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

2013 Annual Report

Focus on Transformational Development, Deepen Reform and Innovation

During the year of 2013, under the leadership of the parent company, the Company strived to accelerate the transformational development of its listing platform and achieved its annual target. The Company also actively looked to deepen reforms and innovation. As a result, the Group's operating performance improved significantly.

Content

Definition of Terms

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

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
Maintenance Co	Zhejiang Expressway Maintenance Co., Ltd.(浙江滬杭甬養護工程有限公司), a 100% owned subsidiary of the Company
Period	the period from January 1, 2013 to December 31, 2013
Petroleum Co	Zhejiang Expressway Petroleum Development Co., Ltd.(浙江高速石油發展有限公司), a 50% owned associate of the Company
PRC	the People's Republic of China
Rmb	Renminbi, the lawful currency of the PRC
SFO	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
Shangsan Co	Zhejiang Shangsan Expressway Co., Ltd.(浙江上三高速公路有限公司), a 73.625% owned subsidiary of the Company
Shareholders	the shareholders of the Company
Shengxin Co	Shengxin Expressway Co., Ltd.(浙江紹興嵊新高速公路有限公司), a 50% owned joint venture of the Company
Supervisory Committee	the supervisory committee of the Company
Towing Co	Zhejiang Expressway Vehicle Towing and Rescue Services Co., Ltd.(浙江高速公路清障施救服務公司), a 100% owned subsidiary of the Company
Yuhang Co	Zhejiang Yuhang Expressway Co., Ltd.(浙江余杭高速公路有限責任公司), a 51% owned subsidiary of the Company
Zheshang Securities	Zheshang Securities Co., Ltd.(浙商證券股份有限公司), a 70.83% owned subsidiary of the Shangsan Co
Zhejiang Communications Finance	Zhejiang Communications Investment Group Finance Co., Ltd.(浙江省交通投資集團財務有限責任公司), a 35% owned associate of the Company

Company Profile

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

Major assets under management of the Group include the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142 km Shangsan Expressway, the 70 km Jinhua section of Ningbo-Jinhua Expressway, ancillary facilities along the three expressways, and Zheshang Securities. All of the three expressways are situated within Zhejiang Province in the PRC. As at December 31, 2013, total assets of the Company and its subsidiaries amounted to Rmb32,089.19 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.

