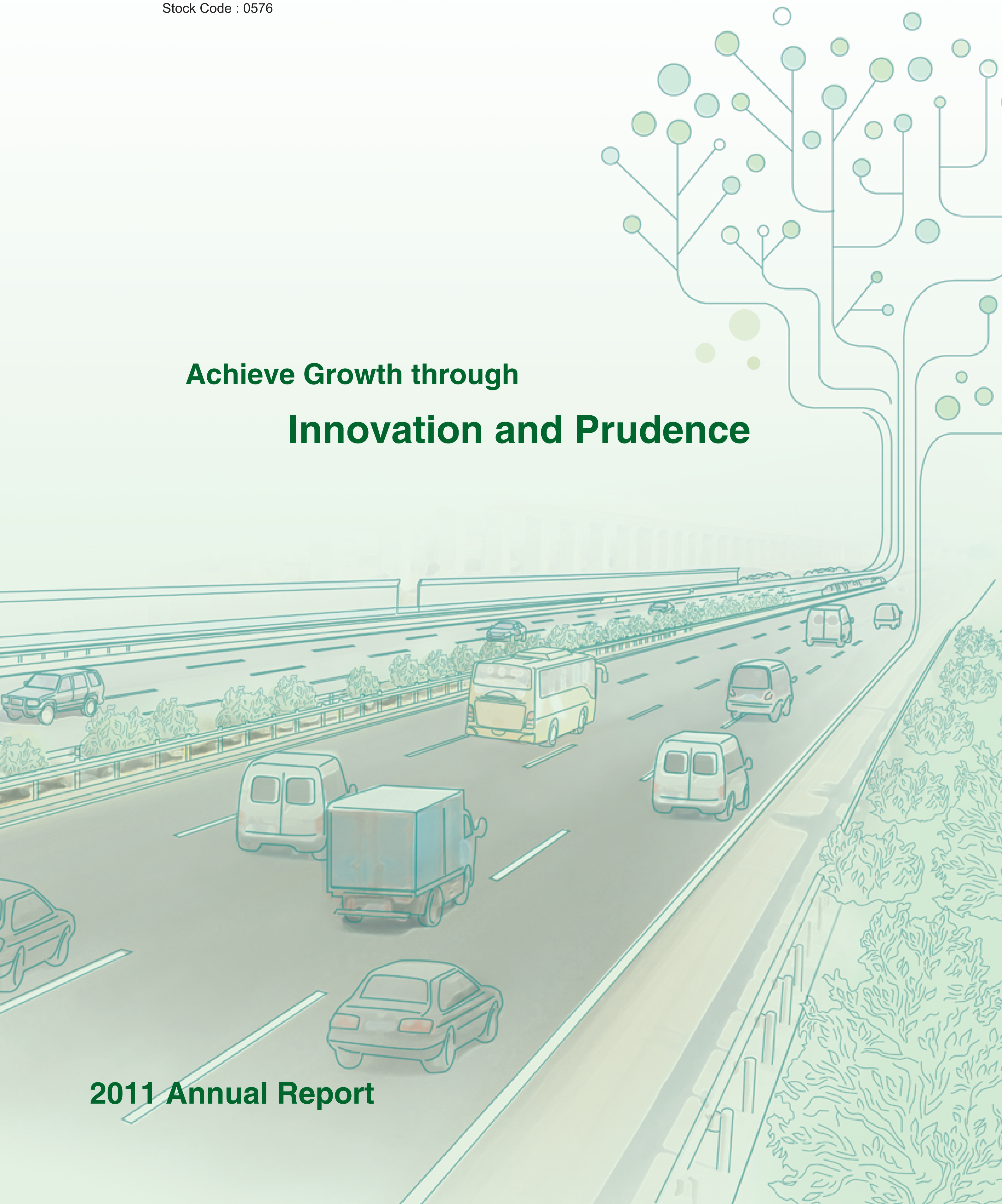
浙江滬杭甬高速公路股份有限公司
ZHEJIANG EXPRESSWAY CO., LTD.

Stock Code : 0576



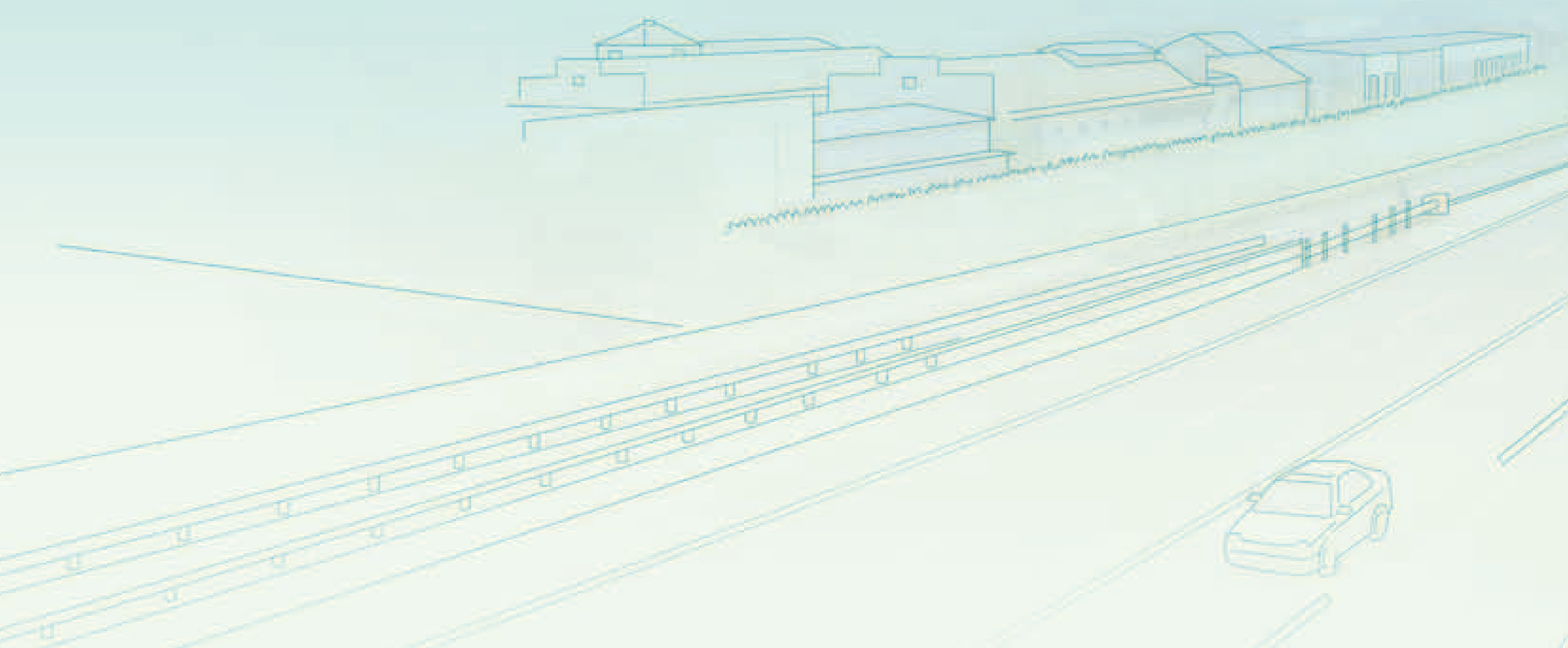
Achieve Growth through

Innovation and Prudence

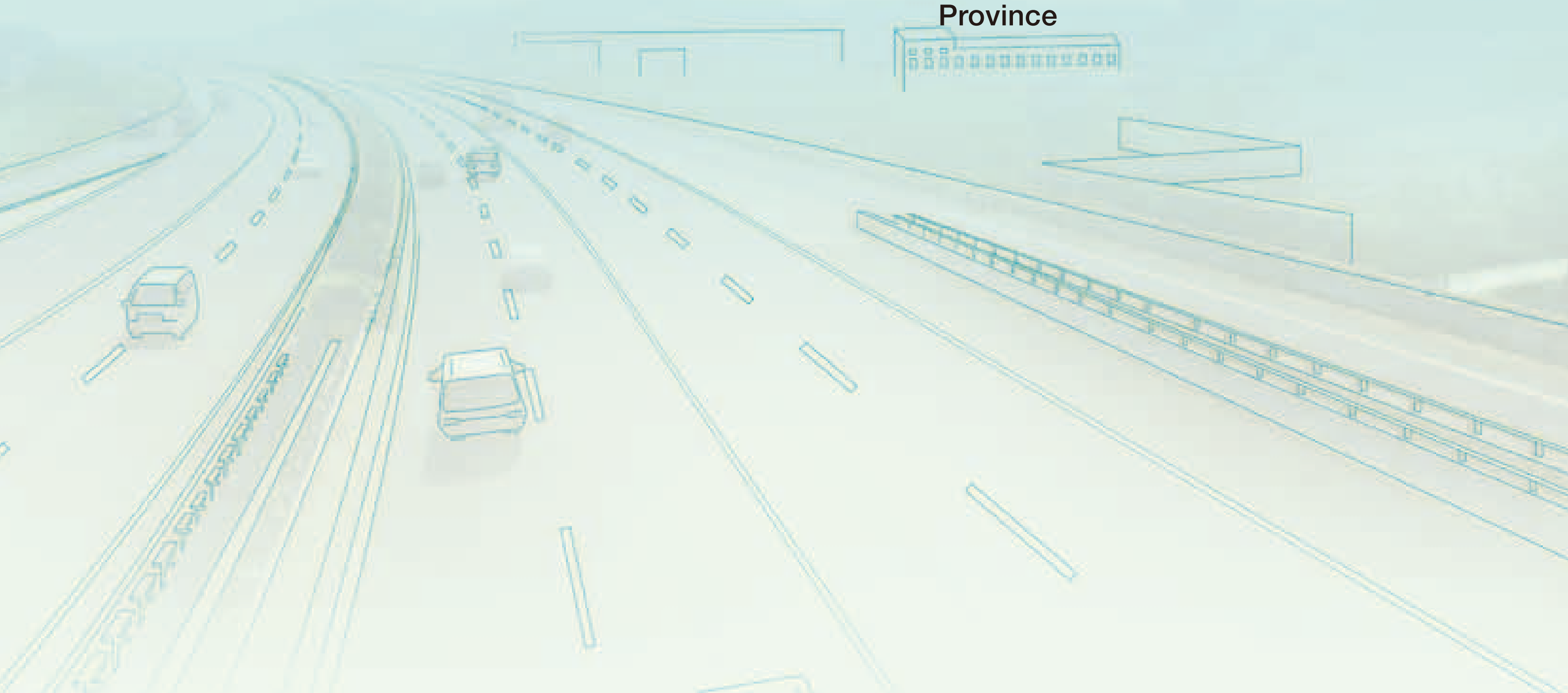
2011 Annual Report

Achieve Growth through Innovation and Prudence

Facing the severe and complicated domestic and international economic situation in 2011, Zhejiang Expressway leveraged various opportunities, strengthened management capability and sought growth through reform and innovation. It adhered to its development concept of "Achieve Growth through Innovation and Prudence". The Company is determined to overcome the current adversity and has strived to accomplish its goals, thereby maintaining the steady development momentum of the enterprise and laying a solid foundation for future development.



Content



Definition of Terms

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

Jinhua Co	Zhejiang Jinhua Yongjin Expressway Co., Ltd.(浙江金華甬金高速公路有限公司), a 23.45% owned associate of the Company
JoinHands Technology	JoinHands Technology Co., Ltd.(中恒世紀科技實業股份有限公司), a 27.582% owned associate of the Company
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Period	the period from January 1, 2011 to December 31, 2011
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
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
Supervisory Committee	the supervisory committee 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.(浙商證券有限責任公司), a 70.83% owned subsidiary of the Shangsan Co

Company Profile

Zhejiang Expressway is an infrastructure company principally engaged in investing in, developing and operating 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 the securities business.

Major assets under management of the Group include the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142 km Shangsan Expressway, ancillary facilities along the two expressways, and Zheshang Securities. Both expressways are situated within Zhejiang Province in the PRC. As at December 31, 2011, total assets of the Company and its subsidiaries amounted to Rmb29,132.96 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, 2011, consolidated assets of Communications Group totaled Rmb137,649.18 million.

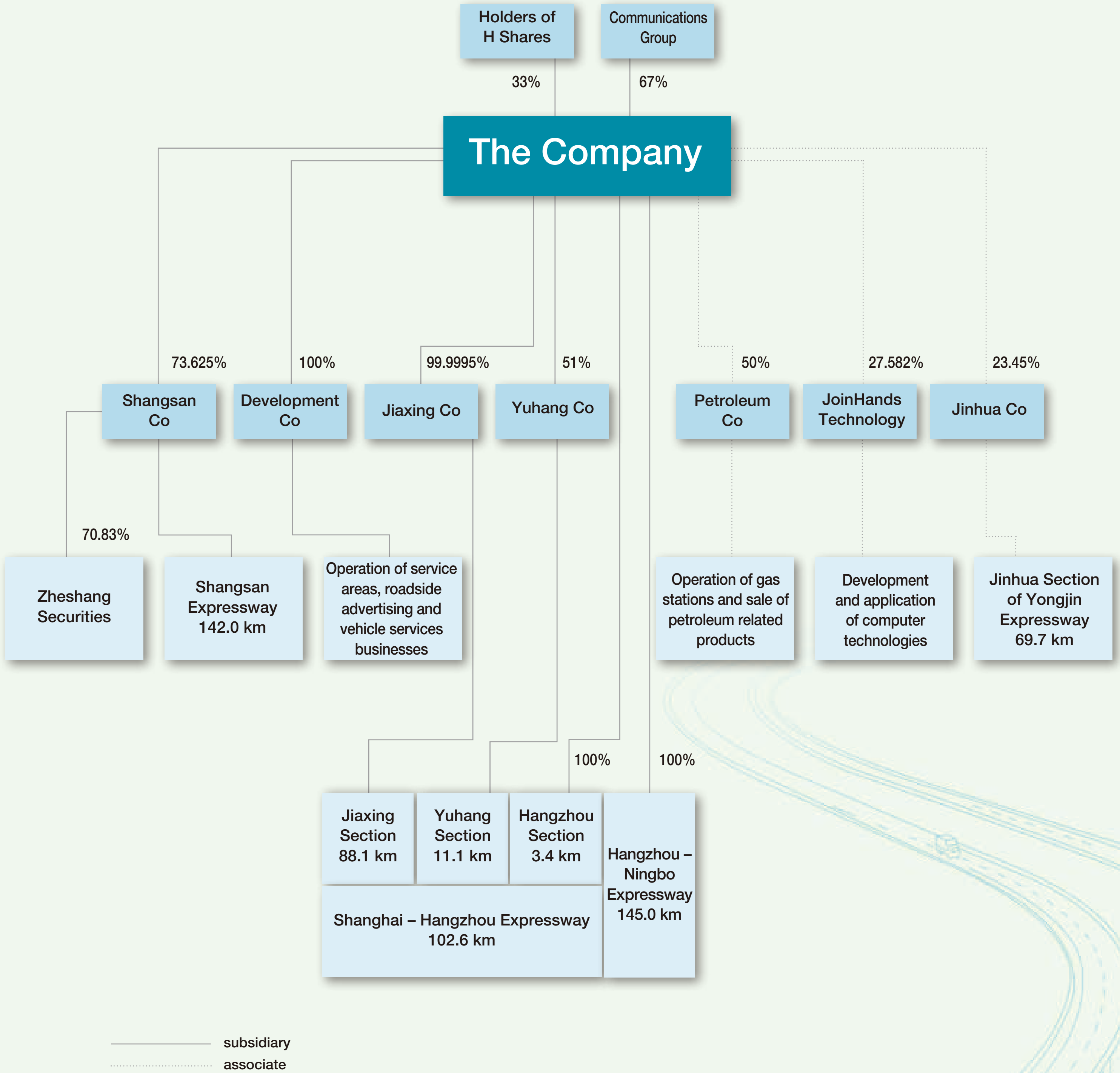
The H Shares of the Company, which represent approximately 33% of the issued share capital of the Company, were listed on the Hong Kong Stock Exchange on May 15, 1997, and the Company subsequently obtained a secondary listing on the London Stock Exchange on May 5, 2000.

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.

On August 12, 2005, a 10-year corporate bond of the Company, issued on January 24, 2003, was listed on the Shanghai Stock Exchange.

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

Set out below is the corporate and business structure of the Group as at December 31, 2011:



Review of Major Corporate Events

1. On March 14, 2011, the Company announced the 2010 annual results in Hong Kong, and thereafter conducted its annual results presentations in Hong Kong, Singapore, the U.K. and the U.S.A.

2. On April 25, 2011, the Shanghai-Hangzhou section of the Shanghai-Hangzhou-Ningbo Expressway under the Company received full marks for its test results during the "road maintenance and management" checks by the Ministry of Transport.

3. On May 9, 2011, the Company held its 2010 Annual General Meeting. The meeting approved the distribution of a final dividend of Rmb0.25 per share, the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants Hong Kong as the international auditors of the Company, and the re-appointment of Pan-China Certified Public Accountants Ltd. as the PRC auditors of the Company.

   On the same day, the Company announced its 2011 first quarterly results.

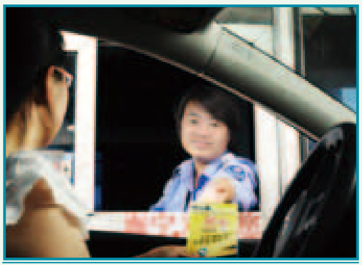
4. On August 24, 2011, the Company announced its 2011 interim results in Hong Kong, and thereafter conducted its interim results presentations in Hong Kong and Singapore.

5. On September 28, 2011, the three new toll collection lanes for the Hangzhou toll stations of Shanghai-Hangzhou-Ningbo Expressway commenced operation. The project has since improved the traffic capacity along those routes at peak hours.

6. On October 13, 2011, the Company held an Extraordinary General Meeting at which the distribution of an interim dividend of Rmb0.6 per share was approved.

7. On November 10, 2011, the Company announced its 2011 third quarterly results.

8. On December 23, 2011, the Transport Office of Zhejiang Province inspected and approved the phase 3 widening project from the Guzhu section to the Duantang section of the Shanghai-Hangzhou-Ningbo Expressway upon its completion, giving it an "excellent" rating.



