Rmb205,000,000 (December 31, 2014: Rmb nil). Derivative financial assets of Rmb2,288,000 and derivative financial liabilities of Rmb4,258,000 has been recognized for the fair values of those embedded derivatives as at December 31, 2015.

45. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	12/31/2015	12/31/2014	01/01/2014
	Rmb'000	Rmb'000	Rmb'000
		(Restated)	(Restated)
Deferred tax assets	**329,526**	97,135	84,655
Deferred tax liabilities	**(262,128)**	(145,042)	(205,638)
	67,398	(47,907)	(120,983)

Notes to the Consolidated Financial Statements

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45. DEFERRED TAXATION (Continued)

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	Difference in tax and accounting depreciation of property plant and equipment and expressway operating rights	Fair value adjustment of long term assets	Temporary differences of accrued expenses and impairment losses	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At January 01, 2014 (Originally stated)	27,276	147,536	113,327	(82,501)	205,638
Merger accounting restatement	–	(84,655)	–	–	(84,655)
At January 01, 2014 (Restated)	27,276	62,881	113,327	(82,501)	120,983
Charge (credit) to profit or loss	10,079	(24,123)	(8,866)	(67,241)	(90,151)
Charge to other comprehensive income	17,075	–	–	–	17,075
At December 31, 2014 (Restated)	54,430	38,758	104,461	(149,742)	47,907
Charge (credit) to profit or loss	11,219	(15,408)	(8,866)	(120,151)	(133,206)
Charge to other comprehensive income	17,901	–	–	–	17,901
At December 31, 2015	**83,550**	**23,350**	**95,595**	**(269,893)**	**(67,398)**

As at December 31, 2015, the Group had unused tax losses of approximately Rmb430,964,000 (2014 (Restated): Rmb600,877,000). No deferred taxation asset has been recognised due to the unpredictability of future profit streams. Such unrecognised tax losses will expire within 2019.

46. SHARE CAPITAL

	Number of shares 12/31/2015 and 2014 Rmb'000	Share capital 12/31/2015 and 2014 Rmb'000
Registered, issued and fully paid:		
Domestic shares of Rmb1 each	2,909,260	2,909,260
H Shares of Rmb1 each	1,433,855	1,433,855
	4,343,115	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.

47. NON-CONTROLLING INTERESTS

	Rmb'000
At January 1, 2014 (Originally stated)	3,696,421
Merger accounting restatement	19,991
Balance at January 1, 2014 (Restated)	3,716,412
Share of total comprehensive income	505,602
Deregistration of a subsidiary (Note i)	(1,420)
Dividend paid to non-controlling interests	(93,021)
At December 31, 2014 (Restated)	4,127,573
Share of total comprehensive income	1,066,051
Contribution by non-controlling-interests	5,000
Acquisition of additional interest of a non-wholly owned subsidiary (Note ii)	171,179
Dividend paid to non-controlling interests	(107,812)
At December 31, 2015	**5,261,991**

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47. NON-CONTROLLING INTERESTS (Continued)

Notes:

(i) During the year ended December 31, 2014, the Group has deregistered Hangzhou Roadtone Advertising Co., Ltd., a 51% owned subsidiary, resulting in the reduction of non-controlling interest of Rmb1,420,000.

(ii) As detailed in Note 2, in December 2015, the equity interest held by the group increased from 80.614% to 88.674% as the company has made an additional capital contribution to Hangui Co. The acquisition of additional interest in the subsidiary resulted in an increase of non-controlling interest by Rmb171,179,000.