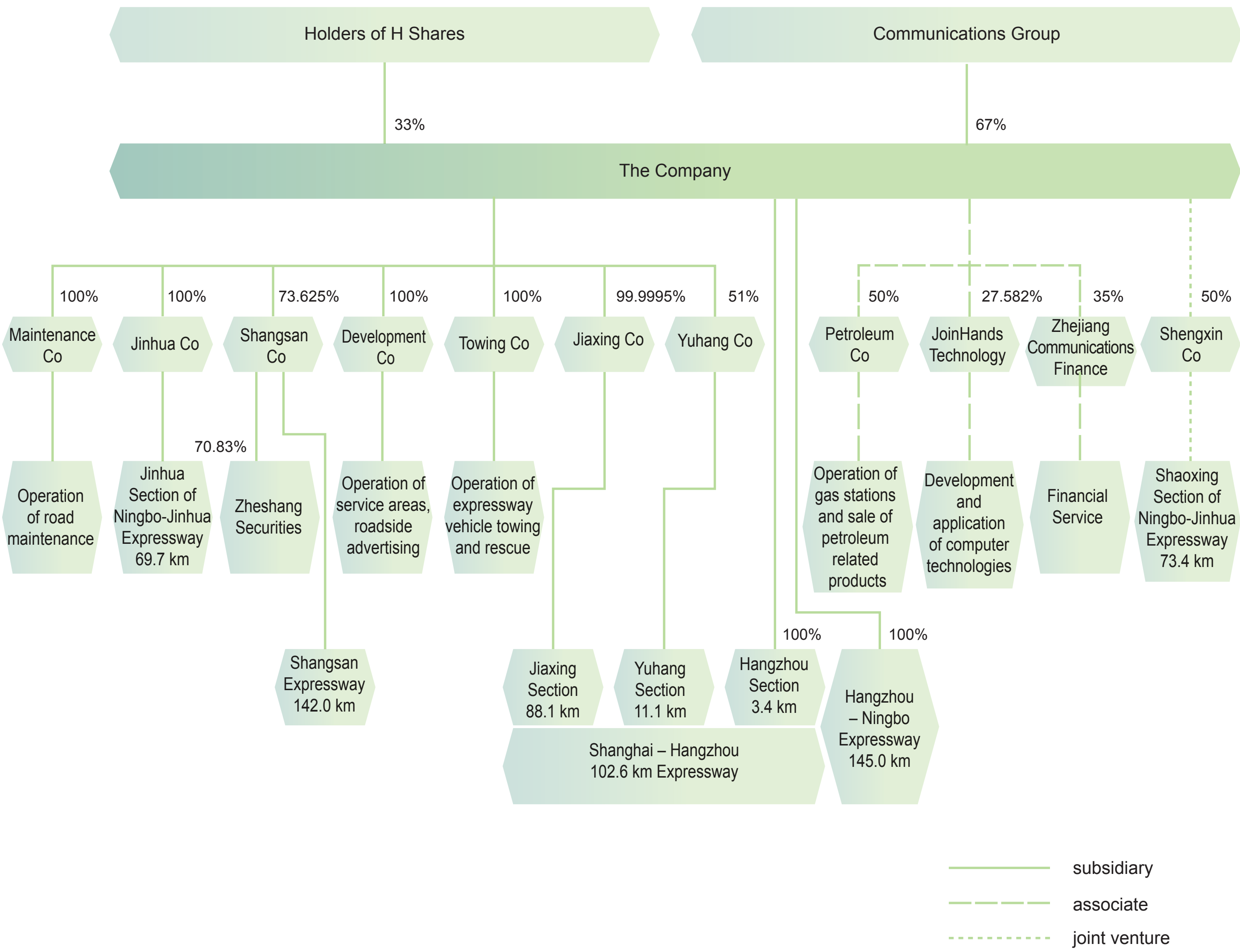
Incorporated on December 29, 2001, Communications Group, the controlling shareholder of the Company, is a provincial-level communications company which is wholly-owned by the State and established by the Zhejiang Provincial Government. It mainly operates a diversity of businesses, such as investment, 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, 2013, consolidated assets of Communications Group totaled Rmb150,400.91 million.

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

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

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

Set out below is the corporate and business structure of the Group as at December 31, 2013:



Review of Major Corporate Events

1. On January 16, 2013, the Company announced the final distribution notice for its ten-year 2003 corporate bonds. On January 21, 2013, the final interest together with principal were paid accordingly.

2. On March 21, 2013, the Company announced its 2012 annual results in Hong Kong and thereafter conducted its annual results presentations in Hong Kong and Britain.

3. On March 30, 2013, the Company entered into a capital increase agreement with Zhejiang Communications Investment Group Finance Co., Ltd. and its existing shareholders, pursuant to which the Company has conditionally agreed to make a capital contribution of Rmb280 million in cash to the equity capital of Zhejiang Communications Finance, thereby enabling the Company to own a 35% equity interest in Zhejiang Communications Finance.

4. On May 3, 2013, China Securities Regulatory Commission confirmed the acceptance of Zheshang Securities's application for the listing of its shares as A shares on the Shanghai Stock Exchange.

5. On May 7, 2013, the Company announced its 2013 first quarterly results.

6. On June 21, 2013, the Company held its 2012 Annual General Meeting to approve the distribution of a final dividend of Rmb0.24 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. The acquisition of the remaining 76.55% equity interest in Zhejiang Jinhua Yongjin Expressway Co., Ltd. and the proposal of issuing domestic corporate bonds with an aggregate principal amount of up to Rmb1 billion were also approved.

7. On June 30, 2013, the Company completed the acquisition of the remaining 76.55% equity interest in Zhejiang Jinhua Yongjin Expressway Co., Ltd., which then became a 100% owned subsidiary of the Company, and merger accounting method was adopted.