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	17
– Yuhang Section	51%	11.1	6	1	0	1995-1998	17
– Hangzhou Section	100%	3.4	4	2	0	1995	17
Hangzhou-Ningbo Expressway							
– Hangzhou to Hongken section	100%	16.0	4	1	0	1992	16
– Hongken to Duantang section	100%	124.0	8	9	2	1995	16
– Duantang to Dazhujia section	100%	5.0	4	1	0	1996	16
Shangsan Expressway	73.625%	142.0	4	11	3	2000	19

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 20 seats Truck with tonnage of 2 tons or below	5	0.45
2	Passenger vehicle with seats above 20 and up to 40 Truck with tonnage of above 2 tons and up to 5 tons	10	0.80
3	Passenger vehicle with seats above 40 Truck with tonnage of above 5 tons and up to 10 tons	15	1.20
4	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
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 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

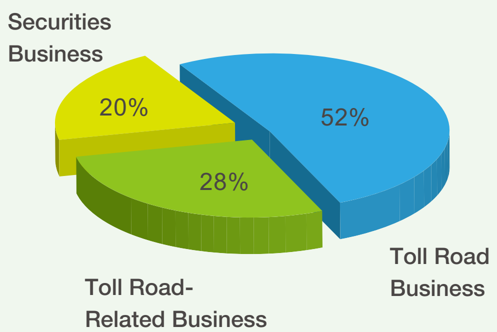
RESULTS

	Year ended December 31,				
	2007 Rmb'000	2008 Rmb'000	2009 Rmb'000	2010 Rmb'000	2011 Rmb'000
Revenue	7,030,380	6,323,470	6,036,294	6,769,064	6,781,352
Profit Before Tax	4,332,533	2,934,079	3,084,128	3,111,274	2,783,780
Income Tax Expense	(1,191,638)	(668,928)	(840,055)	(798,785)	(717,838)
Profit for the year	3,140,895	2,265,151	2,244,073	2,312,489	2,065,942
Attributable to:					
Owners of the Company	2,415,965	1,892,787	1,795,488	1,871,499	1,805,345
Non-controlling interests	724,930	372,364	448,585	440,990	260,597
Earnings Per Share (EPS)	55.63 cents	43.58 cents	41.34 cents	43.09 cents	41.57 cents

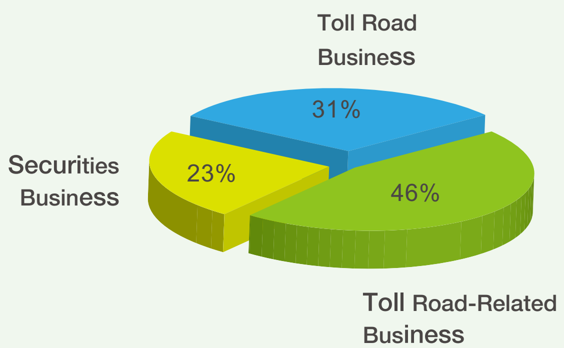
RETURN ON EQUITY (ROE)

	2007	2008	2009	2010	2011
ROE	18.27%	13.83%	12.66%	12.71%	11.89%

SEGMENTAL REVENUE (YEAR 2011)

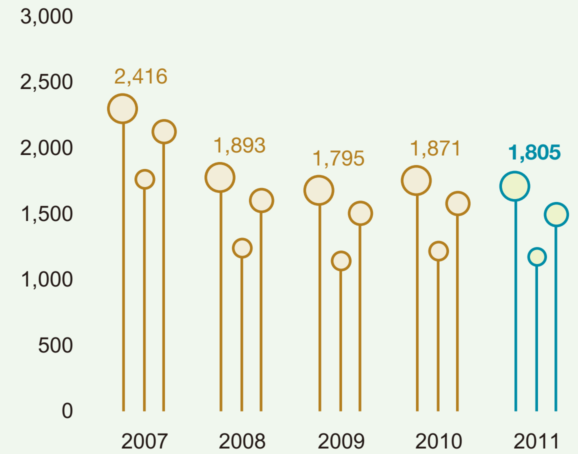


SEGMENTAL OPERATING COST (YEAR 2011)

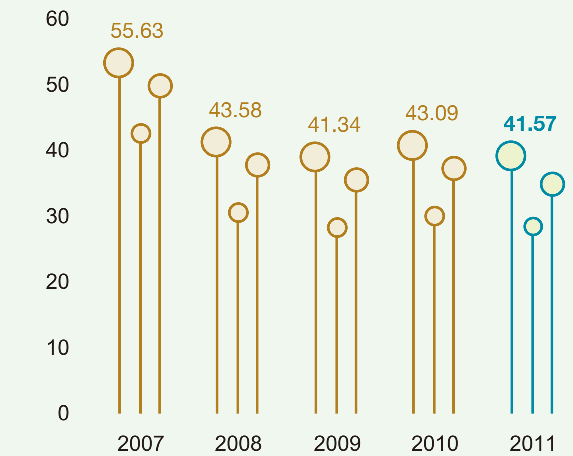


Revenue (Rmb Million)

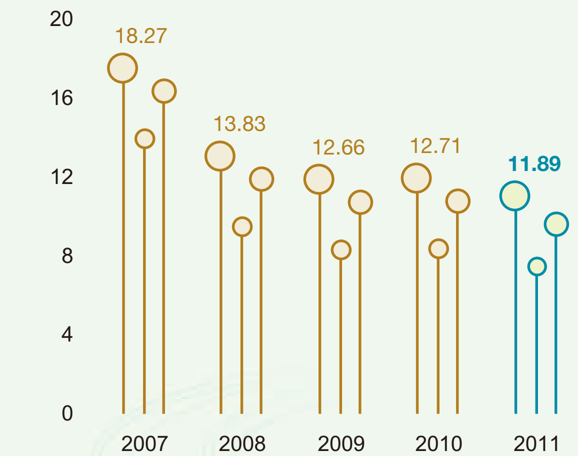
Net profit (Rmb Million)



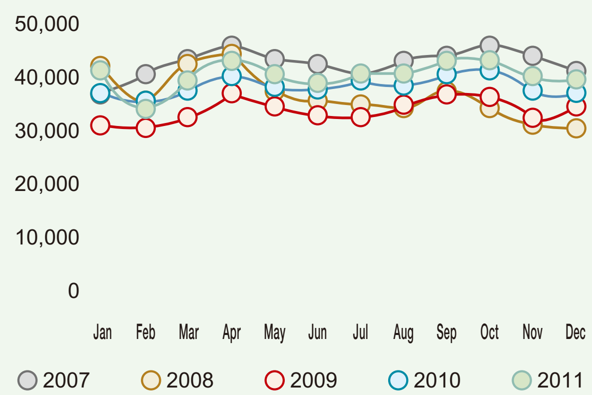
EPS (Rmb Cents)



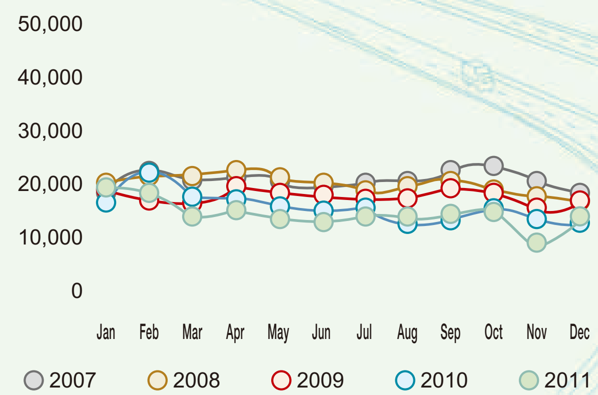
ROE (%)



Monthly average daily full-trip traffic volume on Shanghai-Hangzhou-Ningbo Expressway



Monthly average daily full-trip traffic volume on Shangsan Expressway



Chairman's Statement

Chairman
CHEN Jisong

Dear Shareholders,

Achieve Growth through Innovation and Prudence

I am honoured to present to you the 2011 annual results of Zhejiang Expressway on behalf of the board of directors of the Company.

The year 2011 was a significant year in which we consolidated our operating achievements and worked hard to move forward amid a time of difficulties and challenges. In the face of the severe and complicated domestic and international economic situation, we have maintained satisfactory operating results by leveraging various opportunities, strengthening

our management capability, and seeking growth through reform and innovation as well. As at 31 December 2011, the Company recorded revenue of Rmb6,781.35 million, an increase of 0.2% over the same period of 2010, while net profit slightly decreased by 3.5% year-on-year to Rmb1,805.35 million. The steady performance over the past year fully demonstrates that the Company is determined to overcome adversity and has strived to accomplish its goals, thereby maintaining the steady development momentum of the enterprise and laying a solid foundation for the future development.

While managing multiple pressures such as the deteriorations in traffic diversions, certain potential road safety hazards and the increasing level of public attention on the industry, our toll road operations still recorded steady growth in toll income. The growth was mainly attributable to the continuous improvement we achieved in operational management and our stepped-up efforts in ensuring smooth traffic flow at toll stations with high traffic volume, thereby further enhancing the traffic capacity of our roads. We were also proactive in carrying out inspections and imposing penalties on toll evaders and took more action to increase toll incomes and reduce toll violations. In addition, we have developed a variety of toll collection auxiliary software to ensure the smooth operation of toll-by-weight collection and electronic toll collection (ETC), which has enhanced the efficiency of toll collection. Also, we strengthened the build-up of our toll collection teams, enhancing their operating skills and service quality.

With respect to our securities and futures business, despite the high volatility in the stock market in 2011, coupled with persistently low trading volume, our securities and futures business continued to expand as our risk control system was strengthened. Through the continuous optimisation of our business and the enhancement of the core team, Zheshang Securities has already transformed from a small regional securities firm into a medium-sized national securities firm. It was once again rated as a Type A Class A securities firm by the China Securities Regulatory Commission and named an Excellent Securities Intermediary and Innovative Financial Institution by the Zhejiang Securities Regulatory Bureau for several consecutive years. Zhejiang Securities will remain persistent in adhering to its development vision of "building an investment and financial services provider that best features Zhejiang's characteristics" and working towards its development goal of becoming "a leader among the medium-sized domestic securities firms".

The year 2012 is a key year in which the Company will proceed to build on its traditions in its course of development. The global economic landscape remains grim and complicated and will

Chairman's Statement

be accompanied by a slowdown China's macro-economic growth. However, as China is currently developing at an important strategic stage filled with opportunities, Zhejiang Province will continue to accelerate the pace of its economic reforms and upgrade and enhance the quality and efficiency of economic growth so as to provide more opportunities and favourable conditions for the Company to enjoy continuous and steady development.

To actively respond to new challenges, fully leverage on new opportunities and strive for new development, we will adhere to our development concept of "Achieve Growth through Innovation and Prudence" and lay our development plan based on "one primary business with moderate diversity". We will seek to improve our financial performance prudently and will continue to set benchmarks for the industry.

In 2012, we will continue to step up our efforts in perfecting our corporate governance mechanisms and enhance the discussion and decision-making abilities of our directors so as to protect minority interests in a practical manner. We will also strengthen communication with overseas shareholders and institutional investors and will present to them our development concept and business movements proactively so as to enhance the transparency of governance. We will also put emphasis on our staff's opinions, continue to improve their work environment and share the fruits of development with them.

On behalf of the board of directors, I would like to take this opportunity to express my wholehearted thanks to our shareholders for their support and to all our staff for their relentless contributions to the Company. I believe that with our joint efforts, we will bring to our shareholders better long-term returns.

CHEN Jisong
Chairman
20 March 2012

Making Road Safety, Smooth Traffic Flow and

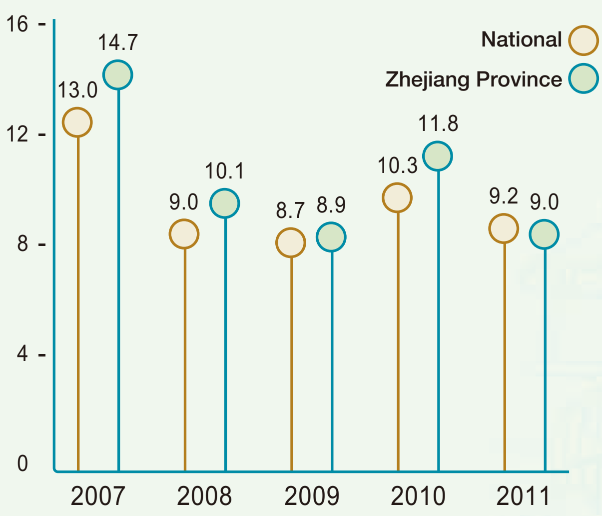
Being Customer-Oriented Our Top Priorities

Road safety, smooth traffic flow and being customer-oriented are our top priorities. We strive to carry out corporate social responsibilities, build a brand synonymous with quality service and enhance the efficiency of management.

Management Discussion and Analysis

Director and General Manager
ZHAN Xiaozhang

GDP Growth Rate



BUSINESS REVIEW

In 2011, amid complex and volatile economic situations internationally and new problems affecting domestic economic operations, the Chinese government continued to implement initiatives to strengthen and improve its macroeconomic control, and thus keep the national economy on its path of continued, healthy growth. China's GDP grew 9.2% year-on-year in 2011, with an increase of 8.9% in the fourth quarter. Although Zhejiang Province also experienced stable economic growth in 2011, its GDP growth rate actually fell quarter by quarter. The province's GDP rose 9.0% year-on-year in 2011, 0.2 percentage points lower than that of the national level.

Revenue from the Group's overall operations fell slightly year-on-year, mainly as a result of Zhejiang Province's slackening macroeconomic growth. During the Period, the Group realized a total income of Rmb6,977.21 million, representing a decrease of 0.03% year-on-year; of which Rmb3,643.93 million was attributable to the two major expressways operated by the Group, representing 52.2% of the total income; Rmb1,932.34 million was attributable to the Group's toll road-related businesses such as service area operations, gas stations, advertising business and so forth, representing 27.7% of the total income; and Rmb1,400.94 million was attributable to the securities business, representing 20.1% of the total income.

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

	2011 Rmb'000	2010 Rmb'000	% Change
Toll income			
Shanghai-Hangzhou-Ningbo Expressway	2,954,949	2,848,805	3.7%
Shangsan Expressway	688,984	741,652	-7.1%
Other income			
Service areas	1,842,206	1,641,748	12.2%
Advertising	89,756	85,881	4.5%
Road maintenance	377	3,439	-89.0%
Securities business income			
Commission	1,044,415	1,431,416	-27.0%
Bank interest	356,524	226,630	57.3%
Subtotal	6,977,211	6,979,571	0.0%
Less: Revenue taxes	(195,859)	(210,507)	-7.0%
Revenue	6,781,352	6,769,064	0.2%

Toll Road Operations

In 2011, automobile sales volume declined substantially due to the macroeconomic deceleration. The traffic volume recorded on the Group's two expressways was also hit to varying degrees during the Period as a result of several unfavorable factors, such as the traffic diversion to the Zhuyong Expressway and the abolition of toll tariffs for certain neighbouring Class II highways.

Management Discussion and Analysis

Trucks travelling on the Group's expressways have been gradually diverted to other expressways since the abolition of toll tariffs for certain neighbouring Class II highways and the implementation of the toll-by-weight policy for trucks travelling in Zhejiang Province since March 2010. In particular, there was a heavy diversion of trucks away from the Shanghai-Hangzhou Expressway to ordinary Class II highways as a result of the abolition of toll tariffs for the Yuhang section and a number of surrounding Class II highways. The removal of tariffs also led to a substantial decline in traffic volume along the Yuhang section during the Period.

In addition to the ongoing negative impact caused by the opening of the Zhuyong Expressway in July 2010, in terms of the respective traffic volumes along some sections of the Group's Hangzhou-Ningbo Expressway and Shangsan Expressway during the Period, the higher incidence of severe weather conditions in the first half of 2011 and the complete closure of two-way travel along the Xinchang section of the Shangsan Expressway in November 2011 for maintenance work on its side slopes also negatively impacted traffic volume and toll income to certain extents.

Consequently, the average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou-Ningbo Expressway was 40,438 during the Period, representing an increase of 4.3% 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 40,675, an increase of 2.9% year-on-year, and that along the Hangzhou-Ningbo section was 40,268, an increase of 5.3% year-on-year. The average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 16,344 during the Period, representing a decrease of 7.1% year-on-year.

The Group remains committed to enhancing the quality of operational management despite various uncertainties lying ahead. Upon completion of the expansion project for the Hangzhou toll station during the Period, the traffic capacity at the exit of the toll station was raised from 2,000 vehicles per hour to 2,500 per hour. Moreover, the development of more than 80 various accessory software items for toll collection offered an assurance to the stable operation of the toll-by-weight policy and the electronic toll collection ("ETC") system. In particular, the toll collection efficiency was improved significantly following the completion of 38 ETC lanes on Shanghai-Hangzhou-Ningbo Expressway and Shangsan Expressway, which accounted for 25% of the total number of ETC lanes in terms of usage rate across the province.

Total toll income from the 248km Shanghai-Hangzhou-Ningbo Expressway and the 142km Shangsan Expressway amounted to Rmb3,643.93 million during the Period, representing an increase of 1.5% year-on-year. In respect of such income, toll income from the Shanghai-Hangzhou-Ningbo Expressway amounted to Rmb2,954.95 million, an increase of 3.7% year-on-year, while toll income from the Shangsan Expressway amounted to Rmb688.98 million, a decrease of 7.1% year-on-year.

Toll Road-Related Business Operations

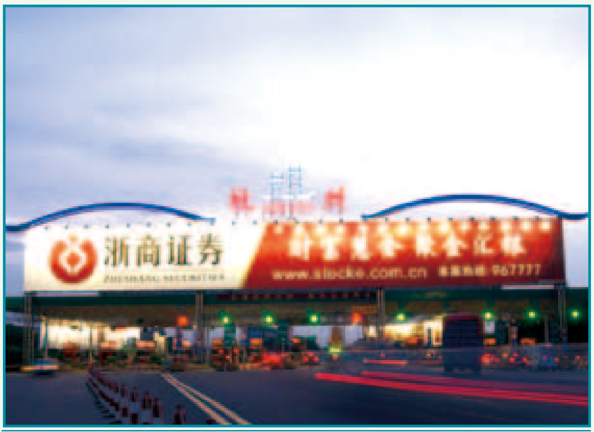
The Company also operates certain toll road-related businesses along its expressways through its subsidiaries and associated companies, including gas stations, restaurants and shops in service areas, as well as roadside advertising and vehicle service businesses.