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 55) 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

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Current assets	52,844,339	34,149,648
Non-current assets	5,272,372	3,633,244
Current liabilities	39,320,773	27,550,416
Non-current liabilities	8,000,644	1,474,595
Equity attributable to owners of the Company	6,106,965	5,014,542
Non-controlling interests	4,688,329	3,743,339

	For the year ended 12/31/2015 Rmb'000	For the year ended 12/31/2014 Rmb'000
Revenue	6,680,544	3,392,626
Expenses	(4,342,360)	(2,172,342)
Profit for the year	2,338,184	1,220,284
Other comprehensive income	54,229	51,458
Total comprehensive income	2,392,413	1,271,742
Profit attributable to owner of the Company	1,329,195	738,815
Profit attributable to non-controlling interests	1,008,989	481,469
	2,338,184	1,220,284
Total comprehensive income attributable to owner of the Company	1,357,473	765,649
Total comprehensive income attributable to non-controlling interests	1,034,940	506,093
	2,392,413	1,271,742

47. NON-CONTROLLING INTERESTS (Continued)

Shangsan Co and its subsidiaries (Continued)

	For the year ended 12/31/2015 Rmb'000	For the year ended 12/31/2014 Rmb'000
Dividends paid to non-controlling shareholders	**(94,950)**	(75,960)
Net cash (outflow) inflow from operating activities	**(5,201,354)**	1,443,261
Net cash outflow used in investing activities	**(1,235,019)**	(1,113,220)
Net cash inflow from financing activities	**8,602,933**	983,570
Net cash inflow	**2,166,560**	1,313,611

Yuhang Co

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Current assets	**345,139**	70,876
Non-current assets	**881,847**	1,068,890
Current liabilities	**310,993**	311,917
Non-current liabilities	**158,035**	108,391
Equity attributable to owners of the Company	**386,558**	366,924
Non-controlling interests	**371,400**	352,534

	For the year ended 12/31/2015 Rmb'000	For the year ended 12/31/2014 Rmb'000
Revenue	**133,966**	92,944
Expenses	**(72,899)**	(61,015)
Profit for the year	**61,067**	31,929

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47. NON-CONTROLLING INTERESTS (Continued)

Yuhang Co (Continued)

	For the year ended 12/31/2015 Rmb'000	For the year ended 12/31/2014 Rmb'000
Profit and total comprehensive income		
– attributable to owner of the Company	**31,143**	16,284
– attributable to non-controlling interests	**29,924**	15,645
	61,067	31,929
Dividends paid to non-controlling shareholders	**(11,058)**	(11,058)
Net cash inflow from operating activities	**30,456**	50,048
Net cash outflow used in investing activities	**(101,279)**	(119,571)
Net cash inflow from financing activities	**52,281**	20,279
Net cash outflow	**(18,542)**	(49,244)

48. 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.

49. DISPOSAL OF A SUBSIDIARY

On August 31, 2015, the Company entered into an agreement with Zhejiang Communications Resources Investment Co., Ltd. ("Zhejiang Communications Resources"), a fellow subsidiary of the Communications Group, pursuant to which the Company sold the 100% equity interest in Zhejiang Expressway Maintenance Co., Ltd. ("Maintenance Co") to Zhejiang Communications Resources at a cash consideration of Rmb41,084,000. The disposal was completed on September 14, 2015.

	Rmb'000
Consideration received:	
Cash received	38,343
Deferred cash consideration	2,741
Total consideration	41,084

	9/14/2015 Rmb'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	**13,975**
Inventories	**4,663**
Trade receivables	**47,433**
Other receivables and prepayments	**544**
Bank balances and cash	**19,602**
Trade payables	**(27,646)**
Other payables and accruals	**(18,366)**
Net assets disposed of	**40,205**
Gain on disposal of a subsidiary:	
Consideration received and receivable	**41,084**
Net assets disposed of	**40,205**
Gain on disposal	**879**
Net cash inflow arising on disposal:	
Cash received	**38,343**
Less: bank balances and cash disposed of	**(19,602)**
	18,741

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50. COMMITMENTS

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Authorised but not contracted for:		
– Purchase of machinery and equipment	312,220	431,405
– Renovation of service areas	31,340	67,700
– Acquisition and construction of properties	317,630	308,049
– Equity investments	–	213,000
	661,190	1,020,154

51. OPERATING LEASES

The Group as lessee

	Year ended 12/31/2015 Rmb'000	Year ended 12/31/2014 Rmb'000 (Restated)
Minimum lease payments	84,973	76,766
Contingent rental expenses	183	1,721
	85,156	78,487

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:

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)
Within one year	73,567	50,789
In the second to fifth years inclusive	81,930	85,594
Over five years	502	725
	155,999	137,108

Operating lease payments represent rentals payable by the Group for certain service areas along expressways located in Zhejiang, Tianjin, Shandong and Henan 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.