8. On August 29, 2013, the Company announced its 2013 interim results in Hong Kong and thereafter conducted its interim results presentations in Hong Kong.

9. On October 17, 2013, the Company held an Extraordinary General Meeting at which the distribution of an interim dividend of Rmb0.06 per share was approved.

   On the same day, the Development Co. was selected as one of the first "Top Ten Expressway Service Area Management Companies in China," and became the only service area management company selected in Zhejiang province.

10. On November 11, 2013, the Company announced its 2013 third quarterly results.

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

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	15
– Yuhang Section	51%	11.1	6	1	0	1995-1998	15
– Hangzhou Section	100%	3.4	4	2	0	1995	15
Hangzhou-Ningbo Expressway							
– Hangzhou to Hongken section	100%	16.0	4	1	0	1992	14
– Hongken to Duantang section	100%	124.0	8	9	2	1995	14
– Duantang to Dazhujia section	100%	5.0	4	1	0	1996	14
Shangsan Expressway	73.625%	142.0	4	11	3	2000	17
Ningbo-Jinhua Expressway							
– Jinhua Section	100%	69.7	4	7	1	2005	17

Current Toll rates on the Shanghai-Hangzhou-Ningbo Expressway

1. Passenger vehicle classification and toll rates

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

2. Toll rates on goods vehicles

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

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

Financial and Operating Highlights

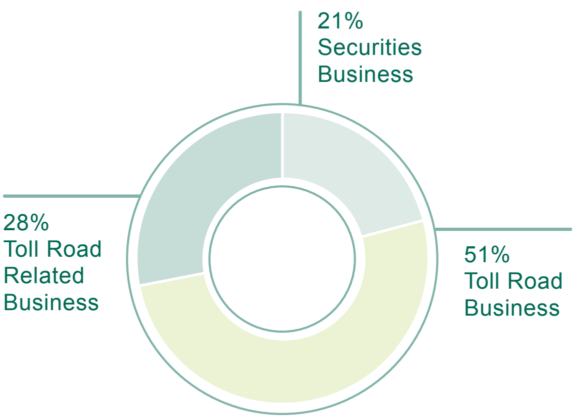
Results

	Year ended December 31,				
	2009 Rmb'000 (Restated)	2010 Rmb'000 (Restated)	2011 Rmb'000 (Restated)	2012 Rmb'000 (Restated)	**2013** **Rmb'000**
Revenue	6,175,626	6,959,504	6,994,391	6,927,415	**7,851,115**
Profit Before Tax	2,936,461	3,044,830	2,719,108	2,461,289	**2,971,738**
Income Tax Expense	(811,530)	(784,714)	(704,705)	(634,669)	**(756,761)**
Profit for the year	2,124,931	2,260,116	2,014,403	1,826,620	**2,214,977**
Attributable to:					
Owners of the Company	1,705,349	1,826,565	1,760,738	1,649,484	**1,907,470**
Non-controlling interests	419,582	433,551	253,665	177,136	**307,507**
Earnings Per Share (EPS)	39.27 cents	42.06 cents	40.54 cents	37.98 cents	**43.92 cents**

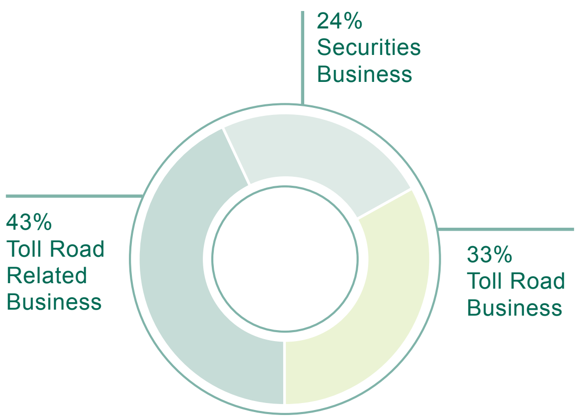
Return on Equity (ROE)