As a result of slackened growth in traffic volume along the Group's two expressways and the impact of traffic diversions to the Zhuyong Expressway during the Period, the traffic volume of certain large passenger vehicles was pulled down. However, owing to increases in the sale prices of petroleum products which has in turn led to a substantial increase in sales revenue of petroleum products, the overall income from the service areas was satisfactory. Income from toll road-related businesses amounted to Rmb1,932.34 million during the Period, representing a year-on-year increase of 11.6%.

Securities Business

In 2011, China's domestic stock market as a whole remained volatile and declined in value year-on-year as a result of low market activity levels. During the Period, it was unable to offset falling commission rates despite efforts to continue to steadily increase the market share of Zheshang Securities' securities brokerage business, with the addition of 8 new sales outlets. Moreover, the increase in overheads caused by the greater number of operational networks and employees both raised the operational costs of Zheshang Securities and undermined its profitability during the Period.

Nevertheless, confronted by an adverse external environment, Zheshang Securities not only managed to cope with the adverse conditions but also endeavoured to expand its various businesses. Consequently, in 2011, its securities brokerage market share and customer base continued to rise, and its operational network increased to 58 branches. Moreover, its investment banking business topped Rmb100 million in revenue for the first time, the revenue and net profit from its futures business continued to grow, and its preparatory work on various new businesses continued to progress steadily.



During the Period, Zheshang Securities realized an operating income of Rmb1,400.94 million, a decrease of 15.5% year-on-year. Of such income, brokerage commission income amounted to Rmb1,044.42 million, a year-on-year decrease of 27.0%; and bank interest income amounted to Rmb356.52 million, a year-on-year increase of 57.3%. During the period, the securities investment gains from Zheshang Securities accounted for in the consolidated statement of comprehensive income amounting to Rmb1.13 million.

Long-term Investments

Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associate company of the Company) was blessed by a rise in the retail prices of petroleum products and a growth in the sales of petroleum products during the Period, the associate company realized an income of Rmb5,137.97 million during the Period, representing an increase of 44.7% year-on-year. During the Period, net profit of the associate company amounted to Rmb14.71 million.

The 69.7km Jinhua Section of the Ningbo-Jinhua Expressway, operated by Zhejiang Jinhua Yongjin Expressway Co., Ltd. (a 23.45% owned associate company of the Company), the Company achieved a satisfactory growth in toll income benefitting from an increase in traffic volume driven by the opening of nearby road networks. The Jinhua Section of the Ningbo-Jinhua Expressway recorded an average daily traffic volume of 10,773 in full-trip equivalents, while toll income amounted to Rmb218.10 million, an increase of 14.8% year-on-year. Due to its heavy financial burden, the associate company still incurred a loss of Rmb68.10 million during the Period.

To solve Zhejiang Jinhua Yongjin Expressway Co., Ltd.'s funding problem, its shareholders, which include the Company, agreed to provide a loan of Rmb82 million. The loan was divided among the shareholders according to their respective shareholding proportions as of November 18, 2011.

JoinHands Technology Co., Ltd. (a 27.582%-owned associate company of the Company) generated its income primarily from its property leasing activities during the Period. As the associate company did not make any significant improvements to its operations in 2011, it incurred a net loss of Rmb1.81 million during the Period.

Under the 27.582% Equity Interest Transfer Agreement for JoinHands Technology Co., Ltd. entered into in July 2011 between the Company and Guangzhou Kaixin Consulting Co., Ltd., the Company will transfer all of its 27.582% equity interest in JoinHands Technology Co., Ltd. to Guangzhou Kaixin Consulting Co., Ltd. at a consideration of Rmb31.43 million. However, as Guangzhou Kaixin Consulting Co., Ltd. has failed to pay the consideration for the equity transfer according to the terms of the contract, the Company lodged a lawsuit against it in August 2011 at the People's Court of Xihu District, Hangzhou City. The case was heard in February 2012 and is pending a final court ruling.

FINANCIAL ANALYSIS

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

During the Period, profit attributable to owners of the Company for the year was approximately Rmb1,805.35 million, representing a decline of 3.5% year-on-year, while earnings per share for the Company was Rmb41.57 cents.

Liquidity and Financial Resources

As at December 31, 2011, current assets of the Group amounted to Rmb15,006.63 million in aggregate (2010: Rmb19,673.10 million), of which bank balances and cash accounted for 37.2% (2010: 30.5%), bank balances held on behalf of customers accounted for 47.8% (2010: 59.4%), and held-for-trading investments accounted for 8.4% (2010: 4.1%). Current ratio (current assets over current liabilities) of the Group as at December 31, 2011 was 1.6 (2010: 1.3). Excluding the effect of customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less balance of cash held on behalf of customers over current liabilities less balance of accounts payable to customer arising from securities dealings) was 3.6 (2010: 2.6).

The amount for held-for-trading investments of the Group as at December 31, 2011 amounted to Rmb1,260.02 million (2010: Rmb803.77 million), of which 84.1% was invested in corporate bonds, 15.5% was invested in the stock market, and the rest was invested in open-end equity funds.

During the Period, net cash inflow generated from the Group's operating activities amounted to Rmb2,285.93 million, representing a decline of 10.4%.

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

	As at December 31,	
	2011	2010
	Rmb'000	Rmb'000
Cash and cash equivalent		
Rmb	3,111,774	5,674,173
US$ in Rmb equivalent	3,385	2,616
HK$ in Rmb equivalent	5,271	5,264
Time deposits		
Rmb	2,444,247	301,286
US$ in Rmb equivalent	23,546	24,259
Held-for-trading investments-Rmb	1,260,021	803,772
Available-for-sale investments- Rmb	60,274	71,928
Financial assets held under resale agreement- Rmb	–	80,163
Total	6,908,518	6,963,461
Rmb	6,876,316	6,931,322
US$ in Rmb equivalent	26,931	26,875
HK$ in Rmb equivalent	5,271	5,264

Borrowings and Solvency

As at December 31, 2011, total liabilities of the Group amounted to Rmb10,533.86 million, of which 13.9% was borrowings and 67.8% was payables to customers arising from securities dealing business.

Rapid Development of Securities Business

With the Aim of Achieving Excellence

As a Type A Class A securities firm and being named an Excellent Securities Intermediary and Innovative Financial Institution by the Zhejiang Securities Regulatory Bureau for several consecutive years, Zhejiang Securities will remain persistent in adhering to its development vision of "building an investment and financial services provider that best features Zhejiang's characteristics". With the aim of achieving excellence, we control risk in our securities business, while at the same time continue to expand our operational scale, optimize our business structure and enhance our core team.

Total interest-bearing borrowings of the Group as at December 31, 2011 amounted to Rmb1,462.55 million, representing a decrease of 19.7% over the beginning of the year. The borrowings comprised outstanding balances of loan from domestic foreign bank, denominated in HK dollar, totaling approximately Rmb312.55 million equivalent; outstanding balances of loans from domestic commercial banks totaling Rmb150.00 million; and corporate bonds amounting to Rmb1 billion that was issued by the Company in 2003 for a term of 10 years. Of the interest-bearing borrowings, 68.4% were not repayable within one year.

	Maturity Profiles			
	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	100,000	100,000	–	–
Fixed rates				
Domestic commercial bank loans	50,000	50,000	–	–
Domestic foreign bank loans	312,553	312,553	–	–
Corporate bonds	1,000,000	–	1,000,000	–
Total as at December 31, 2011	1,462,553	462,553	1,000,000	–
Total as at December 31, 2010	1,822,000	822,000	1,000,000	–

As at December 31, 2011, the Group's loans from domestic commercial banks comprised one-year short-term loans, of which Rmb50.00 million was fixed-rate loans with interest rates ranging from 5.81% to 6.06% per annum, Rmb100.00 million was floating-rate loans with interest rates ranging from 6.31% to 6.56% per annum. The annual coupon rate for corporate bonds was fixed at 4.29%, with interest payable annually. The annual interest rate for accounts payable to customer arising from the securities dealing business was fixed at 0.5%. The annual interest rate for the Group's loan from domestic foreign bank, denominated in HK dollar, totaling approximately Rmb312.55 million equivalent was 4.95%.

Total interest expenses for the Period amounted to Rmb80.04 million, while profit before interest and tax amounted to Rmb2,863.82 million. The interest cover ratio (profit before interest and tax over interest expenses) stood at 35.8 (2010: 26.7).

	2011 Rmb'000	2010 Rmb'000
Profit before tax and interest	2,863,823	3,232,253
Interest expenses	80,043	120,979
Interest cover ratio	35.8	26.7

The asset-liability ratio (total liabilities over total assets) was 36.2% as at December 31, 2011 (December 31, 2010: 47.4%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of accounts payable to customer arising from securities dealings over total assets less balance of cash held on behalf of customers) of the Group was 15.4% (December 31, 2010: 19.7%).

Capital Structure

As at December 31, 2011, the Group had Rmb18,599.10 million total equity, Rmb8,505.62 million fixed-rate liabilities, Rmb100.00 million floating-rate liabilities and Rmb1,928.24 million interest-free liabilities, representing 63.9%, 29.2%, 0.3% and 6.6% of the Group's total capital, respectively. The gearing ratio, which was computed by dividing the total liabilities less accounts payable to customer arising from securities dealing by total equity, was 18.2% as at December 31, 2011 (December 31, 2010: 24.4%).

	As at December 31, 2011		As at December 31, 2010	
	Rmb'000	%	Rmb'000	%
Total equity	18,599,100	63.9%	17,695,115	52.6%
Fixed rate liabilities	8,505,620	29.2%	13,103,030	38.9%
Floating rate liabilities	100,000	0.3%	350,000	1.0%
Interest-free liabilities	1,928,239	6.6%	2,503,910	7.5%
Total	29,132,959	100%	33,652,055	100.0%
Long-term interest-bearing liabilities	1,000,000	3.4%	1,000,000	3.0%
Gearing ratio 1 (Note)		18.2%		24.4%
Gearing ratio 2 (Note)		5.4%		5.7%
Asset-liability ratio 1 (Note)		36.2%		47.4%
Asset-liability ratio 2 (Note)		15.4%		19.7%

Note: Gearing ratio 1 represents the total liabilities less customer deposits arising from securities dealing to the total equity; gearing ratio 2 represents the total amount of the long-term interest-bearing liabilities to the total equity; Asset-liability ratio 1 represents total liabilities to total assets; Asset-liability ratio 2 represents the total liabilities less customer deposits arising from securities dealing to the total assets less bank balances held on behalf of customers.

Capital Expenditure Commitments and Utilization

During the Period, capital expenditures of the Group totaled Rmb676.00 million, while capital expenditure of the Company totaled Rmb32.45 million. Amongst the total capital expenditures of the Group, Rmb523.84 million was incurred for acquisition and construction of properties, Rmb115.53 million was incurred for purchase of equipment, Rmb30.36 million was incurred for the road widening project between the Shaoxing-Zhuji hub of the Shangsan Expressway, and Rmb6.27 million was incurred for service area renovation and expansion.

As at December 31, 2011, capital expenditures committed by the Group and the Company totaled Rmb1,265.29 million and Rmb222.28 million, respectively. Amongst the total capital expenditures committed by the Group, Rmb485.70 million will be used for acquisition of office building, Rmb407.20 million will be used for acquisition and construction of properties, Rmb345.34 million for acquisition of equipment, Rmb6.07 million for the widening project between the Shaoxing-Zhuji hub and the Shaoxing-Jiaxing hub of the Shangsan Expressway, and Rmb20.97 million for service area renovation and expansion.

The Group will finance its above mentioned capital expenditure commitments mainly with internally generated cash flow, with a preference for debt financing to meet any shortfalls thereof.

Contingent Liabilities and Pledge of Assets

As at December 31, 2011, the Group did not have any contingent liabilities nor any pledge of assets or guarantees.

Foreign Exchange Exposure

Save for the repayment of a domestic foreign bank loan in HK dollar amounting to an equivalent of approximately Rmb312.55 million and dividend payments to the holders of H shares in HK dollars, the Group's principal operations are transacted and booked in Renminbi. With an aim to hedge against foreign exchange risks arising from borrowings denominated in HK dollar, the Group has purchased Hong Kong dollar equivalent forward contracts with one-year term at a rate lower than the spot exchange rate on the borrowing date during the Period. Therefore, the Group's exposure to foreign exchange fluctuations is limited. Save for the above-mentioned, the Group has not used other financial instrument for hedging purposes during the Period.

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

As at December 31, 2011, there were 6,225 employees within the Group, amongst whom 1,285 worked in the managerial, administrative and technical positions, while 4,940 worked in fields such as toll collection, maintenance, service areas, securities and futures business outlets

To fully reflect the Company's values and corporate culture, and to proactively implement

its development strategy, the Company amended its remuneration policy in 2011 through the introduction of a growth strategy for salary review while making sure the policy remains competitive in the market. In designing the remuneration structure, emphasis was placed on ensuring that the remuneration is commensurate with the employee's responsibilities, ability and performance. The total package comprises three parts: basic salary, incentive pay and benefits. The basic salary is determined primarily based on the seniority and ability of the staff. The incentive pay is pegged with productivity. Benefits for employees come in the form of contributions made by the Group to local social security agencies covering pension, medical and accommodation concerns that are calculated as a percentage of employees' income and in accordance with relevant rules and regulations. The Company continued to implement the corporate annuity scheme during the Period, and total pension cost charged to the income statement during the Period amounted to Rmb55.0 million.

One Primary Business with
Moderate Diversity

2012 is a key year in which the Company will proceed to build on its traditions in its course of development. We will lay our development plan based on the idea of "one primary business with moderate diversity". Leveraging our strong cash flow, we will strive to seek investment opportunities that will bring good and long-term returns to our shareholders, and share the fruits of development with our staff.

OUTLOOK

Although the economy currently continues to develop steadily and relatively quickly at the macroeconomic level, the recent slowdown in economic growth, the significant decline in automobile sales volume and the clean-up and rectification programme for toll roads will continue to negatively impact the operating results of expressways. As a result, the Group does not expect its two expressways to witness significant growth in terms of either traffic volume or toll revenue in 2012.

Meanwhile, although traffic diversion from the Group's expressways to the Zhuyong Expressway since it opened to traffic in July 2010 has presently stabilized, the opening of the Shaozhu Expressway on December 29, 2011 has since caused slight traffic diversions from some sections of the Hangzhou-Ningbo Expressway.

To raise the travelling speeds of vehicles arriving at the Group's tolling stations, more fast and convenient electronic toll collection (ETC) services are being introduced along the Group's expressways. Upon completion of 38 ETC lanes on the Group's two expressways in 2011, the remaining 50 ETC lanes are also expected to be constructed in 2012, which will further strengthen the expressway's traffic capacity, as well as improve their tolling efficiency and levels of service and management.

As China's stock market is expected to be a larger degree of uncertainty in 2012, Zheshang Securities will adopt various initiatives to help both withstand any potentially-adverse market conditions and successfully combat intense competition. These initiatives include carrying out an aggressive transformation of the securities brokerage business, promoting the growth of the investment banking business, introducing an asset management business with innovative, breakthrough solutions and enhancing the developmental capabilities of the futures business. Zheshang Securities will also aggressively strengthen its cost and risk control, and continue to carry out its operations prudently and efficiently in order to facilitate the sound development of all aspects of the securities business.

In light of the macroeconomic situation likely remaining very complex and challenging in 2012, the Company's management will continue to closely monitor any policy changes for the expressway sector and their potential impacts on the road network in Zhejiang Province, while promptly adjusting the Group's business strategies as and when required. Besides continuing to become a market leader in its principal business of expressway operations, the Company will continue to cultivate its management capabilities for its diversified operations, make use of its excellent cash flow, continue to seek suitable investment in and acquisition of expressway projects and work in a diligent and focused manner, all for the steady development of the Company and fruitful shareholder returns.

Principal Risks and Uncertainties

TOLL ROAD BUSINESS RISKS

Economic environment

The rate of China's economic growth has slowed due to the continuous downturn in the global economy. With its heavy reliance on exports, Zhejiang Province has been feeling the impact of the slackened growth in international trade, and automobile sales volume has fallen considerably due to inflationary pressure. Growth in the traffic volume and toll revenue of the Group's expressways is anticipated to remain uncertain in the future, creating uncertainty for the operations, financial position and operating results of the Group as a result.

Competition

Roads

Although the impact of the opening of the Shenjia Huhang Expressway and the Zhuyong Expressway in 2010 on traffic diversions from the Group's two expressways has begun to stabilize, the future opening of the Jiaxing-Shaoxing Cross River Passage at the end of 2011 and new expressways nearby is expected to cause new traffic diversions from certain sections of the Shanghai-Hangzhou-Ningbo Expressway and Shangsan Expressway. Therefore, 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 subject to adverse effects.

Concession period extension

Since the expansion works of the Shanghai-Hangzhou-Ningbo Expressway has been completed, we plan to apply for the extension of the concession period for the construction, management and toll collection of the Shanghai-Hangzhou-Ningbo Expressway. We cannot be assured as to whether the Zhejiang Provincial Government will timely approve the application for extending the concession or whether material delays or serious difficulties will arise in the course of the application for extending the concession period, which may have an adverse impact on the operations, financial position and operating results of the Group.

Toll Policy

Local toll road policies in Zhejiang Province are expected to change due to the introduction of a special project by five ministries and commissions in mid-June 2011 for the rectification of the toll road policy, coupled with the current inflationary pressure and an increase in the prices of petroleum products. Toll standards for vehicle classes and toll calculation methods adopted by expressways in the province are expected to be adjusted further. It is uncertain whether or not changes in toll standards for expressways arising from such adjustments will have an adverse impact on the Group's toll income.

SECURITIES BUSINESS RISKS

Market Fluctuations

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

Regulation of the Securities Business

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

FINANCIAL RISKS

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

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

The directors of the Company 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 2011 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 20, 2012

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company has adopted its own Guidelines on Corporate Governance that closely followed the principles of good governance in Appendix 14 ("Appendix 14") of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited ("Stock Exchange").