51. OPERATING LEASES (Continued)

The Group as lessor

The Group leased their service areas and communication ducts and part of spare office premises 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:

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)
Within one year	114,063	102,743
In the second to fifth years inclusive	141,642	102,860
After five years	43,711	29,708
	299,416	235,311

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.

52. 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:

	12/31/2015 Rmb'000	12/31/2014 Rmb'000 (Restated)
Property, plant and equipment	–	747,456
Expressway operating rights	4,086,513	4,930,148
Prepaid lease payments	–	39,251
	4,086,513	5,716,855

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53. CONTINGENT LIABILITIES

	12/31/2015	12/31/2014
	Rmb'000	Rmb'000
Guarantees given to bank, in respect of a joint venture (Note)	1,021,374	1,076,910

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, 2015, the bank borrowings of Shengxin Co and accrued interest amounted to Rmb2,040,000,000 (2014: Rmb2,150,000,000) and Rmb2,749,000 (2014: 3,820,000), 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, 2015 and 2014.

54. 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

Equity transactions

As disclosed in Note 2, on August 5, 2015, the Company entered into an agreement with Communications Group pursuant to which the Company purchased from Communications Group a 80.614% equity interest in the Hanghui Co held by Communications Group at a cash consideration of Rmb1,699,348,000.

As disclosed in Note 25, on October 12, 2015, the Company entered into an agreement with Zhejiang Communications Investment, pursuant to which the Company sold the 50% equity interest in an associate, Petroleum Co to Zhejiang Communications Investment at a cash consideration of Rmb142,018,000. As at December 31, 2015, Rmb100,000,000 has been paid by Zhejiang Communications Investment. Rmb35,676,000 out of the remaining Rmb42,018,000 has been paid in January 2016.

54. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

(a) Communications Group (Continued)

As disclosed in Note 49, on August 31, 2015, the Company entered into an agreement with Zhejiang Communications Resources, pursuant to which the Company sold the 100% equity interest in Maintenance Co to Zhejiang Communications Resources at a cash consideration of Rmb41,084,000.

Entrusted loans

Pursuant to the entrusted loan contracts entered into between Hanghui Co and Communications Group on March 12, 2013, Communications Group agreed to provide Hanghui Co with entrusted loans amounting to Rmb570,000,000 at a fixed interest rate of 5.24% per annum, which have been renewed for another three years on August 10, 2015, at a fixed interest rate of 4.55% per annum, with maturity date of August 10, 2018.

	For the year ended 12/31/2015 Rmb'000	For the year ended 12/31/2014 Rmb'000 (Restated)
Interest expenses incurred	**26,982**	30,227

Management and Administrative services

In July 1, 2015, the Company entered into agreements with the Communications Group, pursuant to which, the Company would provide management and administrative services to two toll roads of the Communications Group, including Shenjiahuhang Expressway and Shensuzhewan Expressway. According to the agreements, the Company would charge the Communications Group management fee based on actual cost basis. During this year, a total management fee of Rmb397,000 has been charged to the Communications Group.

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54. 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 12/31/2015 Rmb'000	For the year ended 12/31/2014 Rmb'000 (Restated)
Toll road service area leasing income earned (Note i)	**9,736**	9,162
Toll road service area management fee paid (Note i)	**2,600**	2,300
Property leasing income earned	**4,202**	3,552
Road maintenance service expenses incurred (Note ii)	**115,953**	61,451
Toll road related inspection services income earned	**–**	6,517
Toll road related inspection services expense incurred	**6,788**	–

Notes:

(i) Pursuant to the leasing and operation agreement entered into between Jinhua Co (as defined in Note 55) and Zhejiang Communications Investment, 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 in 2030.

Pursuant to the leasing and operation agreements entered into between Hanghui Co and Zhejiang Communications Investment, Hanghui Co leased the toll road service area to Zhejiang Communications Investment and Zhejiang Communications Investment managed the operation of the service. Such business began from January 1, 2011 and will be expired at the same time with the operating right for respective expressway sections in 2029 to 2031.