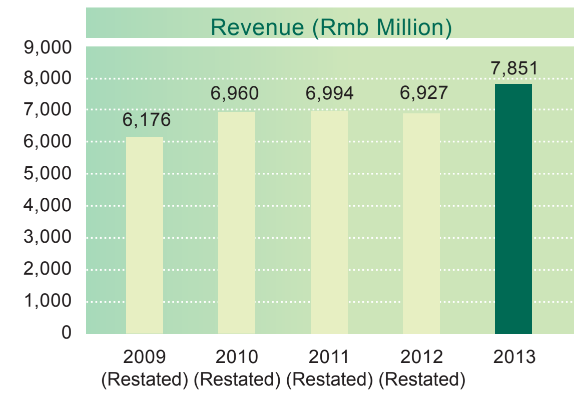
	2009 (Restated)	2010 (Restated)	2011 (Restated)	2012 (Restated)	**2013**
ROE	11.56%	11.92%	11.19%	10.28%	**11.94%**

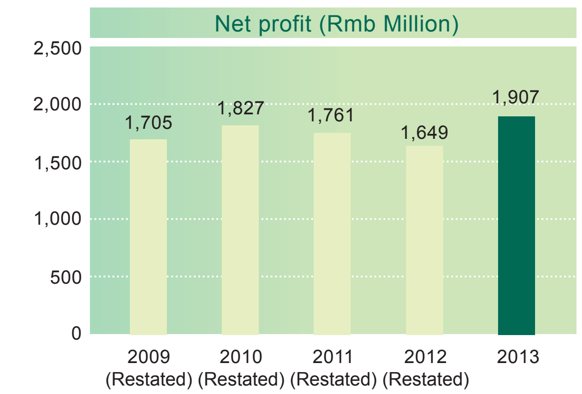
Segmental Revenue (year 2013)

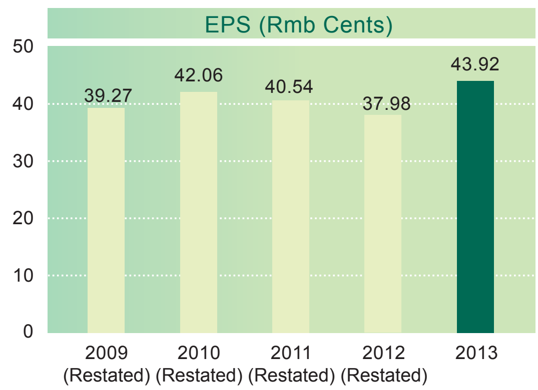


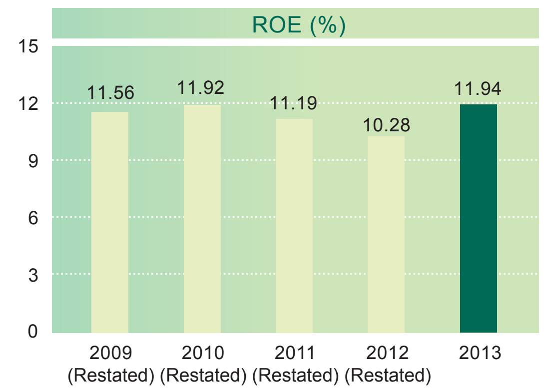
Segmental Operating Cost (year 2013)