During the financial year 2011 (the "Period"), the Company had met all provisions in the Code on Corporate Governance Practices (the "Code") in Appendix 14, and adopted the recommended best practices contained in the Code whenever 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") in Appendix 10 of the Listing Rules.

Upon specific inquiries to all the directors of the Company (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. CHEN Jisong *(Chairman)*
Mr. ZHAN Xiaozhang *(General Manager)*
Mr. JIANG Wenyao
Mr. ZHANG Jingzhong
Mr. DING Huikang

The non-executive director of the Company during the Period was:
Ms. ZHANG Luyun

The independent non-executive directors of the Company during the Period were:
Mr. TUNG Chee Chen
Mr. ZHANG Junsheng
Mr. ZHANG Liping

During the Period, the Board held a total of four 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. CHEN Jisong *(Chairman)*	4/4	
Mr. ZHAN Xiaozhang *(General Manager)*	4/4	
Mr. JIANG Wenyao	4/4	
Mr. ZHANG Jingzhong	4/4	
Mr. DING Huikang	3/4	1/4
Ms. ZHANG Luyun	4/4	
Mr. TUNG Chee Chen	3/4	1/4
Mr. ZHANG Junsheng	2/4	2/4
Mr. ZHANG Liping	4/4	

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 three special committees: the Audit Committee, the Nomination and 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.

Pursuant to Rule 3.13 of the Listing Rules, the Company had specifically inquired 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/relevant relationships between members of the Board, including that between the Chairman and the General Manager of the Company.

CHAIRMAN AND GENERAL MANAGER

During the Period, Mr. CHEN Jisong and Mr. ZHAN Xiaozhang were the Chairman and the 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

The non-executive directors of the Company were appointed for a period of three years, from March 1, 2009 to February 29, 2012.

Due to a delay in the nominating process for potential candidates to a new session of the Board after February 29, 2012, the current members of the Board, including the non-executives directors, will continue to discharge their duties and responsibilities as members of the Board in accordance with relevant rules, regulations and articles of association of the Company until a new session of the Board is elected.

The Board considers the arrangements above to be necessary for purpose of continuity, but recognizes that it deviated from the Code Provision A.4.1 of Code on Corporate Governance Practice under Appendix 14 to the Listing Rules which requires that non-executive directors be appointed for specific terms subject to re-election by shareholders.

NOMINATION AND REMUNERATION OF DIRECTORS

The Board has a Nomination and Remuneration Committee, mainly responsible for reviewing and making recommendations for the selection standards and procedures for Directors, General Manager and other senior management of the Company; identifying qualified candidates and making reviews and recommendations thereon; and determining, supervising and monitoring the implementation of the remuneration policies for the Directors and senior management personnel. For the details of its terms of reference, please refer to the "Corporate Governance" section in the Company's web site.

The Nomination and Remuneration Committee comprised of non-executive directors, namely, Ms. ZHANG Luyun, Mr. TUNG Chee Chen, Mr. ZHANG Junsheng, and Mr. ZHANG Liping, with Ms. ZHANG Luyun as the Chairwoman of the committee since March 1, 2009.

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

AUDITORS' REMUNERATION

During the Period, the Company had paid HK$3.8 million (approximately Rmb3.21 million equivalent) and Rmb820,000 to Deloitte Touche Tohmatsu Certified Public Accountants (the Hong Kong auditors) and Pan-China Certified Public Accountants Ltd. (the PRC auditors) for audit services conducted in 2010, respectively. The auditors did not provide non-audit services to the Company.

AUDIT COMMITTEE

The Board has an Audit Committee which is mainly responsible for providing advice to the Board regarding the appointment, reappointment and removal of external auditors; the supervision of the integrity of the Company's financial statements and annual reports and accounts, half-yearly and quarterly reports, and the review of important opinions in relation to financial reporting as set out in statements and reports, and the review of the Company's financial control, internal control and risk management system. For the details of its terms of reference, please refer to the "Corporate Governance" section in the Company's web site.

The Audit Committee comprised of the non-executive directors, of whom Mr. TUNG Chee Chen, Mr. ZHANG Junsheng and Mr. ZHANG Liping are independent non-executive directors, and Ms. ZHANG Luyun is non-executive director, with Mr. TUNG Chee Chen as the Chairman of the committee.

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

	Attendance in person	Attendance by proxy
Mr. TUNG Chee Chen	4/5	1/5
Mr. ZHANG Junsheng	3/5	2/5
Mr. ZHANG Liping	5/5	
Ms. ZHANG Luyun	5/5	

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

During the Period, the Company has complied with Rule 3.21 of the Listing Rules regarding the composition of the audit committee.

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.

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

As at December 31, 2011, none of the Directors, Supervisors and Chief Executives 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 Stock Exchange pursuant to the Model Code.

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

As at December 31, 2011, 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 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	129,934,219 (L) 105,007,592 (P)	9.06% 7.32%
BlackRock, Inc.	Interest of controlled corporations	121,334,367 (L) 4,259,206 (S)	8.46% 0.29%
Deutsche Bank Aktiengesellschaft	Investment manager	88,711,734 (L) 1,321,688 (S)	6.18% 0.09%
Invesco Hong Kong Limited	Investment manager/ advisor of various accounts	86,562,000 (L)	6.04%
Veritas Funds Plc	Beneficial owner	74,170,000 (L)	5.17%
The Real Return Group Limited	Interest of controlled corporations	71,820,000 (L)	5.01%

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, 2011, 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 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 126 of this report.

INVESTOR RELATIONS

The Board is committed to ensuring that all shareholders and the investment community have equal and timely access to information about the Company so as to enable their accurate assessment of the Company's fair value. Such information is available through channels including financial reports, shareholder meetings, statutory announcements, the HKEx 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
12/F, Block A, Dragon Century Plaza
1 Hangda Road Hangzhou, Zhejiang 310007
China
Tel: 86-571-8798 7700
Fax: 86-571-8795 0329
E-mail: zhenghui@zjec.com.cn

During the Period, the last shareholders' meeting of the Company took place at 3:00 p.m. on Thursday, October 13, 2011 at 12/F, Block A, Dragon Century Plaza, 1 Hangda Road, Hangzhou, Zhejiang Province, the People's Republic of China. Details of this extraordinary general meeting of the shareholders were set out in the announcement dated October 13, 2011 on resolutions passed at the extraordinary general meeting of the shareholders.

The next annual general meeting of the Company is expected to be held on May 28, 2012 to consider the resolutions in respect of, among others, the reports of the directors and of the supervisory committee for 2011, the audited financial statements for 2011, a final dividend for 2011, the final report for 2011 and the financial budget for 2012, as well as the election of members of the Board, members of the supervisory committee, and the appointment of external auditors.

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

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

INTERNAL CONTROLS

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

The Company's Audit Committee is charged with the duties of reviewing internal controls, directing monitoring activities. Aside from reviewing the annual reporting by external auditors, the committee also reviews the effectiveness of internal control system and risk management mechanism through reviewing the internal special audit report on the Company's various core businesses prepared by internal audit department on a quarterly basis. During the year, the Audit Committee focused on the compliance of the Company's internal control measures, as well as risk control mechanism relating to proprietary trading practices with corporate bonds. 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.

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. CHEN Jisong, born in 1952, is a senior engineer with professional certification. Mr. CHEN has been appointed as the Chairman of the Company since March 1, 2009. In 1978, Mr. CHEN graduated from Nanjing Institute of Technology. From 1978 to 1982, Mr. CHEN served as Deputy Chief then Chief of Division No. 1 under the Municipal Construction Department in Hangzhou, Zhejiang Province. From 1982 to 1990, he was Deputy Manager then Manager of the Municipal Construction Company in Hangzhou, Zhejiang Province. From 1990 to 1997, he was Deputy Director then Director of Urban and Suburban Construction Commission of Hangzhou, Zhejiang Province. From 1990 to 1993, he served as Deputy Director of Economic Development Zone in Hangzhou, Zhejiang Province. From 1997 to 2000, Mr. CHEN was Deputy Mayor of Hangzhou, Zhejiang Province. From 2000 to 2005, he became Director of the Bureau of Construction of Zhejiang Provincial Government. Mr. CHEN has been Chairman of Communications Group (the controlling shareholder of the Company) since 2005.

Mr. ZHAN Xiaozhang, born in 1964, is a senior economist with a bachelor's degree in law. In 2005, Mr. ZHAN obtained a master's degree in public administration from the Business Institute of Zhejiang University. Mr. ZHAN has been appointed as an Executive Director and the General Manager of the Company since March 1, 2009. 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 then 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 Communications Group (the controlling shareholder of the Company) from 2006 to 2009.

Mr. JIANG Wenyao, born in 1966, is an Executive Director and Deputy General Manager of the Company. Mr. JIANG graduated from Zhejiang University, majoring in industrial automation and manufacturing mechanics, and obtained a master's degree in engineering. From March 1991 to February 1997, he worked in the Engineering Division, the Planning and Finance Division and the Equipment Division of the Zhejiang Provincial Expressway Executive Commission. He joined the Company since March 1997, and has served as Deputy Manager of the General Department, Manager of the Equipment Department, Manager of the Operation Department, Assistant to General Manager and Company Secretary. He has been serving as Deputy General Manager since March 2003 and Executive Director and Deputy General Manager since March 2006. Mr. JIANG also serves as Director and General Manager at Development Co., and Director at Yuhang Co., both subsidiaries of the Company.

Mr. ZHANG Jingzhong, born in 1963, is a senior lawyer, Executive Director and Company Secretary of the Company. Mr. ZHANG graduated from Zhejiang University (previously known as Hangzhou University) in July 1984 with a bachelor's degree in law. In 1984, he joined the Zhejiang Provincial Political Science and Law Policy Research Unit. From 1988 to 1994, he was Associate Director of Hangzhou Municipal Foreign Economic Law Firm. In 1992, he obtained the qualifications required by the regulatory authorities in China to practice securities law. In January 1994, Mr. ZHANG became Senior Partner at T&C Law Firm in Hangzhou. Mr. ZHANG has been Executive Director and Company Secretary of the Company since March 1997, and was appointed Deputy General Manager in March 2002. He was re-appointed as Company Secretary in March 2003 and as Deputy General Manager in March 2006. Mr. ZHANG also serves as Director at Shangsan Co., Development Co., Petroleum Co., and Vice Chairman at Zheshang Securities.

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

NON-EXECUTIVE DIRECTORS

Ms. ZHANG Luyun, born in 1961, is a senior economist and Director and Deputy General Manager of Communications Group (the controlling shareholder of the Company) Ms. ZHANG graduated from the Department of Chinese Language at Zhejiang University, majoring in Chinese Language, and obtained an EMBA degree from China Europe International Business

Directors, Supervisors and Senior Management Profiles

School in 2008. From 1983 to 1997, she served as Secretary, Deputy Chief and Chief of the Office of Hangzhou City Communist Party Committee. In 1997, she was Deputy President of Hangzhou Broadcasting and TV College. She joined Communications Group in December 2001 and has been Director and Deputy General Manager since then. Ms. ZHANG has been Non-executive Director of the Company since March 2003.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TUNG Chee Chen, born in 1942, is Chairman (Chief Executive Officer) of Orient Overseas (International) Limited. He is an Independent Non-executive Director, a member of the Nomination and Remuneration Committee and Chairman of the Audit Committee of the Company. Mr. TUNG was educated at the University of Liverpool, England, where he received his bachelor's degree in science. He later obtained a master's degree in mechanical engineering at the Massachusetts Institute of Technology in the United States. Mr. TUNG has been Independent Non-executive Director of the Company since March 1997. In addition, Mr. TUNG also holds directorships in the following listed public companies: Independent Non-executive Director of BOC Hong Kong (Holdings) Limited, Cathay Pacific Airways Limited, Sing Tao News Corporate Limited, U-Ming Marine Transport Corp and Wing Hang Bank Limited.

Mr. ZHANG Junsheng, born in 1936, is a professor, Independent Non-executive Director and a member of the Audit Committee and the Nomination and Remuneration Committee of the Company. Mr. ZHANG graduated from Zhejiang University in 1958, and was Lecturer, Associate Professor, and Advising Professor at Zhejiang University. He was also Professor concurrently at, amongst other universities, Zhongshan University. In 1980, he became Deputy General Secretary of Zhejiang University. In 1983, Mr. ZHANG served as Deputy General Secretary in the Hangzhou City Communist Party Committee. In 1985, he began to work for the Xinhua News Agency, Hong Kong Branch, and had become its Deputy Director since July, 1987 and was Consultant to the Sichuan Provincial Government and Senior Consultant to the Shenzhen Municipal Government. Since September 1998, Mr. ZHANG has taken up the position of General Secretary of Zhejiang University. From 2003 to 2008, Mr. ZHANG served as Director of the Zhejiang Province Economic Development Consultation Committee and he is currently Special Advisor to the Zhejiang Provincial Government, Chairman of Zhejiang University Development Committee, Honorary Doctor of Science of City University of Hong Kong, Honorary Academician of Asian Knowledge Management Association and Honorary Professor of Canadian Chartered Institute of Business Administration. Mr. ZHANG has been Independent Non-executive Director of the Company since March 2000.

Mr. ZHANG Liping, born in 1958, is Chief Executive Officer of Credit Suisse in China. He is Independent Non-executive Director, a member of the Audit Committee and Chairman of the Nomination and Remuneration Committee of the Company. Mr. ZHANG graduated from the University of International Business & Economics of Beijing and received a master's degree in international affairs and international laws from St. John's University in New York, the United States. He also attended New York University's MBA program. Mr. ZHANG held a number of senior positions at other organizations, including Chief Executive Officer of Imagi International Holdings Limited, Managing Director of Pacific Concord Holdings Limited, Managing Director and Geographic Head – Greater China Region of Dresdner Banking Group, and Director of the Investment Banking Division and China Chief Representative of Merrill Lynch Co. & Inc. Mr. ZHANG has been Independent Non-executive Director of the Company since March 2003.

SUPERVISORS

SUPERVISOR REPRESENTING SHAREHOLDERS

Mr. MA Kehua, born in 1952, is a senior economist and Chairman of the Supervisory Committee. Mr. MA graduated from the Mechanics Department of Shanghai Railway Institute in 1977, after which he worked as an Engineer at Shanghai Railway Bureau No.1 Construction Company and the Plumbing and Electricity Section of Shanghai Railway Bureau, Hangzhou Branch. Mr. MA was in charge of the Planning and Finance Division at Zhejiang Local Railway Company, and in 1993 became Deputy Division Chief and Division Chief of Zhejiang Jinwen Railway Executive Commission responsible for materials supply. Mr. MA took up the post of Deputy General Manager of Zhejiang Provincial High Class Highway Investment Company Limited in June 1999, and is currently Deputy General Manager of Communications Group (the controlling shareholder of the Company).

SUPERVISOR REPRESENTING EMPLOYEES

Mr. FANG Zhexing, born in 1965, is a Senior Engineer, the Supervisor Representing Employees 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. 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

Directors, Supervisors and Senior Management Profiles

of Quality Management Office, the Director of Internal Audit Department of the Company and the Manager of the Human Resources Department. Mr. FANG is currently the Director of Disciplinary Committee and is also the Chairman of Jiaxing Co., and director of Jinhua Co..

INDEPENDENT SUPERVISORS

Mr. JIANG Shaozhong, born in 1946, is a professor. Mr. JIANG graduated from the Management Department of Zhejiang University with a master's degree. In 1982, he worked in the Management Department of Zhejiang University as Lecturer, Assistant Professor, Professor, Dean of Research Office and Deputy Dean of the Department. From 1984 to 1985, he was Visiting Scholar at Stanford University in the United States. From 1991 to 1998 he was Deputy General Economist, Chief of the Financial Division, Chief of the Teaching Division and Standing Deputy Dean of the Management School of Zhejiang University. He is currently Deputy General Accountant of Zhejiang University.

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 in law in 1990. He was Deputy Dean of the Department of Law at Hangzhou University, Deputy Dean and Standing Deputy Dean of the Department of Law at Zhejiang University's Law School, and Director of Zhejiang Zheda Law Firm. Mr. WU studied at Christian-Albrechts-Universit ät zu Kiel in 1996 as Visiting Scholar. He is currently Acting Dean of the Department of Law at the Law School of Zhejiang University, Supervisor for master's degree candidates in Business Law, member of China Business Law Research Council, Deputy Director of Zhejiang Tax Law Research Council, Arbitrator of Hangzhou Arbitration Committee, and Lawyer at Zhejiang Zeda Law Firm.

Mr. LIU Haisheng, born in 1969, is a professor. He obtained a doctorate degree in Economics from Fudan University, a postdoctoral fellow in Accounting at Xiamen University. He is currently Professor in Accounting, a master student supervisor, a Certified Public Accountant (non-practicing) in the PRC, a member of the Expert Consultancy Committee of Accounting Standards in Zhejiang Province, an Assessment Expert on Financial Expenditures Performance of Zhejiang Province, an executive member of the Zhejiang Association of Certified Financial Officers and Independent Supervisor of the Company. He is currently a Vice Dean of the School of Finance and Accounting at Zhejiang Gongshang University. His main research fields include accounting for intangible assets, strategic cost management and economic theories. Mr. LIU is also independent director of Ningbo Thermal Power Co., Ltd, Zhejiang Qianjiang Motorcycle Co., Ltd and Zhejiang Enjoyor Electronics Co., Ltd.

OTHER MEMBERS OF SENIOR MANAGEMENT

Mr. WU Junyi, born in 1969, a holder of master degree in accounting, and is the Chief Financial Officer of the Company. Mr. WU graduated from Xi'an Communications University in 1996. From 1996 to 1997, he was with the China Investment Bank, Hangzhou Branch. He joined the Company in May 1997, and has served as Manager of Securities Investment Department and Manager of Planning and Finance Department.

Mr. TONY H. ZHENG, born in 1969, is the 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, Director of Legal Affairs Department, and Director of Hong Kong Representative Office of the Company.

Report of the Directors

The Directors of the company hereby present their report and the audited financial statements of the Company and the Group for the year ended December 31, 2011.

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, automobile servicing and fuel facilities, as well as provision of security broking service and proprietary securities trading.