(ii) Among the road maintenance service expenses charged by Communications Group, Rmb56,208,000 and Rmb46,048,000 have been incurred by Hanghui Co, during the period from January 1, 2015 till November 9, 2015 and the year ended December 31, 2014 respectively, which is prior to the date when Hanghui Co, has been merged into the Group.

54. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

(b) Transactions with other government related parties

Petroleum Co

	For the year ended 12/31/2015 Rmb'000	For the year ended 12/31/2014 Rmb'000
Purchase of petroleum products	**1,445,196**	1,931,466

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.

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.

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

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.

Loan advanced from Zhejiang Communications Finance

Zhejiang Communications Finance provided Hanghui Co with several long-term loans with aggregated amount of Rmb450,000,000 at variable interest rates ranging from 4.275% to 4.513% per annum, with maturities in 2016 and 2017. Also, Zhejiang Communications Finance provided Hanghui Co with short-term loans amounted to Rmb50,000,000 and Rmb50,000,000, at fixed interest rates of 5.40% and 5.10% per annum, in 2014 and 2015 respectively. The short-term loan of Rmb50,000,000 due in 2015 was fully repaid during the year.

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54. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

Loan advanced from Zhejiang Communications Finance (Continued)

During the year, the Group had obtained advance of Rmb350,000,000 from Zhejiang Communications Finance which carried interest at a fixed interest rate of 4.46% per annum. The loan was fully repaid during the same year.

	12/31/2015	12/31/2014
	Rmb'000	Rmb'000
		(Restated)
Outstanding loan payable balances:		
repayable within one year	**250,000**	50,000
repayable over one year	**250,000**	450,000

	For the year ended 12/31/2015	For the year ended 12/31/2014
	Rmb'000	Rmb'000
		(Restated)
Interest expenses incurred	**26,290**	27,189

Deposits to Zhejiang Communications Finance

	12/31/2015	12/31/2014
	Rmb'000	Rmb'000
		(Restated)
Bank balances and cash		
– Time deposits with original maturity over three months	**65,000**	20,000
– Cash and cash equivalents	**480,471**	575,929
	545,471	595,929

	For the year ended 12/31/2015	For the year ended 12/31/2014
	Rmb'000	Rmb'000
		(Restated)
Interest income earned	**3,295**	2,321

54. 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

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
Outstanding loan receivable balances	600,000	500,000
Interest receivables	34,436	42,739
	634,436	542,739
Analysed for reporting purpose as:		
Current assets (Note 31)	634,436	491,911
Non-current assets (Note 31)	–	50,828
	634,436	542,739

	For the year ended 12/31/2015 Rmb'000	For the year ended 12/31/2014 Rmb'000
Interest income earned	44,912	43,024

During the year, the Group advanced additional entrusted loans to Zhejiang Concord Property totalling Rmb100,000,000 (2014: Rmb100,000,000) and received settlement of loan principals and interests amounting to Rmb450,000,000 (2014: Rmb50,000,000) and Rmb53,215,000 (2014: Rmb5,686,000), 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 8% (2014: 10%) per annum. All entrusted loans in both years were guaranteed by Zhejiang World Trade Property Development Co., Ltd., which is the controlling shareholder of Zhejiang Concord Property, an independent third party of the Group, in full.

(iii) Key management emoluments

The remuneration of the directors, supervisors and key management personnel during the year was Rmb7,392,000 (2014 (Restated): Rmb6,178,000) including retirement benefit scheme contribution of Rmb210,000 (2014 (Restated): Rmb169,000) which is determined by the performance of the individuals and the market trends.