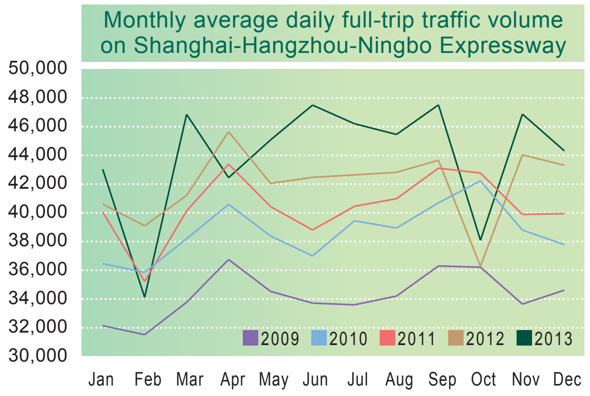


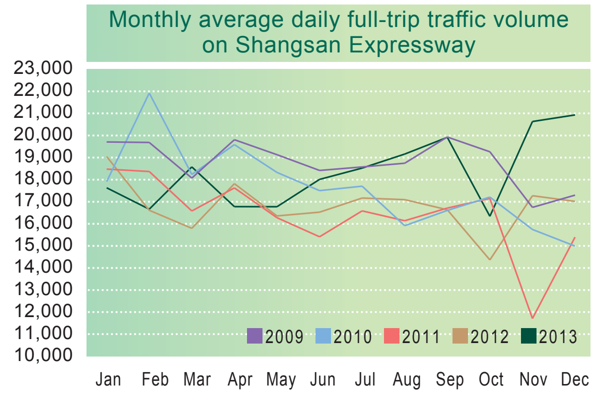

Revenue (Rmb Million)
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
6,176
6,960
6,994
6,927
7,851
2009 (Restated)
2010 (Restated)
2011 (Restated)
2012 (Restated)
2013

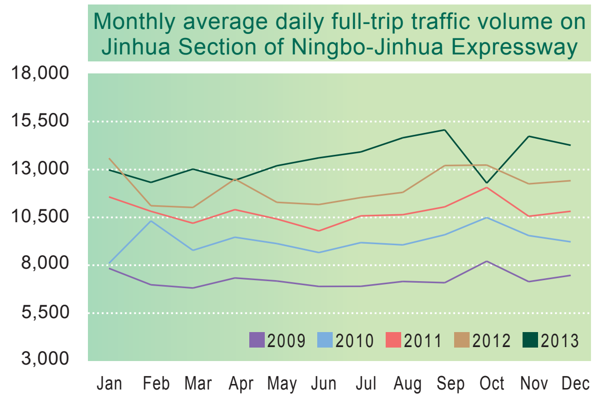

Net profit (Rmb Million)
2,500
2,000
1,500
1,000
500
0
1,705
1,827
1,761
1,649
1,907
2009 (Restated)
2010 (Restated)
2011 (Restated)
2012 (Restated)
2013


EPS (Rmb Cents)
50
40
30
20
10
0
39.27
42.06
40.54
37.98
43.92
2009 (Restated)
2010 (Restated)
2011 (Restated)
2012 (Restated)
2013


ROE (%)
15
12
9
6
3
0
11.56
11.92
11.19
10.28
11.94
2009 (Restated)
2010 (Restated)
2011 (Restated)
2012 (Restated)
2013


Monthly average daily full-trip traffic volume on Shanghai-Hangzhou-Ningbo Expressway
50,000
48,000
46,000
44,000
42,000
40,000
38,000
36,000
34,000
32,000
30,000
2009
2010
2011
2012
2013
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec


Monthly average daily full-trip traffic volume on Shangsan Expressway
23,000
22,000
21,000
20,000
19,000
18,000
17,000
16,000
15,000
14,000
13,000
12,000
11,000
10,000
2009
2010
2011
2012
2013
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec


Monthly average daily full-trip traffic volume on Jinhua Section of Ningbo-Jinhua Expressway
18,000
15,500
13,000
10,500
8,000
5,500
3,000
2009
2010
2011
2012
2013
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Chairman's Statement

Dear Shareholders,

It is my honour to present the annual results of Zhejiang Expressway for the year 2013 on behalf of the Board of Directors.

Over the course of the year, the global economy continued to fluctuate. While the U.S. has been creating jobs and both its housing market and Wall Street have moved up sharply, the EU still remained in recession for much of the year, and living standards in most of the developed world have yet to recover. In China, the economy remained stable amid external volatility and stable GDP growth eased worries about a "hard landing". Meanwhile, China's fixed-asset investment climbed 19.6%, which helped drive economic growth at a moderate and sustainable pace.