SEGMENT INFORMATION

During the year, the entire revenue and segment profit of the Group were derived from the People's Republic of China ("PRC"). Accordingly, a further analysis of the revenue and segment profit by geographical area is not presented. An analysis of the Group's revenue and segment profit by principal activity for the year ended December 31, 2011 is set out in note 7 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended December 31, 2011 and the state of financial position at that date are set out in the financial statements on pages 51 to 125.

An interim dividend of Rmb0.06 per share (approximately HK$0.07) was paid on November 13, 2011. The Directors recommend the payment of a final dividend of Rmb0.25 (approximately HK$0.31) in respect of the year, to shareholders whose names appeared on the register of members of the Company on June 6, 2012. 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 74.6% during the Period. Further details of the dividends are set out in note 16 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.

	Year ended December 31,				
	2011	2010	2009	2008	2007
Results	**Rmb'000**	Rmb'000	Rmb'000	Rmb'000	Rmb'000
					(Restated)
REVENUE	6,781,352	6,769,064	6,036,294	6,323,470	7,030,380
Operating costs	(4,077,403)	(3,760,494)	(3,145,294)	(3,133,244)	(3,089,133)
Gross profit	2,703,949	3,008,570	2,891,000	3,190,226	3,941,247
Security investment gains (loss)	7,925	126,532	35,967	(316,213)	475,828
Other income	281,929	199,791	426,280	211,420	134,607
Administrative expenses	(84,380)	(83,189)	(69,845)	(70,003)	(81,089)
Other expenses	(38,565)	(21,904)	(133,640)	(38,947)	(93,259)
Finance costs	(80,043)	(120,979)	(62,724)	(76,809)	(60,552)
Share of (loss) profit of associates	(7,035)	2,453	(24,164)	10,659	(4,655)
Share of profit of a jointly controlled entity	–	–	21,254	23,746	20,406
PROFIT BEFORE TAX	2,783,780	3,111,274	3,084,128	2,934,079	4,332,533
INCOME TAX EXPENSE	(717,838)	(798,785)	(840,055)	(668,928)	(1,191,638)
PROFIT FOR THE YEAR	2,065,942	2,312,489	2,244,073	2,265,151	3,140,895
Attributable:					
Owners of the Company	1,805,345	1,871,499	1,795,488	1,892,787	2,415,965
Non-controlling interests	260,597	440,990	448,585	372,364	724,930
EARNING PER SHARE-BASIC	41.57 cents	43.09 cents	41.34 cents	43.58 cents	55.63 cents

	As at December 31,				
	2011	2010	2009	2008	2007
Assets and liabilities	**Rmb'000**	Rmb'000	Rmb'000	Rmb'000	Rmb'000
					(Restated)
Total assets	29,132,959	33,652,055	32,402,781	25,287,521	27,512,804
Total liabilities	(10,533,859)	(15,956,940)	(15,337,927)	(8,990,253)	(11,748,490)
Net assets	18,599,100	17,695,115	17,064,854	16,297,268	15,764,314

Notes:

1. The consolidated results of the Group for the four years ended December 31, 2010 have been extracted from the Company's 2010 annual report dated March 31, 2010, while those of the year ended December 31, 2011 were prepared based on the consolidated statement of comprehensive income as set out on page 51 of the financial statements.

2. The 2011 earnings per share is based on the profit attributable to owners of the Company for the year ended December 31, 2011 of Rmb1,805,345,000 (2010: Rmb1,871,499,000) and the 4,343,114,500 ordinary shares (2010: 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 at December 31,		Net assets as at December 31,	
	2011	2010	**2011**	2010
	Rmb'000	Rmb'000	**Rmb'000**	Rmb'000
As reported in the statutory financial statements of the Group prepared in accordance with PRC GAAP	2,073,734	2,321,359	18,838,862	17,926,462
HK GAAP adjustments:				
(a) Goodwill	–	–	(199,769)	(199,769)
(b) Amortization provided, net of deferred tax	(1,952)	(1,952)	(159,252)	(157,300)
(c) Assessment on impact of appreciation, net of deferred tax	(3,116)	(3,677)	67,311	70,427
(d) Others	–	–	6,604	7,228
(e) Non-controlling interests	(2,724)	(3,241)	45,344	48,067
As restated in the financial statements	2,065,942	2,312,489	18,599,100	17,695,115

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.

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 45 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at December 31, 2011 are set out in note 43 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 54 to the financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2011, before the proposed final dividend, the Company's reserves available for distribution by way of cash or in kind, as determined based on the lower of the amount determined under PRC accounting standards and the amount determined under HK GAAP, amounted to Rmb1,888,247,000. In addition, in accordance with the Company Law of the PRC, the amount of approximately Rmb3,645,726,000 standing to the credit of the Company's share premium account as prepared in accordance with the PRC accounting standards was available for distribution by way of capitalization issues.

TRUST DEPOSITS

As at December 31, 2011, the Group did not have any trust deposits with any non-bank financial institution in the PRC. All of 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. CHEN Jisong *(Chairman)*
Mr. ZHAN Xiaozhang *(General Manager)*
Mr. JIANG Wenyao
Mr. ZHANG Jingzhong
Mr. DING Huikang

NON-EXECUTIVE DIRECTOR

Ms. ZHANG Luyun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TUNG Chee Chen
Mr. ZHANG Junsheng
Mr. ZHANG Liping

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 page 36 in the Company's annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors of the Company has entered into a service agreement with the Company, with effect from March 1, 2009 or the date of appointment, to February 29, 2012.

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, 2011 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 (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guoshuihan【2008】No. 897) (國稅函【2008】897號), the Company as a Chinese resident enterprises is required to withhold 10% enterprise income tax when it distributes dividends for the year 2008 and thereafter to all non-resident enterprise holders of H shares of the Company (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise holders of H shares) whose names appear on the H share register of members of the Company on the record date.

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

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

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 reappointment as Hong Kong auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD
CHEN Jisong
Chairman

Hangzhou, Zhejiang Province, the PRC
March 20, 2012

Report of the Supervisory Committee

During the financial year 2011 (the "Period"), the Supervisory Committee duly performed its supervisory duties, and safeguarded the legitimate interests of the shareholders and the Company in accordance with relevant rules and regulations under the Company Law of the PRC, the Company's Articles of Association and the Rules of the Supervisory Committee.

Main tasks undertaken by the Supervisory Committee during the Period were to assess and supervise lawfulness, legality 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 meetings of shareholders and meetings of the Board. The Supervisory Committee has carefully examined the operating results and the financial standing of the Company, and discussed and reviewed the financial statements to be submitted by the Board to the general meeting.

During the Period, the Supervisory Committee held one meeting of its own, and attended four meetings of the Board and two shareholders' meeting.

The Supervisory Committee observes that during the Period, faced with slowing organic traffic growth rate on expressways due to slower economic growth rate, traffic decline in sections of expressway due to diversion, and significant revenue decline from securities business due to a bearish stock market, the management, key members of the staff and employees of the Company under the leadership of the Board worked hard and diligently to deepen major policy reforms in road maintenance and employee remunerations, while striving to control cost and reducing energy consumption.

The Supervisory Committee has reviewed the financial statements of the Company for 2011 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 2011, and complied with the relevant laws, regulations and the Company's Articles of Association. Though the annual result declined slightly, the Company kept absolute dividend payout in recent years unchanged, maintaining stability of long term dividend payout policy and providing satisfactory return to 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 worked in good faith and diligence 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 various results obtained by the Board and the management of the Company.

By the order of the Supervisory Committee
MA Kehua
Chairman of the Supervisory Committee

Hangzhou, Zhejiang Province, the PRC
March 19, 2012

Independent Auditor's Report

Deloitte.
德勤

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

We have audited the consolidated financial statements of Zhejiang Expressway Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 125, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statement of 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

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 the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at December 31, 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 20, 2012

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2011

	Notes	2011 Rmb'000	2010 Rmb'000
Revenue	7	6,781,352	6,769,064
Operating costs		(4,077,403)	(3,760,494)
Gross profit		2,703,949	3,008,570
Securities investment gains	8	7,925	126,532
Other income	9	281,929	199,791
Administrative expenses		(84,380)	(83,189)
Other expenses		(38,565)	(21,904)
Share of (loss) profit of associates		(7,035)	2,453
Finance costs	10	(80,043)	(120,979)
Profit before tax	11	2,783,780	3,111,274
Income tax expense	12	(717,838)	(798,785)
Profit for the year		2,065,942	2,312,489
Other comprehensive loss	13		
Available-for-sale financial assets:			
– Fair value (loss) gain during the year		(9,746)	14,342
– Reclassification adjustments for cumulative gain included in profit or loss upon disposal		(4,072)	(25,052)
Income tax relating to components of other comprehensive income		3,455	2,678
Other comprehensive loss for the year (net of tax)		(10,363)	(8,032)
Total comprehensive income for the year		2,055,579	2,304,457
Profit for the year attributable to:			
Owners of the Company		1,805,345	1,871,499
Non-controlling interests		260,597	440,990
		2,065,942	2,312,489
Total comprehensive income for the year attributable to:			
Owners of the Company		1,799,941	1,867,332
Non-controlling interests		255,638	437,125
		2,055,579	2,304,457
EARNINGS PER SHARE – Basic	17	Rmb41.57 cents	Rmb43.09 cents

Consolidated Statement of Financial Position

At December 31, 2011

	Notes	2011 Rmb'000	2010 Rmb'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	1,294,465	1,120,626
Prepaid lease payments	19	68,983	71,035
Expressway operating rights	20	11,364,938	12,071,497
Goodwill	21	86,867	86,867
Other intangible assets	22	157,594	155,020
Deposit paid for acquisition of a property	23	323,800	–
Interests in associates	25	446,679	472,910
Available-for-sale investments	26	1,000	1,000
Other receivables	28	382,000	–
		14,126,326	13,978,955
CURRENT ASSETS			
Inventories		26,400	17,715
Trade receivables	27	48,013	50,768
Other receivables	28	844,142	953,153
Prepaid lease payments	19	2,052	2,052
Available-for-sale investments	26	60,274	71,928
Held for trading investments	29	1,260,021	803,772
Financial assets held under resale agreement	30	–	80,163
Bank balances held on behalf of customers	31	7,177,508	11,685,951
Bank balances and cash			
– Time deposits with original maturity over three months	32	2,467,793	325,545
– Cash and cash equivalents	32	3,120,430	5,682,053
		15,006,633	19,673,100
CURRENT LIABILITIES			
Accounts payable to customers arising from securities dealing business	33	7,143,067	11,631,030
Trade payables	34	317,188	548,695
Tax liabilities		491,619	450,708
Other taxes payable		61,753	51,002
Other payables and accruals	35	724,216	1,049,301
Dividends payable		94,971	120,319
Bank loans	36	462,553	822,000
Provisions	37	–	21,238
Derivative financial instrument	38	6,426	–
		9,301,793	14,694,293
NET CURRENT ASSETS		5,704,840	4,978,807
TOTAL ASSETS LESS CURRENT LIABILITIES		19,831,166	18,957,762

Consolidated Statement of Financial Position

At December 31, 2011

	Notes	2011 Rmb'000	2010 Rmb'000
NON-CURRENT LIABILITIES			
Long-term bonds	39	1,000,000	1,000,000
Deferred tax liabilities	40	232,066	262,647
		1,232,066	1,262,647
		18,599,100	17,695,115
CAPITAL AND RESERVES			
Share capital	41	4,343,115	4,343,115
Reserves		10,835,424	10,380,137
Equity attributable to owners of the Company		15,178,539	14,723,252
Non-controlling interests		3,420,561	2,971,863
		18,599,100	17,695,115

The consolidated financial statements on pages 51 to 125 were approved and authorised for issue by the Board of Directors on March 20, 2012 and are signed on its behalf by:

CHEN Jisong	ZHAN Xiaozhang
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended December 31, 2011

	Attributable to owners of the Company										
	Share capital Rmb'000	Share premium Rmb'000	Statutory reserves (Note) Rmb'000	Capital reserve Rmb'000	Investment revaluation reserve Rmb'000	Dividend reserve Rmb'000	Special reserve Rmb'000	Retained profits Rmb'000	Total Rmb'000	Non-controlling interests Rmb'000	Total Rmb'000
At January 1, 2010	4,343,115	3,645,726	2,467,011	–	8,016	1,085,779	–	2,633,973	14,183,620	2,881,234	17,064,854
Profit for the year	–	–	–	–	–	–	–	1,871,499	1,871,499	440,990	2,312,489
Other comprehensive loss for the year	–	–	–	–	(4,167)	–	–	–	(4,167)	(3,865)	(8,032)
Total comprehensive income for the year	–	–	–	–	(4,167)	–	–	1,871,499	1,867,332	437,125	2,304,457
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(228,950)	(228,950)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	18,666	–	18,666	(117,546)	(98,880)
Interim dividend	–	–	–	–	–	–	–	(260,587)	(260,587)	–	(260,587)
Final dividend	–	–	–	–	–	(1,085,779)	–	–	(1,085,779)	–	(1,085,779)
Proposed final dividend	–	–	–	–	–	1,085,779	–	(1,085,779)	–	–	–
Transfer to reserves	–	–	260,889	–	–	–	–	(260,889)	–	–	–
At December 31, 2010	4,343,115	3,645,726	2,727,900	–	3,849	1,085,779	18,666	2,898,217	14,723,252	2,971,863	17,695,115
Profit for the year	–	–	–	–	–	–	–	1,805,345	1,805,345	260,597	2,065,942
Other comprehensive loss for the year	–	–	–	–	(5,404)	–	–	–	(5,404)	(4,959)	(10,363)
Total comprehensive income for the year	–	–	–	–	(5,404)	–	–	1,805,345	1,799,941	255,638	2,055,579
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(143,582)	(143,582)
Capital injection	–	–	–	1,712	–	–	–	–	1,712	336,642	338,354
Interim dividend	–	–	–	–	–	–	–	(260,587)	(260,587)	–	(260,587)
Final dividend	–	–	–	–	–	(1,085,779)	–	–	(1,085,779)	–	(1,085,779)
Proposed final dividend	–	–	–	–	–	1,085,779	–	(1,085,779)	–	–	–
Transfer to reserves	–	–	240,734	–	–	–	–	(240,734)	–	–	–
At December 31, 2011	4,343,115	3,645,726	2,968,634	1,712	(1,555)	1,085,779	18,666	3,116,462	15,178,539	3,420,561	18,599,100

Note: 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.

Consolidated Statement of Cash Flows

For the year ended December 31, 2011

	2011 Rmb'000	2010 Rmb'000
OPERATING ACTIVITIES		
Profit before tax	2,783,780	3,111,274
Adjustments for:		
Finance costs	80,043	120,979
Interest income	(141,187)	(56,414)
Share of loss (profit) of associates	7,035	(2,453)
Depreciation of property, plant and equipment	154,557	134,794
Amortisation of expressway operating rights	691,370	691,332
Amortisation of prepaid lease payments	2,052	2,039
Amortisation of other intangible assets	13,653	12,706
Fair value changes on derivative financial instrument	6,426	–
Gain on disposal of available-for-sale investments	(4,072)	(25,052)
Gain on fair value changes on held for trading investments	(3,853)	(101,480)
(Gain) loss on disposal of property, plant and equipment	(56)	3,753
Loss on written off of expressway operating rights	–	142
Reversal of provisions	(21,238)	(13,426)
Impairment loss of interest in an associate	11,979	–
Operating cash flows before movements in working capital	3,580,489	3,878,194
Increase in inventories	(8,685)	(373)
Decrease (increase) in trade receivables	2,755	(198)
Decrease (increase) in other receivables	12,634	(43,466)
Increase in held for trading investments	(452,396)	(184,397)
Decrease (increase) in bank balances held on behalf of customers	4,508,443	(153,667)
(Decrease) increase in accounts payable to customers arising from securities dealing business	(4,487,963)	128,100
Decrease in trade payables	(231,507)	(98,678)
Increase in other taxes payable	10,751	20,510
Increase in other payables and accruals	140,802	73,282
Decrease in provisions	–	(87,813)
Cash generated from operations	3,075,323	3,531,494
Income taxes paid	(709,945)	(860,018)
Interest paid	(79,449)	(120,979)
NET CASH FROM OPERATING ACTIVITIES	2,285,929	2,550,497

Consolidated Statement of Cash Flows

For the year ended December 31, 2011

	Note	2011 Rmb'000	2010 Rmb'000
INVESTING ACTIVITIES			
Interest received		129,093	37,894
Dividends received from associates		7,217	13,000
Proceeds on disposal of property, plant and equipment		7,632	27,043
Repayment of entrusted loans from related parties		570,471	120,000
Repayment of entrusted loans from third parties		260,000	–
Entrusted loans to related parties		(690,000)	(500,000)
Entrusted loan to a third party		(500,000)	(60,000)
Loan to an associate		(82,000)	–
Purchases of property, plant and equipment		(312,910)	(250,588)
Prepaid lease payments for land use rights		–	(43,363)
Addition in expressway operating rights		(136,000)	(7,633)
Purchases of intangible assets		(16,227)	(12,907)
Deposit paid for acquisition of a property		(323,800)	–
Purchase of available-for-sale investments		(4,200)	(60,000)
Proceeds on disposal of available-for-sale investments		12,000	59,796
Repayment of financial assets held under resale agreement		80,163	–
Advance of financial assets held under resale agreement		–	(80,163)
Increase in time deposits		(2,142,248)	(97,093)
Withdrawal of restricted bank balances		–	942
Investments in associates		–	(48,450)
Deferred consideration on disposal of a jointly controlled entity		115,000	–
Dividend received from a former jointly controlled entity		53,000	–
NET CASH USED IN INVESTING ACTIVITIES		(2,972,809)	(901,522)
FINANCING ACTIVITIES			
Acquisition of additional interest in subsidiaries		–	(98,880)
Prepayment from non-controlling shareholders		–	338,354
Dividends paid		(1,346,366)	(1,226,065)
Dividends paid to non-controlling shareholders		(168,930)	(228,950)
New bank loans raised		462,553	822,000
Repayment of bank and other loans		(822,000)	(622,384)
NET CASH USED IN FINANCING ACTIVITIES		(1,874,743)	(1,015,925)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(2,561,623)	633,050
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,682,053	5,049,003
CASH AND CASH EQUIVALENTS AT END OF YEAR	32	3,120,430	5,682,053

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, automobile servicing and fuel facilities; and

(c) the provision of securities broking services and proprietary trading.