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55. 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 12/31/2015 %	Direct 12/31/2014 % (Restated)	Indirect 12/31/2015 %	Indirect 12/31/2014 % (Restated)	Principal activities
Zhejiang Yuhang Expressway Co., Ltd. ("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
Zheshang Securities	Note 7	3,000,000,000	–	–	**52.15	**52.15	Operation of securities business
Zheshang Futures	Note 8	500,000,000	–	–	***52.15	***52.15	Operation of securities business
Zheshang Capital Management	Note 9	100,000,000	–	–	***52.15	***52.15	Operation of securities business
Zheshang Securities Co., Ltd. Asset Management ("Asset Management")	Note 10	500,000,000	–	–	***52.15	***52.15	Provision of asset management service
Ningbo Dongfang Jujin Investment Management Co., Ltd ("Dongfang Jujin")	Note 11	1,000,000	–	–	***52.15	***52.15	Provision of investment management and advisory services
Ningbo Dongfang Jujin Jiahua Investment Management Center (Limited Partnership) ("Dongfang Jujin Jiahua")	Note 12	29,150,000	–	–	***16.37	***16.37	Provision of investment management and advisory and private equity investments
Zhejiang Zheqi Co., Ltd. ("Zhejiang Zheqi")	Note 13	200,000,000	–	–	***52.15	***52.15	Trading of future
Zhejiang Jinhua Yongjin Expressway Co., Ltd. ("Jinhua Co")	Note 14	1,900,000,000	100	100	–	–	Management of the Jinhua Section of the Ningbo–Jinhua Expressway
Hanghui Co	Note 15	1,812,280,000	88.674	80.614	–	–	Management of the Zhejiang Section of the Hangzhou-Ruili Expressway
Hangzhou Jujin Jiawei Investment Mangement (Limited Partnership) ("Jujin Jiawei")	Note 16	206,103,000	–	–	***23.48	–	Provision of investment management and advisory and private equity investments
Zheshang Futures (Hong Kong) Co., Limited	Note 17	8,011,000	–	–	***52.15	–	Trading of future
Maintenance Co	Note 18	30,000,000	–	100	–	–	Management of toll road

55. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

* The company is a subsidiary 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.

*** These companies and partnership entities 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.

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: 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 8: Zheshang Futures was established on September 7, 1995 in the PRC as a limited liability company.

Note 9: 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

55. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Note 10: Asset Management was established on July 22, 2013 in the PRC as a limited liability Company.

Note 11: Dongfang Jujin was established on March 25, 2014 in the PRC as a limited liability company.

Note 12: 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 13: 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 14: Jinhua Co was established in February 2002 in the PRC as a limited liability Company. Jinhua Co became a wholly owned subsidiary and directly held by the Company during the year ended December 31, 2013.

Note 15: Hanghui Co was established in December 2008 in the PRC as a limited liability Company. During the year ended December 31, 2015, the Company acquired the 80.614% equity interests in Hanghui Co from Communications Group, and Hanghui Co then became a subsidiary and directly held by the Company as at December 31, 2015. In December 2015, the equity interest held by the Group increased to 88.674% as the Company has made a capital contribution to Hanghui Co.

Note 16: Jujin Jiawei was established on April 15, 2015 in the PRC as a limited partnership. Pursuant to the partnership agreement, Dongfang Jujin is a general partner, while Zheshang Capital Management and other three 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 Jujin Jiawei unilaterally, and it is therefore classified as a subsidiary of the Group.

Note 17: Zheshang Futures (Hong Kong) Co., Limited was established on April 23, 2015 in Hong Kong as a limited liability Company.

Note 18: Maintenance Co was established on January 28, 2014 in the PRC as a limited liability company. As disclosed in Note 49, Maintenance Co was disposed during the year ended December 31, 2015.

Except that Zheshang Futures (Hong Kong) Co., Limited is operating in Hong Kong, all of the Company's other subsidiaries are operating in Mainland China. As at December 31, 2015, Zheshang Securities has issued subordinated bonds, corporate bonds, short-term loan note and beneficial certificates at the total principal amount of Rmb7,200,000,000, Rmb1,500,000,000, Rmb600,000,000 and Rmb1,916,100,000, respectively. 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. Except for Zheshang Securities, none of the other subsidiaries had any debt securities in issue at any time during the year.

56. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

	12/31/2015 Rmb'000	12/31/2014 Rmb'000
NON-CURRENT ASSETS		
Property, plant and equipment	502,595	478,498
Prepaid lease payments	1,500	1,594
Expressway operating rights	3,882,369	4,227,602
Other intangible assets	1,760	2,552
Investments in subsidiaries	9,809,369	6,640,021
Investments in associates	377,484	395,484
Investment in a joint venture	373,470	373,470
Bonds receivables	305,230	300,000
Available-for-sale investments	–	101,554
Other receivables	–	50,828
	15,253,777	12,571,603
CURRENT ASSETS		
Inventories	1,597	3,064
Trade receivables	20,275	17,867
Other receivables	662,059	481,536
Prepaid lease payments	95	95
Available-for-sale investments	19,994	10,650
Held for trading investment	80,000	80,000
Amount due from subsidiaries	9,419	230,619
Dividend receivable	20,494	–
Bank balances and cash		
– Time deposits with original maturity over three months	10,000	50,000
– Cash and cash equivalents	131,338	581,014
	955,271	1,454,845
CURRENT LIABILITIES		
Trade payables	91,662	99,989
Tax liabilities	119,337	106,092
Other taxes payable	7,715	9,164
Other payables and accruals	284,758	267,028
Amount due to subsidiaries	1,011,286	891,630
Bank borrowings	1,350,000	–
	2,864,758	1,373,903
NET CURRENT (LIABILITIES) ASSETS	(1,909,487)	80,942
TOTAL ASSETS LESS CURRENT LIABILITIES	13,344,290	12,652,545

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

56. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY (Continued)

	12/31/2015	12/31/2014
	Rmb'000	Rmb'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	90,498	94,478
	90,498	94,478
	13,253,792	12,558,067
CAPITAL AND RESERVES		
Share capital	4,343,115	4,343,115
Reserves	8,910,677	8,214,952
	13,253,792	12,558,067

	Share capital	Share premium	Statutory reserves	Investment valuation reserve	Dividend reserves	Special reserves	Retained profits	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
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
Total comprehensive income for the year	–	–	–	(158)	–	–	2,107,395	2,107,237
Interim dividend	–	–	–	–	–	–	(260,587)	(260,587)
Final dividend	–	–	–	–	(1,150,925)	–	–	(1,150,925)
Proposed final dividend	–	–	–	–	1,216,072	–	(1,216,072)	–
Transfer to reserves	–	–	205,788	–	–	–	(205,788)	–
At December 31, 2015	**4,343,115**	**3,645,726**	**2,365,858**	**(5)**	**1,216,072**	**18,666**	**1,664,360**	**13,253,792**

Independent Auditor's Report

(Issued by a Third Country Auditor registered with The UK Financial Reporting Council)

Deloitte.
德勤

(Issued by a Third Country Auditor registered with The UK Financial Reporting Council)

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 70 to 176, which comprise the consolidated statement of financial position as at December 31, 2015, 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.

Independent Auditor's Report

(Issued by a Third Country Auditor registered with The UK Financial Reporting Council)

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 financial position of the Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance 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 17, 2016

Corporate Information

EXECUTIVE DIRECTORS

ZHAN Xiaozhang (Chairman)
CHENG Tao (Appointed on July 1, 2015)
LUO Jianhu (General Manager)
DING Huikang (Ended of Appointment Term on July 1, 2015)

NON-EXECUTIVE DIRECTORS

WANG Dongjie
DAI Benmeng
ZHOU Jianping

INDEPENDENT NON-EXECUTIVE DIRECTORS

ZHOU Jun
PEI Ker-Wei
LEE Wai Tsang Rosa

SUPERVISORS

WU Yongmin
ZHANG Guohua (Resigned , with effect from March 17, 2016)
YAO Huiliang (Appointed on July 1, 2015)
SHI Ximin (Appointed on July 1, 2015)
LU Xinghai (Appointed on July 1, 2015)
FU Zhexiang (Ended of Appointment Term on July 1, 2015)
ZHANG Xiuhua (Ended of Appointment Term on July 1, 2015)

COMPANY SECRETARY

Tony ZHENG

AUTHORIZED REPRESENTATIVES

ZHAN Xiaozhang
LUO Jianhu (Appointed on July 1, 2015)
ZHANG Jingzhong (Ended of Appointment Term on July 1, 2015)

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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