Despite a number of natural disasters that struck our business' home province of Zhejiang, including the devastating typhoon Fitow in October, which affected certain sections of our expressways for a short time, the region remained a hub for China's manufacturing industry and privately-owned small- to mid-size enterprises and achieved year-on-year GDP growth of 8.2%, a slight rise from 8.0% in the prior year. In 2013, the total import and export value for Zhejiang Province was more than RMB 2 trillion. Of this, the province's export value reached RMB 1.5 trillion, representing double-digit year-on-year growth and ranking 3rd nationwide.

Chairman
ZHAN Xiaozhang

Carry on the Three-year Strategic Program and Focus on the Transformational Development

Steady growth in the provincial economy of Zhejiang as well as solid operating performance helped us record our best financial results since 2008. We also achieved major progress in our three-year strategic program aimed at transforming our business model through sound capital management, cost controls, and brand improvements. With overwhelming support from our independent shareholders, we were able to acquire 76.55% equity interest in the Jinhua section of the Ningbo-Jinhua Expressway, 66.28% of which were acquired from our parent company, the Communications Group. The Jinhua acquisition illustrates two of our growth principles – our commitment to achieving portfolio growth in our expressway network and collaboration with our parent company for the benefit of all our shareholders.

In 2013, our three-year strategic initiative had a positive impact on our core businesses as well as our future development plan. Following a thorough analysis and inspection of a series of projects, we initiated a plan to identify potential new businesses that would be good candidates to fit into our transformation model. On the corporate side, we took steps to improve risk controls by refining our audit system covering construction project management, contract management, and other internal risks.

Despite the Chinese stock market being one of the world's worst performing in 2013, trading volumes remained active. Zheshang Securities, our financial brokerage subsidiary, recorded a substantial increase in net profit. The brand awareness and branch network of Zheshang Securities continued to expand during 2013. The brokerage ranked top among its peers in terms of both bond issuance and number of deals, and margin trading and securities lending became a new profit growth driver during the year. I am even more pleased to report that the China Securities Regulatory Commission has accepted Zheshang Securities' application for an initial public offering on the Shanghai Stock Exchange, and the Company has officially entered into the wait list. As of the end of 2013, Zheshang Securities had 108 securities and futures business outlets across China and RMB83.0 billion of assets under management.

Looking ahead, we believe that China is enduring some short-term pain as it continues to revamp its growth model, but these moves will help the country over the long-term with innovation and structural reform. On the whole, China's economy is expected to remain stable through this adjustment phase. In addition, while there are clearly still a number of complex and lingering effects from the global financial crisis, the U.S. and European markets are expected to continue to recover, albeit at a relatively slow pace. This should create opportunities for manufacturers in Zhejiang Province, which in turn should continue to support a moderate growth in our traffic volumes. Moreover, the newly announced Free Trade Zone in Shanghai is set to ease and facilitate imports and exports, and attract foreign companies to establish headquarters there. We believe this zone will also help to boost traffic volume in and around the Yangtze River Delta region.

Considering all of these factors, we will continue to push forward our transformational development plan and seek to grasp potential investment opportunities, strengthen our talent base, form a sustainable corporate culture, enhance efficiency, increase the use of information technology, and strengthen our overall capabilities to manage our businesses. We believe these actions will help us continue to deliver excellent results and further improvements in operational efficiency.

In conclusion, I would like to thank all of our stakeholders for their support and confidence as we work towards making our company a better, stronger company. To our customers and clients, we owe you the highest quality of service, on our roads, in our service area operations, and in our securities and futures business. To our 6,238 employees, we adopt a performance-based incentive scheme and create a working environment second to none. To our shareholders, we are committed to a stable long-term dividend payout policy. 2013 has been a good year – and we expect 2014 to be even better.