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

New and revised HKFRSs applied in the current year

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

New and revised HKFRSs issued 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:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

New and revised HKFRSs issued but not yet effective (Continued)

[1] Effective for annual periods beginning on or after July 1, 2011.
[2] Effective for annual periods beginning on or after January 1, 2013.
[3] Effective for annual periods beginning on or after January 1, 2015.
[4] Effective for annual periods beginning on or after January 1, 2012
[5] Effective for annual periods beginning on or after July 1, 2012.
[6] Effective for annual periods beginning on or after January 1, 2014.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

HKFRS 9 Financial Instruments (Continued)

The directors anticipate that the adoption of HKFRS 9 in the future will affect the classification and measurement of the Group's available-for-sale investments but not the Group's financial liabilities. Regarding the Group's available-for-sale investments, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards that are applicable to the Group are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013. The application of these five standards is not expected to have material impact on amounts reported in the consolidated financial statements.

3. 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 and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

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 (effective from January 1, 2010 onwards).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in 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.

Goodwill

Goodwill arising on acquisitions on or after January 1, 2001

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the 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 whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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 pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. 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 amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are 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 associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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 that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition 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, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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. 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.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

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

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

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

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

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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include 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.

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.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided 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 effective 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 any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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.

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

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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. Where 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories, representing merchandise held for resale, are stated at the lower of cost and net realisable value. Cost is 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.

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. Contingent rentals are recognised as income in the periods in which they are received or receivable.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

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 lump-sum 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 the 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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on 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 which 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments to state-managed retirement benefit schemes and corporate annuity scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 base 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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such 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 associates, 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.

3. 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 is recognised in profit or loss, except when it relates 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 in the consolidated statement of financial position 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

The Group's financial assets are classified into loans and receivables, financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets. 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. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset 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 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 financial asset, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

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

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. The cash advanced is recognised as amounts held under 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 at fair value through profit or loss

Financial asset at FVTPL include financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of 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 measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the securities investment gains line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in Note 5(c).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the categories of financial assets set out above.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where 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 available-for sale equity investment, a significant or prolonged decline in the fair value of that investment 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale 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 in which the impairment takes place.

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 asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements 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 Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

Financial liabilities

Financial liabilities including trade payables, accounts payable to customers arising from securities dealing business, other payables, bank loans, and long-term bonds are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instrument

Derivatives of the Group do not qualify for hedge accounting thus they are deemed as financial liabilities held for trading. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

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

4. 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 and liabilities 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, 2011, the carrying amount of goodwill is Rmb86,867,000 (2010: Rmb86,867,000). Details of the recoverable amount calculation are disclosed in Note 24.

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, 2011, the carrying amounts of intangible assets with indefinite useful lives were Rmb66,563,000 (2010: Rmb66,563,000). Details of the recoverable amount calculation are disclosed in Note 24.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2011 Rmb'000	2010 Rmb'000
Financial assets		
Available-for-sale investments		
– at cost	1,000	1,000
– at fair value	60,274	71,928
Fair value through profit of loss		
Held for trading investments	1,260,021	803,772
Loans and receivables		
(including cash and cash equivalents)	13,917,611	18,724,410
Financial liabilities		
Derivative financial instrument	6,426	–
Amortised cost	9,415,596	14,505,097

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, held for trading investments, trade and other receivables, financial assets held under resale agreement, bank balances, bank balances held on behalf of customers, trade and other payables, accounts payable to customers arising from securities dealing business, bank loans, derivative financial instrument and long-term bonds. 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.

5. FINANCIAL INSTRUMENTS (Continued)

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

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to financial assets held under resale agreement, fixed-rate time deposits, bank loans and long-term bonds (see Notes 30, 32, 36 and 39 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 loans (see Notes 31, 32 and 36 for details).

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

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 and bank loans, 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 point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 30 basis points (2010: 30 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2011 would increase/decrease by Rmb22,945,000 (2010: Rmb38,291,000). This was mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

5. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

(ii) Currency risk

Several subsidiaries of the Company have foreign currency denominated monetary assets and liabilities, which expose the Group to foreign currency risk.

Management of the Company are of the opinion that the Company's exposure to currency risk related to the foreign currency forward contract is minimum. Accordingly, no currency risk sensitivity analysis of foreign currency forward contract is presented.

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	
	2011	2010	**2011**	2010
	Rmb'000	Rmb'000	**Rmb'000**	Rmb'000
Hong Kong dollar ("HKD")	15,164	20,180	322,446	14,947
United Sates dollar ("USD")	63,495	85,383	36,564	58,718

Sensitivity analysis

The Group is mainly exposed to HKD and USD relative to Rmb.

This sensitivity analysis details the Group's sensitivity to a 5% (2010: 5%) increase and decrease in Rmb against HKD and USD. 5% (2010: 5%) sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2010: 5%) change in foreign currency rates. If Rmb had strengthened/weakened 5% against HKD, the Group's post-tax profit for the year ended December 31, 2011 would have increased/decreased by Rmb11,523,000 (2010: decreased/increased by Rmb196,000). If Rmb had strengthened/weakened 5% against USD, the Group's post-tax profit for the year ended December 31, 2011 would have decreased/increased by Rmb1,010,000 (2010: Rmb1,000,000).

5. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

(iii) Other price risk

The Group is exposed to equity and debt security price risk in relation to its held for trading and available-for-sale 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 arises.

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% (2010: 5%) higher/lower,

- post-tax profit for the year ended December 31, 2011 would increase/decrease by Rmb47,251,000 (2010: Rmb30,141,000) as a result of the changes in fair value of held for trading investments; and

- investment valuation reserve would increase/decrease by Rmb2,260,000 (2010: Rmb2,697,000) for the Group as a result of the changes in fair value of available-for-sale listed investments.

Credit risk

As at December 31, 2011, 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.

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

5. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

Other than the concentration of credit risk on certain trade receivables, entrusted loan receivables and loan receivable from an associate, corporate bonds and financial assets held under resale agreement amounting to Rmb47,086,000 (2010: Rmb48,232,000), Rmb951,648,000 (2010: Rmb578,520,000), Rmb82,000,000 (2010: nil), Rmb1,059,726,000 (2010: Rmb600,735,000) and nil (2010: Rmb80,163,000) as disclosed in Notes 27, 28, 29 and 30, respectively, the Group does not have any other significant concentration of credit risk. 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, 2011 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.

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. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual cash inflows and (outflows) on derivative instruments that settle on a gross basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the foreign currency exchange rates prevailing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

5. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Liquidity tables

	Weighted average interest rate %	On demand or Less than 3 months Rmb'000	3 months – 1 year Rmb'000	1 – 3 years Rmb'000	3 – 5 years Rmb'000	+5 years Rmb'000	Total undiscounted cash flows Rmb'000	Carrying amount at 31/12/2011 Rmb'000
2011								
Non-derivative financial liabilities								
Trade payables	–	284,893	32,295	–	–	–	317,188	317,188
Accounts payable to customers arising from securities dealing business	0.50	7,151,996	–	–	–	–	7,151,996	7,143,067
Other payables	–	492,788	–	–	–	–	492,788	492,788
Bank loans								
– fixed rate	5.08	54,115	315,128	–	–	–	369,243	362,553
– variable rate	6.44	1,609	102,698	–	–	–	104,307	100,000
Long-term bonds – fixed rate	4.29	42,900	–	1,085,800	–	–	1,128,700	1,000,000
		8,028,301	450,121	1,085,800	–	–	9,564,222	9,415,596
2011								
Derivatives – gross settlement								
Foreign currency forward contract								
– inflow								
– HKD	–	–	313,259	–	–	–	313,259	313,259
– outflow								
– Rmb	–	–	(319,685)	–	–	–	(319,685)	(319,685)
		–	(6,426)	–	–	–	(6,426)	(6,426)

5. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	On demand or Less than 3 months Rmb'000	3 months – 1 year Rmb'000	1 – 3 years Rmb'000	3 – 5 years Rmb'000	+5 years Rmb'000	Total undiscounted cash flows Rmb'000	Carrying amount at 31/12/2010 Rmb'000
2010								
Non-derivative financial liabilities								
Trade payables	–	316,573	232,122	–	–	–	548,695	548,695
Accounts payable to customers arising from securities dealing business	0.36	11,641,498	–	–	–	–	11,641,498	11,631,030
Other payables	–	503,372	–	–	–	–	503,372	503,372
Bank loans								
– fixed rate	5.38	35,951	448,259	–	–	–	484,210	472,000
– variable rate	5.45	4,765	363,849	–	–	–	368,614	350,000
Long-term bonds – fixed rate	4.29	42,900	–	85,800	1,042,900	–	1,171,600	1,000,000
		12,545,059	1,044,230	85,800	1,042,900	–	14,717,989	14,505,097

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.

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of foreign currency forward contract is measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contract;

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value (Continued)

Fair value measurements recognised in the statement of financial position (Continued)

	31/12/2011			
	Level 1	Level 2	Level 3	Total
	Rmb$'000	Rmb$'000	Rmb$'000	Rmb$'000
Financial assets at FVTPL				
Held for trading investments	1,260,021	–	–	1,260,021
Available-for-sale financial assets				
Listed equity securities	60,274	–	–	60,274
Total	1,320,295	–	–	1,320,295
Financial liabilities at FVTPL				
Derivative financial instrument	–	(6,426)	–	(6,426)
Total	1,320,295	(6,426)	–	1,313,869

	31/12/2010			
	Level 1	Level 2	Level 3	Total
	Rmb$'000	Rmb$'000	Rmb$'000	Rmb$'000
Financial assets at FVTPL				
Held for trading investments	803,772	–	–	803,772
Available-for-sale financial assets				
Listed equity securities	71,928	–	–	71,928
Total	875,700	–	–	875,700

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

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders 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 debt, which includes the borrowings disclosed in Notes 36 and 39, equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

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

7. SEGMENT INFORMATION

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

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

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

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

(iii) Securities operation – the securities broking and proprietary trading.

7. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the year ended December 31, 2011

	Toll operation Rmb'000	Service area and advertising businesses Rmb'000	Securities operation Rmb'000	Total Segment Rmb'000	Elimination Rmb'000	Total Rmb'000
Revenue						
External sales	3,522,510	1,916,564	1,342,278	6,781,352	–	6,781,352
Inter-segment sales	–	8,004	–	8,004	(8,004)	–
Total	3,522,510	1,924,568	1,342,278	6,789,356	(8,004)	6,781,352
Segment profit	1,695,078	71,763	299,101	2,065,942		2,065,942

For the year ended December 31, 2010

	Toll operation Rmb'000	Service area and advertising businesses Rmb'000	Securities operation Rmb'000	Total Segment Rmb'000	Elimination Rmb'000	Total Rmb'000
Revenue						
External sales	3,475,319	1,715,064	1,578,681	6,769,064	–	6,769,064
Inter-segment sales	–	5,798	–	5,798	(5,798)	–
Total	3,475,319	1,720,862	1,578,681	6,774,862	(5,798)	6,769,064
Segment profit	1,594,389	102,920	615,180	2,312,489		2,312,489

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit after tax of each operating segment. This is the measure reported to the chief operating decision maker, the Group's Chief Executive Officer, for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	Segment assets		Segment liabilities	
	2011	2010	**2011**	2010
	Rmb'000	Rmb'000	**Rmb'000**	Rmb'000
Toll operation	15,636,388	15,411,964	(2,806,522)	(3,098,340)
Service area and advertising businesses	597,281	890,656	(231,303)	(421,751)
Securities operation	12,812,423	17,262,568	(7,496,034)	(12,436,849)
Total segment assets (liabilities)	29,046,092	33,565,188	(10,533,859)	(15,956,940)
Goodwill	86,867	86,867	–	–
Consolidated assets (liabilities)	29,132,959	33,652,055	(10,533,859)	(15,956,940)

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

7. SEGMENT INFORMATION (Continued)

Other segment information

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

	Toll operation Rmb'000	Service area and advertising businesses Rmb'000	Securities operation Rmb'000	Total Rmb'000
For the year ended December 31, 2011				
Income tax expense	575,759	24,281	117,798	717,838
Interest income	112,843	28,344	–	141,187
Interest expense	69,650	10,393	–	80,043
Interests in associates	198,285	236,386	12,008	446,679
Share of result of associates	(15,968)	19,566	(10,633)	(7,035)
Fair value changes on held for trading investments	6,800	–	(2,947)	3,853
Addition to non-current assets (Note)	239,949	21,258	414,792	675,999
Depreciation and amortisation	740,363	28,696	92,573	861,632
Impairment loss on interest in an associate	–	11,979	–	11,979
(Gain) loss on disposal of property, plant and equipment	(528)	164	308	(56)

	Toll operation Rmb'000	Service area and advertising businesses Rmb'000	Securities operation Rmb'000	Total Rmb'000
For the year ended December 31, 2010				
Income tax expense	553,871	25,865	219,049	798,785
Interest income	32,218	24,196	–	56,414
Interest expense	107,210	13,769	–	120,979
Interests in associates	214,253	235,298	23,359	472,910
Share of result of associates	(16,079)	24,415	(5,883)	2,453
Fair value changes on held for trading investments	6,620	–	94,860	101,480
Addition to non-current assets (Note)	208,067	11,930	142,944	362,941
Depreciation and amortisation	739,955	29,137	71,779	840,871
Loss (gain) on disposal of property, plant and equipment	7,480	(3,130)	(597)	3,753

Note: Non-current assets excluded financial instruments.

7. SEGMENT INFORMATION (Continued)

Revenue from major services

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

	2011 Rmb'000	2010 Rmb'000
Toll operation revenue	3,522,510	3,475,319
Service area businesses revenue	1,834,422	1,633,628
Advertising business revenue	81,765	77,997
Commission income from securities operation	985,754	1,352,051
Interest income from securities operation	356,524	226,630
Others	377	3,439
	6,781,352	6,769,064

Geographical information

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

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

Information about major customers

During the years ended December 31, 2011 and 2010, there are no individual customer with sales over 10% of the total sales of the Group.

8. SECURITIES INVESTMENT GAINS

	2011 Rmb'000	2010 Rmb'000
Gain on fair value changes on held for trading investments	3,853	101,480
Cumulative gain reclassified from equity on disposal of available-for-sale investments	4,072	25,052
	7,925	126,532

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

9. OTHER INCOME

	2011 Rmb'000	2010 Rmb'000
Interest income on bank balances and entrusted loan receivables	141,187	56,278
Interest income from structured deposit	–	136
Rental income (Note)	69,165	66,369
Net exchange gain	8,672	15,303
Handling fee income	24,526	23,689
Towing income	8,782	11,056
Others	29,597	26,960
	281,929	199,791

Note: Rental income included contingent rent of approximately Rmb28,747,000 (2010: Rmb30,151,000) during the year.

10. FINANCE COSTS

	2011 Rmb'000	2010 Rmb'000
Interest expenses wholly repayable within 5 years:		
Bank loans	37,143	14,462
Long-term bonds	42,900	42,900
Other loans	–	63,617
	80,043	120,979

11. PROFIT BEFORE TAX

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

	2011 Rmb'000	2010 Rmb'000
Depreciation of property, plant and equipment	154,557	134,794
Amortisation of prepaid lease payments	2,052	2,039
Amortisation of expressway operating rights (included in operating costs)	691,370	691,332
Amortisation of other intangible assets (included in operating costs)	13,653	12,706
Total depreciation and amortisation	861,632	840,871
Staff costs (including directors and supervisors):		
– Wages and salaries	525,302	483,114
– Pension scheme contributions	54,998	44,857
	580,300	527,971
Auditors' remuneration	4,951	7,415
(Gain) loss on disposal of property, plant and equipment	(56)	3,753
Cost of inventories recognised as an expense	1,685,956	1,480,688
Impairment loss on interest in an associate (included in other expenses)	11,979	–
Fair value changes on derivative financial instrument	6,426	–
Loss on written off of expressway operating rights	–	142
Reversal of provision for litigation (included in other expenses)	(21,238)	(13,426)

12. INCOME TAX EXPENSE

	2011 Rmb'000	2010 Rmb'000
Current tax:		
PRC Enterprise Income Tax	750,856	794,590
Deferred tax (Note 40)	(33,018)	4,195
	717,838	798,785

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group is 25% from January 1, 2008 onwards.

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

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

	2011 Rmb'000	2010 Rmb'000
Profit before tax	2,783,780	3,111,274
Tax at the PRC enterprise income tax rate of 25%	695,945	777,819
Tax effect of share of loss (profit) of associates	1,759	(613)
Tax effect of income not taxable for tax purposes	(16)	(12)
Tax effect of expenses not deductible for tax purposes	20,150	21,591
Tax charge for the year	717,838	798,785

13. OTHER COMPREHENSIVE LOSS

Tax effect relating to other comprehensive loss as follows:

	Year ended December 31, 2011			Year ended December 31, 2010		
	Before-tax amount Rmb'000	Tax benefit Rmb'000	Net-of-tax amount Rmb'000	Before-tax amount Rmb'000	Tax (expense) benefit Rmb'000	Net-of-tax amount Rmb'000
Fair value (loss) gain on available-for-sale financial assets arising during the year	(9,746)	2,437	(7,309)	14,342	(3,585)	10,757
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of available-for-sale financial assets	(4,072)	1,018	(3,054)	(25,052)	6,263	(18,789)
Total	(13,818)	3,455	(10,363)	(10,710)	2,678	(8,032)

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments paid or payable to each of the 9 (2010: 10) directors and 5 (2010: 6) supervisors are as follows:

	Chen Jisong@ Rmb'000	Zhan Xiaozhang@ Rmb'000	Zhang Jingzhong@ Rmb'000	Jiang Wenyao@ Rmb'000	Ding HuiKang@ Rmb'000 (Note i)	Zhang Luyun^ Rmb'000	Zhang Yang^ Rmb'000 (Note ii)	Tung Chee Chen* Rmb'000	Zhang Junsheng* Rmb'000	Zhang Liping* Rmb'000	Ma Kehua# Rmb'000	Fang Zhexing# Rmb'000	Zheng Qihua# Rmb'000 (Note iii)	Jiang Shaozhong# Rmb'000	Wu Yongmin# Rmb'000	Liu Haisheng# Rmb'000 (Note iv)	Total Rmb'000
2011																	
Salaries, allowances and benefits in kind	4	457	390	390	389	4	–	204	52	203	5	5	–	5	3	3	2,114
Bonuses paid and payable	–	220	193	193	193	–	–	–	–	–	–	–	–	–	–	–	799
Pension scheme contributions	–	16	16	16	16	–	–	–	–	–	–	–	–	–	–	–	64
Total emoluments	4	693	599	599	598	4	–	204	52	203	5	5	–	5	3	3	2,977
2010																	
Salaries, allowances and benefits in kind	4	458	391	390	162	3	2	214	53	214	3	4	1	2	2	1	1,904
Bonuses paid and payable	–	220	193	193	80	–	–	–	–	–	–	–	–	–	–	–	686
Pension scheme contributions	–	15	15	15	6	–	–	–	–	–	–	–	–	–	–	–	51
Total emoluments	4	693	599	598	248	3	2	214	53	214	3	4	1	2	2	1	2,641

@ Executive directors
^ Non-executive directors
* Independent non-executive directors
# Supervisors

Notes:

(i) Appointed on August 28, 2010.
(ii) Resigned on August 28, 2010.
(iii) Resigned on August 26, 2010.
(iv) Appointed on August 26, 2010.