Zhan Xiaozhang
Chairman
March 17, 2014

Management Discussion and Analysis

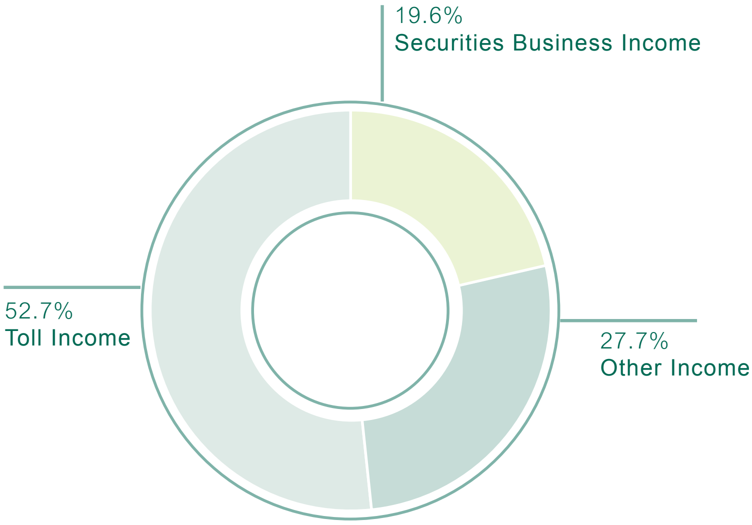
Director and General Manager

LUO Jianhu

BUSINESS REVIEW

In 2013, China's economy maintained a relatively fast pace of GDP growth of 7.7% compared with last year. Though Zhejiang's economy saw a slight decrease in its growth rate during the fourth quarter, the Province's economy and overall investment levels generally maintained solid momentum. During the Period, Zhejiang Province's GDP increased 8.2% year-on-year.

As Zhejiang Province's economy steadily improved and its foreign trade showed signs of recovery, traffic volume on the Group's expressways continued to see steady organic growth. In addition, stock market trading volumes also resumed. As a result, income from the Group's overall operations increased 13.4% year-on-year. Total income reached Rmb8,092.98 million, of which Rmb4,158.34 million was attributable to the three major expressways operated by the Group, representing an increase of 6.6% year-on-year and 51.4% of the total income; Rmb2,192.48 million was attributable to the Group's toll road-related businesses, representing an increase of 6.9% year-on-year and 27.1% of the total income; and Rmb1,742.17 million was attributable to the securities business, representing an increase of 47.5% year-on-year and 21.5% of the total income.



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

	2013 Rmb'000	2012 Rmb'000 (Restated)	% Change
Toll income			
Shanghai-Hangzhou-Ningbo Expressway	**3,122,022**	2,968,396	5.2%
Shangsan Expressway	**769,723**	702,489	9.6%
Jinhua section, Ningbo-Jinhua Expressway	**266,594**	231,481	15.2%
Other income			
Service areas (mainly sales of goods)	**2,062,558**	1,945,614	6.0%
Advertising	**107,692**	104,276	3.3%
Road maintenance	**22,227**	471	4,619.1%
Securities business income			
Commission	**1,288,151**	886,946	45.2%
Bank interest	**454,017**	293,924	54.5%
Subtotal	**8,092,984**	7,133,597	13.4%
Less: Revenue taxes	**(241,869)**	(206,182)	17.3%
Revenue	**7,851,115**	6,927,415	13.3%

Toll Road Operations

As the economy in Zhejiang Province stabilized with positive signs of progress and improvements were seen in foreign trade, the Group's expressways achieved a high level of organic growth in traffic volume. Traffic volume on the Shangsan Expressway grew at an even higher rate, benefiting from a higher concentration of small and medium sized enterprises along its route, while the Jinhua Section of the Ningbo-Jinhua Expressway benefited from a strong growth in trade at the nearby Yiwu small commodities market with the container truck traffic growing at a fast pace.

In the meantime, the toll free policy on small passenger vehicles during major holidays led to a loss of approximately Rmb140 million in toll income in 2013. In addition, the Group's toll income suffered a combined loss of approximately Rmb100 million during the Period as a result of a gradual phasing out of the "Unified Toll Card" policy, adjustments made to the rounding off of the last figures for passenger vehicle tolls, as well as the policy adjusting passenger vehicle classifications.

Although the Jiaxing-Shaoxing Expressway (not operated by the Group), which first opened to passenger vehicles in July, 2013, diverted some traffic away from the Group's Shanghai-Hangzhou-Ningbo Expressway, the loss in traffic was partly offset by a rise in traffic on the Group's Shangsan Expressway. However, the positive impact on Shangsan Expressway was not fully realized until the Jiaxing-Shaoxing Expressway opened to trucks at the end of November, 2013. Overall the Company's toll income was adversely affected by approximately Rmb8 million in 2013. Additionally, bad weather caused by Typhoon "Fitow" and other short-term unfavorable factors had also affected the Group's toll income, which led to a loss of approximately Rmb15 million.