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

The emoluments of each of the directors and supervisors were below HK$1,000,000 (equivalent to Rmb811,000) in both years. Bonuses paid to directors and supervisors 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. Bonuses are determined by reference to the individual performance of the directors.

15. EMPLOYEES' EMOLUMENTS

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

	2011 **Rmb'000**	2010 Rmb'000
Salaries, allowances and benefits in kind	9,289	7,640
Bonuses paid and payable (Note)	17,681	14,797
Pension scheme contributions	118	107
	27,088	22,544

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, 2011 and 2010.

The five individuals with the highest emoluments in the Group during the year included no (2010: no) director, whose emoluments are set out in Note 14 above, and five (2010: five) non-director employees.

15. EMPLOYEES' EMOLUMENTS (Continued)

Their emoluments are within the following bands:

	No. of individuals	
	2011	2010
HK$3,500,001 to HK$4,000,000 (equivalent to Rmb2,837,001 to Rmb3,243,000)	–	1
HK$4,000,001 to HK$4,500,000 (equivalent to Rmb3,243,001 to Rmb3,648,000)	–	1
HK$4,500,001 to HK$5,000,000 (equivalent to Rmb3,648,001 to Rmb4,053,000)	1	1
HK$5,000,001 to HK$5,500,000 (equivalent to Rmb4,053,001 to Rmb4,459,000)	–	1
HK$6,000,001 to HK$6,500,000 (equivalent to Rmb4,864,001 to Rmb5,270,000)	2	–
HK$6,500,001 to HK$7,000,000 (equivalent to Rmb5,270,001 to Rmb5,675,000)	1	–
HK$8,000,001 to HK$8,500,000 (equivalent to Rmb6,486,001 to Rmb6,891,000)	–	1
HK$9,500,001 to HK$10,000,000 (equivalent to Rmb7,702,001 to Rmb8,107,000)	1	–

16. DIVIDENDS

	2011	2010
	Rmb'000	Rmb'000
Dividends recognised as distribution during the year:		
2011 Interim – Rmb6 cents (2010: 2010 interim Rmb6 cents) per share	260,587	260,587
2010 Final – Rmb25 cents (2010: 2009 Final Rmb25 cents) per share	1,085,779	1,085,779
	1,346,366	1,346,366

The final dividend of Rmb25 cents per share in respect of the year ended December 31, 2011 (2010: final dividend of Rmb25 cents per share in respect of the year ended December 31, 2010) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

17. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on profit for the year attributable to owners of the Company of Rmb1,805,345,000 (2010: Rmb1,871,499,000) and the 4,343,114,500 (2010: 4,343,114,500) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares outstanding for the years ended December 31, 2011 and 2010.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings Rmb'000	Ancillary facilities Rmb'000	Communication and signaling equipment Rmb'000	Motor vehicles Rmb'000	Machinery and equipment Rmb'000	Construction in progress Rmb'000	Total Rmb'000
COST							
At January 1, 2010	437,034	501,794	306,172	177,275	316,620	2,413	1,741,308
Additions	51,551	1,052	28,669	21,653	64,672	82,991	250,588
Transfer	–	473	–	–	330	(803)	–
Disposals	–	(36,242)	(7,047)	(3,585)	(12,231)	–	(59,105)
At December 31, 2010	488,585	467,077	327,794	195,343	369,391	84,601	1,932,791
Additions	35,494	9,599	14,433	13,259	44,977	218,210	335,972
Transfer	–	43,646	14,857	–	883	(59,386)	–
Disposals	(795)	(10,386)	(938)	(12,198)	(14,168)	–	(38,485)
At December 31, 2011	523,284	509,936	356,146	196,404	401,083	243,425	2,230,278
DEPRECIATION							
At January 1, 2010	47,575	126,948	224,007	118,629	188,521	–	705,680
Provided for the year	29,962	22,156	20,718	15,972	45,986	–	134,794
Disposals	–	(11,364)	(5,442)	(3,422)	(8,081)	–	(28,309)
At December 31, 2010	77,537	137,740	239,283	131,179	226,426	–	812,165
Provided for the year	37,859	23,558	21,731	16,465	54,944	–	154,557
Disposals	(795)	(4,377)	(805)	(11,578)	(13,354)	–	(30,909)
At December 31, 2011	114,601	156,921	260,209	136,066	268,016	–	935,813
CARRYING VALUES							
At December 31, 2011	408,683	353,015	95,937	60,338	133,067	243,425	1,294,465
At December 31, 2010	411,048	329,337	88,511	64,164	142,965	84,601	1,120,626

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

The carrying value of properties shown above comprises:

	2011 Rmb'000	2010 Rmb'000
Leasehold land and buildings in the PRC:		
Long lease	24,984	25,314
Medium-term lease	383,699	385,734
	408,683	411,048

19. PREPAID LEASE PAYMENTS

	2011 Rmb'000	2010 Rmb'000
Analysed for reporting purposes as:		
Current assets	2,052	2,052
Non-current assets	68,983	71,035
	71,035	73,087

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

20. EXPRESSWAY OPERATING RIGHTS

	Rmb'000
COST	
At January 1, 2010	16,765,329
Additions	7,633
Written off	(260)
At December 31, 2010	16,772,702
Adjustment	(16,145)
At December 31, 2011	16,756,557
AMORTISATION	
At January 1, 2010	4,009,991
Charge for the year	691,332
Written off	(118)
At December 31, 2010	4,701,205
Charge for the year	691,370
Adjustment	(956)
At December 31, 2011	5,391,619
CARRYING VALUES	
At December 31, 2011	11,364,938
At December 31, 2010	12,071,497

The above expressway operating rights were granted by the Zhejiang Provincial Government to the Group for 30 years. During the expressway concessionary period, the Group has the rights of operations and management of Shanghai-Hangzhou-Ningbo Expressway and Shangsan 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 will be returned to the grantors at zero consideration.

21. GOODWILL

	Rmb'000
COST AND CARRYING VALUES	
At January 1, 2010, December 31, 2010 and December 31, 2011	86,867

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

22. OTHER INTANGIBLE ASSETS

	Customer bases Rmb'000	Securities/ futures firm licenses Rmb'000	Trading seats Rmb'000	Software licenses Rmb'000	Total Rmb'000
COST					
At January 1, 2010	101,147	63,083	3,480	20,261	187,971
Additions	–	–	–	12,907	12,907
At December 31, 2010	101,147	63,083	3,480	33,168	200,878
Additions	–	–	–	16,227	16,227
Written off	–	–	–	(146)	(146)
At December 31, 2011	101,147	63,083	3,480	49,249	216,959
AMORTISATION					
At January 1, 2010	27,096	–	–	6,056	33,152
Charge for the year	8,253	–	–	4,453	12,706
At December 31, 2010	35,349	–	–	10,509	45,858
Charge for the year	6,266	–	–	7,387	13,653
Written off	–	–	–	(146)	(146)
At December 31, 2011	41,615	–	–	17,750	59,365
CARRYING VALUES					
At December 31, 2011	59,532	63,083	3,480	31,499	157,594
At December 31, 2010	65,798	63,083	3,480	22,659	155,020

22. OTHER INTANGIBLE ASSETS (Continued)

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

The securities/futures firm licenses of the securities operation are considered by the management of the Group to have an indefinite useful life 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 licenses 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.

23. DEPOSIT PAID FOR ACQUISITION OF A PROPERTY

On December 26, 2011, Zheshang Securities entered into a provisional agreement with a related party, Hangzhou Jinji Real Estate Co., Ltd. ("Jinji Co"), a subsidiary of the Communications Group, for the purchase of a property in Hangzhou for a provisional consideration of Rmb809,500,000. As at December 31, 2011, deposit of Rmb323,800,000 has been paid to Jinji Co. The purchase agreement has not been signed and acquisition has not been completed at the date of this report.

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 21 and 22 have been allocated to four individual cash generating units ("CGUs"), including 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, 2011 and 2010 allocated to these units are as follows:

	Goodwill		Securities/futures firm licenses		Trading seats	
	2011	2010	**2011**	2010	**2011**	2010
	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 year ended December 31, 2011, the management of the Group determines that there is no impairment of any of its CGUs containing goodwill and other intangible assets with indefinite useful lives.

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

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 of 15% (2010: 15%). No growth rate has been assumed beyond the five-year period up to the remaining toll road operating rights which are 17 years (2010: 18 years) and 19 years (2010: 20 years) for Jiaxing Co. and Shangsan Co., respectively.

Zheshang Securities

The recoverable amount of Zheshang Securities is 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 and a discount rate of 16.58% (2010: 18.01%). Growth rate beyond the five-year period is assumed to be zero.

Zheshang Futures

The recoverable amount of Zheshang Futures is 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 and a discount rate of 16.58% (2010: 18.01%). Growth rate beyond the five-year period is assumed to be zero.

25. INTERESTS IN ASSOCIATES

	2011 Rmb'000	2010 Rmb'000
Unlisted investments in associates, at cost less impairment	462,712	474,691
Share of post-acquisition loss, net of dividends received	(16,033)	(1,781)
	446,679	472,910

At December 31, 2011 and 2010, 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 2011 %	Percentage of equity interest attributable to the Group 2010 %	Principal activities
Zhejiang Expressway Petroleum Development Co., Ltd. ("Petroleum Co")	Corporate	The PRC	50	50	Operation of petrol stations and sale of petroleum products
JoinHands Technology Co., Ltd. ("JoinHands Co")	Corporate	The PRC	27.58	27.58	Provision of printing services and property leasing
Zhejiang Concord Property Investment Co., Ltd.	Corporate	The PRC	45	45	Investment and real estate development
Hangzhou Tianjun Industrial Co., Ltd.	Corporate	The PRC	29.45	29.45	Investment and portfolio management
Hangzhou Yuhang Communication Time Plaza Co., Ltd. ("Time Plaza Co") (Note i)	Corporate	The PRC	16.57	16.57	Investment and real estate development
Ningbo Expressway Advertising Co., Ltd. ("Ningbo Advertising Co")	Corporate	The PRC	24.5	24.5	Management of advertising billboards along expressways
Zhejiang Jinhua Yongjin Expressway Co., Ltd. ("Yongjin")	Corporate	The PRC	23.45	23.45	Management of the Jinhua section of the Ningbo-Jinhua Expressway
Zheshang Fund Management Co., Ltd. ("Zheshang Fund") (Note ii)	Corporate	The PRC	13.04	12.97	Asset fund management

25. INTERESTS IN ASSOCIATES (Continued)

Notes:

(i) The Group is able to exercise significant influence over Time Plaza Co because it has the power to appoint one out of five directors of that company under the provisions stated in the Articles of Association of that company.

(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.

In July 2011, the Company entered the Equity Interest Transfer Agreement to sell all of its 27.582% equity interest in JoinHands Co to Guangzhou Kaixin Consulting Co., Ltd. at a consideration of Rmb31,430,000. However, as Guangzhou Kaixin Consulting Co., Ltd. has failed to pay the consideration for the equity transfer according to the terms of the Equity Interest Transfer Agreement, the Company lodged a lawsuit against it in August 2011 at the People's Court of Xihu District, Hangzhou City. The case was heard in February 2012 and is pending a final court ruling. During the year ended December 31, 2011, an impairment loss of Rmb11,979,000 in relation to interest in an associate, JoinHands Co was recognised.

The summarised financial information in respect of the Group's associates at the end of the reporting period is set out below:

	2011 Rmb'000	2010 Rmb'000
Total assets	6,503,934	6,304,394
Total liabilities	(5,028,160)	(4,590,133)
Net assets	1,475,774	1,714,261
Group's share of net assets of associates, after impairment loss of Rmb21,277,000 (2010: Rmb9,298,000)	446,679	472,910
Revenue	5,452,262	4,600,647
Loss for the year	(60,873)	(7,822)
Other comprehensive income	–	–
Group's share of results of associates for the year	(7,035)	2,453

26. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2011 Rmb'000	2010 Rmb'000
Non-current assets:		
Unlisted equity securities investments, at cost (Note i)	1,000	1,000
Current assets:		
Listed equity securities investments in the PRC, at fair value (Note ii)	60,274	71,928
	61,274	72,928

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 investments represent equity securities subscribed through placement by listed issuers. They are measured at fair value. During the year ended December 31, 2011, the loss on change in fair value of the investments of Rmb9,746,000 (2010: gain on change in fair value of investment of Rmb14,342,000) has been recognised as other comprehensive loss.

During the year ended December 31, 2011, the Group disposed of certain listed equity investments and recognised a gain on disposal of Rmb4,072,000 (2010: Rmb25,052,000).

27. TRADE RECEIVABLES

The Group has no credit period granted to its trade customers of toll operation, service area businesses and securities operation. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2011 Rmb'000	2010 Rmb'000
Within 3 months	47,742	49,666
3 months to 1 year	–	–
1 to 2 years	–	271
Over 2 years	271	831
	48,013	50,768

Included in the Group's trade receivable balance aged within 3 months were toll receivables from the Expressway Fee Settlement Centre of the Highway Administration Bureau of Zhejiang Province and Hangzhou Urban and Rural Construction Committee amounting to Rmb47,086,000 (2010: Rmb48,232,000) which has been settled subsequent to the end of the reporting period. The directors consider the credit risk of the balance to be minimal. The Group has not provided for impairment loss on the balances past due as set out above and does not hold any collateral over these balances.

28. OTHER RECEIVABLES

	2011 Rmb'000	2010 Rmb'000
Analysed as:		
Current		
Consideration receivable* (Note a)	–	115,000
Entrusted loans receivables from related parties (Note 45(ii))	350,704	518,455
Entrusted loan receivable from a third party (Note b)	300,944	60,065
Dividend receivable from a former jointly controlled entity*	–	53,000
Interest receivables	72,932	32,473
Prepayments	40,275	53,223
Others*	79,287	120,937
	844,142	953,153
Non-current		
Entrusted loans receivables from related parties (Note 45(ii))	300,000	–
Loan receivable from an associate (Note 45(ii))	82,000	–
	382,000	–
	1,226,142	953,153

* The amounts were unsecured, interest-free and repayable on demand.

Notes:

(a) The balance represented the receivable of the unsettled consideration of the disposal of Hangzhou Shida Expressway Co., Ltd. ("Shida JV") during the year ended December 31, 2009, which is fully settled in 2011.

(b) Shangsan Co provided short-term entrusted loans during 2010 and as at December 31, 2010, totalling Rmb60,000,000 with maturity date of December 22, 2011 to Taizhou State-Owned Asset Operations Co., Ltd. ("Taizhou Co"), a non-controlling shareholder of a subsidiary of Shangsan Co at a fixed interest rate of 5.56% per annum and secured by 30,000,000 shares in Zheshang Securities as collateral which was fully settled in 2011.

Pursuant to the board resolutions of the Company on January 30, 2011, and the entrusted loan contracts, the Company provided short-term entrusted loans during 2011 totaling Rmb500,000,000 with maturity date of March 31, 2012 to Zhejiang Jiahe Industrial Co., Ltd. at a fixed interest rate of 12% per annum and guaranteed by Greentown Real Estate Group Co., Ltd. in full. Part of the loan of Rmb200,000,000 was early settled during 2011.

29. HELD FOR TRADING INVESTMENTS

	2011 Rmb'000	2010 Rmb'000
Held for trading investments include:		
Listed securities in the PRC, at fair value:		
Equity securities	195,609	197,592
Open-end equity funds	4,686	5,445
Corporate bonds with fixed interest ranging from 4.45% to 8.50% per annum	1,059,726	600,735
	1,260,021	803,772

30. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENT

As at December 31, 2010, the amounts represented debt securities acquired by the Group which would be resold at a predetermined price on January 6, 2011 under resale agreements with a financial institution in the PRC in that year. The amounts carried interest at fixed rates ranging from 2.89% to 2.98% and have been fully settled in January 2011.

The Group conducted resale agreement under usual and customary terms of placements and held collateral for these transactions.

The directors considered that the fair value of the collateral which were corporate bonds approximated the carrying amount of the financial assets held under resale agreement.

31. BANK BALANCES HELD ON BEHALF OF CUSTOMERS

From the Group's securities operation, the Group receives and holds money deposited by customers and other institutions. 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 institutions.

Bank balances held on behalf of customers carry interest at market rates which range from 1.62% to 1.98% (2010: 1.26% to 1.89%) per annum.

31. BANK BALANCES HELD ON BEHALF OF CUSTOMERS (Continued)

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, 2011	9,893	36,564
As at December 31, 2010	14,916	58,508

32. BANK BALANCES AND CASH

	2011 Rmb'000	2010 Rmb'000
Time deposits with original maturity over three months	2,467,793	325,545
Unrestricted bank balances and cash	2,292,357	2,650,053
Time deposits with original maturity of less than three months	828,073	3,032,000
Cash and cash equivalents	3,120,430	5,682,053
	5,588,223	6,007,598

Bank balances carry interest at the average market rate of 0.50% (2010: 0.36%) per annum. Time deposits carry interest at fixed rates ranging from 1.49% to 3.50% (2010: 1.35% to 2.50%) 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, 2011	5,271	26,931
As at December 31, 2010	5,264	26,875

33. ACCOUNTS PAYABLE TO CUSTOMERS ARISING FROM SECURITIES DEALING BUSINESS

The settlement terms of accounts payables arising from the securities dealing business are one day after the trade date. 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.

Accounts payable to customers arising from securities dealing business 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, 2011	9,893	36,564
As at December 31, 2010	14,947	58,718

34. 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:

	2011 Rmb'000	2010 Rmb'000
Within 3 months	93,602	166,438
3 months to 1 year	32,295	232,122
1 to 2 years	116,005	60,701
2 to 3 years	58,618	83,256
Over 3 years	16,668	6,178
	317,188	548,695

35. OTHER PAYABLES AND ACCRUALS

	2011 Rmb'000	2010 Rmb'000
Other liabilities:		
Accrued payroll and welfare	350,508	386,033
Advance from customers	77,754	67,102
Toll collected on behalf of other toll roads	36,944	33,630
Prepayment from non-controlling shareholder of Zheshang Securities (Note)	–	338,354
Construction payables	23,062	–
Others	194,051	182,365
	682,319	1,007,484
Accruals	41,897	41,817
	724,216	1,049,301

Note: Amount represented prepayment for additional capital injection to Zheshang Securities from a non-controlling shareholder of Zheshang Securities as at December 31, 2010. Such amount was credited to non-controlling interest upon the approval of the relevant government authorities during the year ended December 31, 2011.

36. BANK LOANS

	2011 Rmb'000	2010 Rmb'000
Bank loans, unsecured and repayable within one year	462,553	822,000

36. BANK LOANS (Continued)

At December 31, 2011, the bank loans included several loans totalling Rmb362,553,000 (2010: Rmb472,000,000) carrying interests at fixed rates ranging from 4.95% to 6.06% (2010: 5.10% to 5.81%). At December 31, 2011, the bank loans also included loans of Rmb100,000,000 (2010: Rmb350,000,000) carrying interests at floating rates based on the interest rate according to the People's Bank of China ranging from 6.31% to 6.56% (2010: 5% to 5.52%). The Group's borrowings that are dominated in currencies other than the functional currencies of the relevant group entities are set out below:

	HKD Rmb'000
As at December 31, 2011	312,553
As at December 31, 2010	–

37. PROVISIONS

	Litigation on interest claim Rmb'000 (Note i)	Litigation on public deposits and funds Rmb'000 (Note ii)	Other litigation Rmb'000 (Note iii)	Total Rmb'000
At January 1, 2010	21,683	87,813	12,981	122,477
Overprovision in prior years	(445)	–	(12,981)	(13,426)
Utilisation of provision	–	(87,813)	–	(87,813)
At December 31, 2010 and January 1, 2011	21,238	–	–	21,238
Overprovision in prior years	(21,238)	–	–	(21,238)
At December 31, 2011	–	–	–	–

Notes:

(i) The Group received a claim from the customers under the state bond investment agency agreements and fund trust agreements for the additional interest compensation upon the settlement of the principal and interest at a rate of 2.7%. During the year ended December 31, 2011, the plaintiff withdrew from the legal proceedings and obligation of the Group was fully discharged. Accordingly, the provision of Rmb21,238,000 (2010: Rmb445,000) has been released and included in other expenses for the year.

37. PROVISIONS (Continued)

Notes: – continued

(ii) Prior to the restructuring of Zheshang Securities by the Company, the original person-in-charge of one of the Sales Departments under Zheshang Securities illegally misappropriated customers' deposits and funds, which caused a loss of approximately Rmb90,000,000 to the relevant customers and filed civil lawsuit against Zheshang Securities. During the year ended December 31, 2010, Zheshang Securities fully settled the principal and interest to all customers and discharged its obligation.

(iii) Sinobase International Ltd. initiated a lawsuit against Zheshang Securities in respect of a dispute for asset management entrustment contract entered into with Zheshang Securities in September 2005 with a principal and default compensation in aggregate of Rmb12,981,000. Sinobase International Ltd. withdrew the legal proceeding against Zheshang Securities during the year ended December 31, 2010. Accordingly, the provision of Rmb12,981,000 was reversed during the year ended December 31, 2010.

38. DERIVATIVE FINANCIAL INSTRUMENT

	2011 Rmb'000	2010 Rmb'000
Foreign currency forward contract	6,426	–

As at December 31, 2011, the Group entered into foreign currency forward contract. The major terms of the outstanding contract are as follows:

Notional amount	Maturity	Exchange rates
Buy HKD 386,000,000, sell RMB	May 31, 2012	Rmb0.8292 to HKD1

The fair value of foreign currency forward contract is measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contract.

39. LONG-TERM BONDS

	2011 Rmb'000	2010 Rmb'000
Long-term bonds – listed in the PRC	1,000,000	1,000,000

The long-term bonds are unsecured, carry interest payable annually at a fixed rate of 4.29% per annum and are repayable in 2013 upon maturity. The quoted price of the listed long-term bonds as at December 31, 2011 is Rmb1,000,000,000.

40. DEFERRED TAXATION

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

	Provisions Rmb'000	Changes in fair value of held for trading and available-for-sale investments Rmb'000	Accelerated tax depreciation of property plant and equipment and expressway operating rights Rmb'000	Fair value adjustment of intangible assets Rmb'000	Others Rmb'000	Total Rmb'000
At January 1, 2010	(8,666)	13,207	238,565	36,577	(17,646)	262,037
Charge (credit) to profit or loss	3,356	26,277	(10,004)	(2,339)	(13,095)	4,195
Credit to other comprehensive loss	–	(3,585)	–	–	–	(3,585)
At December 31, 2010	(5,310)	35,899	228,561	34,238	(30,741)	262,647
Charge (credit) to profit or loss	5,310	(14,383)	(10,004)	(2,339)	(11,602)	(33,018)
Charge to other comprehensive loss	–	2,437	–	–	–	2,437
At December 31, 2011	–	23,953	218,557	31,899	(42,343)	232,066

41. SHARE CAPITAL

	Number of shares		Share capital	
	2011	2010	**2011 Rmb'000**	2010 Rmb'000
Registered, issued and fully paid:				
Domestic shares of Rmb1.00 each	2,909,260,000	2,909,260,000	2,909,260	2,909,260
H Shares of Rmb1.00 each	1,433,854,500	1,433,854,500	1,433,855	1,433,855
	4,343,114,500	4,343,114,500	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.

41. SHARE CAPITAL (Continued)

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.

42. 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 has 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.

43. COMMITMENTS

	2011 **Rmb'000**	2010 Rmb'000
Authorised but not contracted for:		
– Investments in expressways upgrade services	6,070	46,620
– Purchase of machinery and equipment	345,344	342,757
– Renovation of service areas	20,970	16,100
– Acquisition and construction of properties	407,203	360,180
– Purchase of office buildings	485,700	–
	1,265,287	765,657

44. OPERATING LEASES

The Group as lessee

	2011 Rmb'000	2010 Rmb'000
Minimum lease payments	13,637	11,765
Contingent rental expenses	4,958	4,501
	18,595	16,266

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:

	2011 Rmb'000	2010 Rmb'000
Within one year	14,851	13,637
In the second to fifth years inclusive	61,241	58,651
Over five years	13,540	29,117
	89,632	101,405

Operating lease payments represent rentals payable by the Group for certain service areas along expressways located in Zhejiang and Tianjin. They are negotiated for an average term of ten years and rentals contain both a fixed element and a contingent element linked to sales.

44. OPERATING LEASES (Continued)

The Group as lessor

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

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

	2011 Rmb'000	2010 Rmb'000
Within one year	34,896	28,010
In the second to fifth years inclusive	37,001	40,113
After five years	24,943	19,183
	96,840	87,306

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 sales 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.

45. RELATED PARTY TRANSACTIONS AND BALANCES

The following is a summary of the related party transactions arising from the Group's operating activities:

(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.

(a) Transactions with Communications Group

(1) Pursuant to the provisional agreement entered into between Zheshang Securities and a related party, Jinji Co, a subsidiary of the Communications Group, dated December 26, 2011, Zheshang Securities agreed to purchase a property in Hangzhou from Jinji Co for a provisional consideration of Rmb809,500,000. As at December 31, 2011, deposit of Rmb323,800,000 has been paid to Jinji Co. The purchase agreement has not been signed and acquisition has not been completed at the date of this report.

45. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

(a) Transactions with Communications Group (Continued)

(2) Pursuant to the board resolutions of the Company on November 10, 2011, and the loan contract, the Company provided long-term loan, totalling Rmb82,000,000 with maturity date on November 16, 2013 to Yongjin at floating rates based on the benchmark interest rate according to the People's Bank of China ranging from 6.31% to 6.56%.

(3) During the year ended December 31, 2010, pursuant to the capital injection agreement entered into between Yongjin and the Company, the Company injected Rmb23,450,000 in Yongjin for its working capital.

Yongjin is a subsidiary of the Communications Group and also an associate of the Group.

(b) Transactions with other government related parties

(1) Pursuant to the operation management agreement entered into between Zhejiang Expressway Investment Development Co., Ltd. ("Development Co"), a wholly owned subsidiary of the Group, and Petroleum Co in respect of the petrol stations in the service areas along the Shanghai-Hangzhou-Ningbo and Shangsan Expressways, Petroleum Co will with their expertise assist Development Co in running their petrol stations along the Shanghai-Hangzhou-Ningbo and Shangsan Expressways. Purchases of petroleum products from Petroleum Co during year ended December 31, 2011 amounted to Rmb1,566,140,000 (2010: Rmb1,358,463,000).

Petroleum Co is a government related entity and also an associate of the Group.

(2) The Group has entered into various transactions, including deposit placements, borrowings and other general banking facilities, with certain banks and financial institutions 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.

In respect of the Group's toll road 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.

45. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

(a) Transactions and balances with associates and its subsidiaries

(1) Pursuant to the resolutions of the shareholders' meeting on June 21, 2010 of Development Co, and the entrusted loan contracts, Development Co provided short-term entrusted loans during 2010 totalling Rmb270,000,000 with maturity date from July 11, 2011 to September 20, 2011 to Hangzhou Concord Property Investment Co., Ltd. ("Hangzhou Concord Co"), a subsidiary of the Group's associate at a fixed interest rate of 12% per annum. Such entrusted loan is guaranteed by World Trade Center Zhejiang Real Estate Development Co., Ltd. ("World Trade Ltd"), a related party of Hangzhou Concord Co, in full. Part of the entrusted loan of Rmb120,000,000 was repaid during 2011. Pursuant to the supplemental entrusted loan contract on July 6, 2011 of Development Co, and supplemental entrusted loan contract, the maturity date of the entrusted loan totalling Rmb150,000,000 was deferred to July 10, 2012, at a fixed interest rate of 12% per annum and guaranteed by World Trade Ltd, a related party of Hangzhou Concord Co, in full, in which Part of the entrusted loan of Rmb50,471,000 was early settled during 2011.

(2) Pursuant to the resolutions of the shareholders' meeting on July 8, 2010 of Zhejiang Expressway Advertising Co., Ltd. ("Advertising Co"), a subsidiary of Development Co, and the entrusted loan contract, Advertising Co provided short-term entrusted loan during 2010 totalling Rmb30,000,000 with maturity date of July 10, 2011 to Hangzhou Concord Co at a fixed interest rate of 12% per annum. Such entrusted loan was guaranteed by World Trade Ltd, a related party of Hangzhou Concord Co, in full. Pursuant to the resolutions of the shareholders' meeting on May 25, 2011 of Development Co and the supplemental entrusted loan contract, the maturity date of the entrusted loan totalling Rmb30,000,000 was deferred to July 10, 2012, at a fixed interest rate of 12% per annum and guaranteed by World Trade Ltd, a related party of Hangzhou Concord Co, in full.

(3) Pursuant to the board resolutions of the Company on August 28, 2010, and the entrusted loan contracts, the Company provided short-term entrusted loans during 2010 totalling Rmb200,000,000 with maturity date of September 30, 2011 to Hangzhou Concord Co at a fixed interest rate of 12% per annum. Such entrusted loan was guaranteed by World Trade Ltd, a related party of Hangzhou Concord Co, in full. The entrusted loan was fully repaid during 2011.

45. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

(a) Transactions and balances with associates and its subsidiaries (Continued)

(4) Pursuant to the board resolutions of the Company on August 28, 2010, and the entrusted loan contracts, the Company provided short-term entrusted loans during 2011 totalling Rmb390,000,000 with maturity date from November 4, 2011 to August 7, 2012 and long-term entrusted loan Rmb100,000,000 with maturity date May 17, 2013 to Zhejiang Canal Concord Property Co., Ltd., a subsidiary of Hangzhou Concord Co, at a fixed interest rate of 12% per annum. Such entrusted loans are guaranteed by World Trade Ltd, a related party of Hangzhou Concord Co, in full. Part of the entrusted loan of Rmb200,000,000 was early settled during 2011.

(5) Pursuant to the board resolutions of the Company on August 28, 2010, and the entrusted loan contract, the Company provided long-term entrusted loan during 2011 totalling Rmb200,000,000 with maturity date of April 25, 2013 to Hangzhou Canal Concord Property Co., Ltd., a subsidiary of Hangzhou Concord Co at a fixed interest rate of 12% per annum. Such entrusted loan is guaranteed by World Trade Ltd, a related party of Hangzhou Concord Co, in full.

Interest income recognised in 2011 on the above entrusted loan transactions with associates and its subsidiaries were Rmb71,491,000 (2010: Rmb26,432,000).

(b) Transactions with non-controlling shareholders of a subsidiary

During the year ended December 31, 2010, pursuant to the acquisition agreements entered into between the vendors of Development Co and the Company, the Company acquired 49% equity interest in Development Co (of which 3.9% are held by Mr. JIANG Wenyao and Mr. ZHANG Jingzhong, who are the directors of the Company, and Mr. Fang Zhexing, who is the supervisor of the Company). Upon completion of the acquisition, Development Co. became a wholly-owned subsidiary of the Company.

(c) Compensation of directors, supervisors, and key management personnel

The remuneration of the directors, supervisors and key management personnel during the year was Rmb3,842,000 (2010: Rmb4,147,000) including retirement benefit scheme contribution of Rmb95,000 (2010: Rmb98,000) which is determined by the performance of the individuals and the market trends.

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Date and place of registration	Registered and paid-in capital	Percentage of equity interest attributable to the Company				Principal activities
			Direct		Indirect		
		Rmb	2011	2010	2011	2010	
			%	%	%	%	
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
Advertising Co	Note 5	3,500,000	–	–	*70	*70	Provision of advertising services
Zhejiang Expressway Vehicle Towing and Rescue Services Co., Ltd. ("Service Co")	Note 6	8,000,000	100	–	–	*100	Provision of vehicle towing, repair and emergency rescue services
Hangzhou Roadtone Advertising Co., Ltd. ("Roadtone Co")	Note 7	3,000,000	–	–	*51	*51	Provision of advertising services
Zheshang Securities	Note 8	2,120,000,000	–	–	**52.15	**51.88	Operation of securities business
Zheshang Futures	Note 9	150,000,000	–	–	***52.15	***51.88	Operation of securities business

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

* These two above companies are subsidiaries of Development Co, a wholly-owned subsidiary of the Company, and, accordingly, are accounted for as subsidiaries by virtue of the Group's control over them.

Pursuant to the resolution of directors' meeting on May 25, 2011 of Development Co and the share transfer agreement, 100% shares of Service Co were transferred to the Company on September 26, 2011.

** The company is a subsidiary of Shangsan Co, a non-wholly-owned subsidiary of the Company, and, accordingly, is accounted for as a subsidiary by virtue of the Group's control over it.

*** The company is a subsidiary of Zheshang Securities, a non-wholly-owned subsidiary of Shangsan Co, and, accordingly, is accounted for as a subsidiary 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: Service Co was established on July 31, 2003 in the PRC as a limited liability company.

Note 7: Roadtone Co was established on July 27, 2004 in the PRC as a limited liability company.

Note 8: Zheshang Securities was established on May 9, 2002 in the PRC as a limited liability company.

Note 9: Zheshang Futures was established on September 7, 1995 in the PRC as a limited liability Company.

All of the Company's subsidiaries are operating in the PRC. None of them had in issue any debt securities at the end of the year.

47. NON-CASH TRANSACTIONS

For the year ended December 31, 2010, consideration of Rmb338,354,000 was paid from the non-controlling shareholders of Zheshang Securities for capital injection in Zheshang Securities. Upon the approval from the relevant government authorities, the amount was recognised as capital contribution from the non-controlling interest during the year ended December 31, 2011.

48. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

	2011 Rmb'000	2010 Rmb'000
Investment in subsidiaries	4,557,600	4,554,119
Amounts due from subsidiaries	1,007,193	1,268,640
Other assets	8,683,869	8,363,766
	14,248,662	14,186,525
Total liabilities	2,621,828	2,739,901
Capital and reserves		
Share capital	4,343,115	4,343,115
Reserves	7,283,719	7,103,509
	11,626,834	11,446,624

Corporate Information

EXECUTIVE DIRECTORS

CHEN Jisong (Chairman)
ZHAN Xiaozhang (General Manager)
JIANG Wenyao
ZHANG Jingzhong
DING Huikang

NON-EXECUTIVE DIRECTORS

ZHANG Luyun

INDEPENDENT NON-EXECUTIVE DIRECTORS

TUNG Chee Chen
ZHANG Junsheng
ZHANG Liping

SUPERVISORS

MA Kehua
FANG Zhexing
JIANG Shaozhong
WU Yongmin
LIU Haiseng

COMPANY SECRETARY

Tony ZHENG

AUTHORIZED REPRESENTATIVES

CHEN Jisong
ZHANG Jingzhong

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United Kingdom

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Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Tel: 852-2894 6321
Fax: 852-2576 1990

PRINCIPAL BANKERS

Industrial and Commercial Bank of China, Zhejiang Branch
China Construction Bank, 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

CORPORATE BOND LISTING INFORMATION

The Shanghai Stock Exchange
Symbol: 03滬杭甬
Code: 120308

Website

www.zjec.com.cn

Location Map of Expressways in Zhejiang Province


Zhoushan
YongTaiWen Exp.Secondary Route

系统交接
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