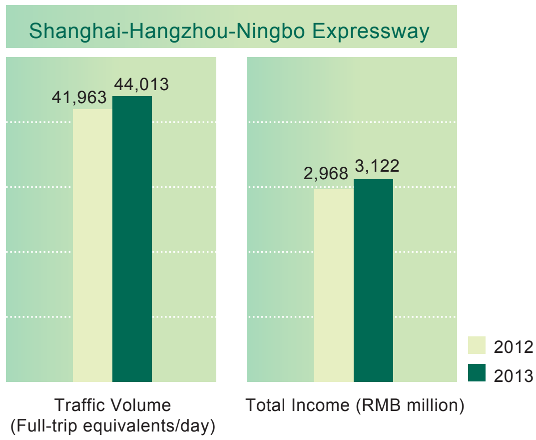
Although the Group's toll road operations were challenged by various negative factors in 2013, the management was still able to deliver solid results and increase toll income by taking more initiatives to plug loopholes, conducting marketing campaigns to attract traffic, and modifying weighing equipment for accurate measurements.

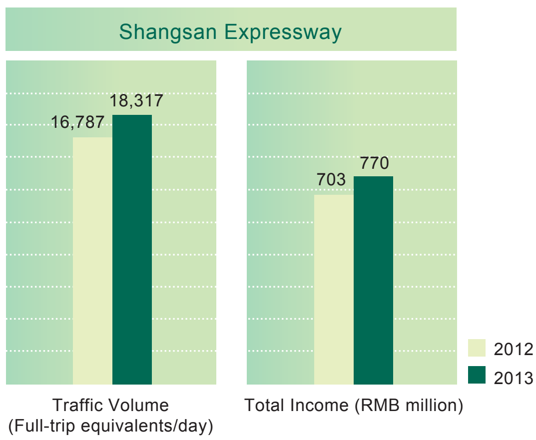
By the end of June 2013, the Group completed the acquisition of a 76.55% equity interest in Jinhua Co (which operates the 69.7km Jinhua Section of the Ningbo-Jinhua Expressway). During the Period, as local roads that run parallel to the Jinhua Section of the Ningbo-Jinhua Expressway were under construction, a large number of vehicles on short-distance trips were redirected to the Ningbo-Jinhua Expressway as a result to effective promotions and road signage. This led to a further increase in traffic volume and helped to drive an increase in toll income of Rmb10 million.

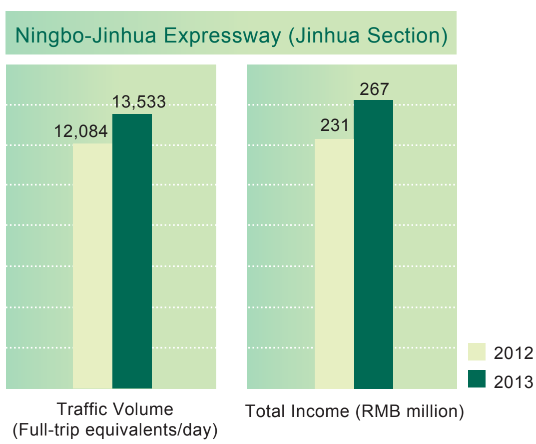
Continued Progress Leads to Improved Results

2013 was the first year of the Company's three-year development plan. During the year, the Company achieved its best performance since 2008, leveraging its listing platform and steadily pushing forward its transformational development.

The average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 44,013 during the Period, representing an increase of 4.9% year-on-year. In particular, average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou Section of the Shanghai-Hangzhou-Ningbo Expressway was 44,182, representing an increase of 3.4% year-on-year, and that along the Hangzhou-Ningbo Section was 43,891, representing an increase of 5.9% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsan Expressway







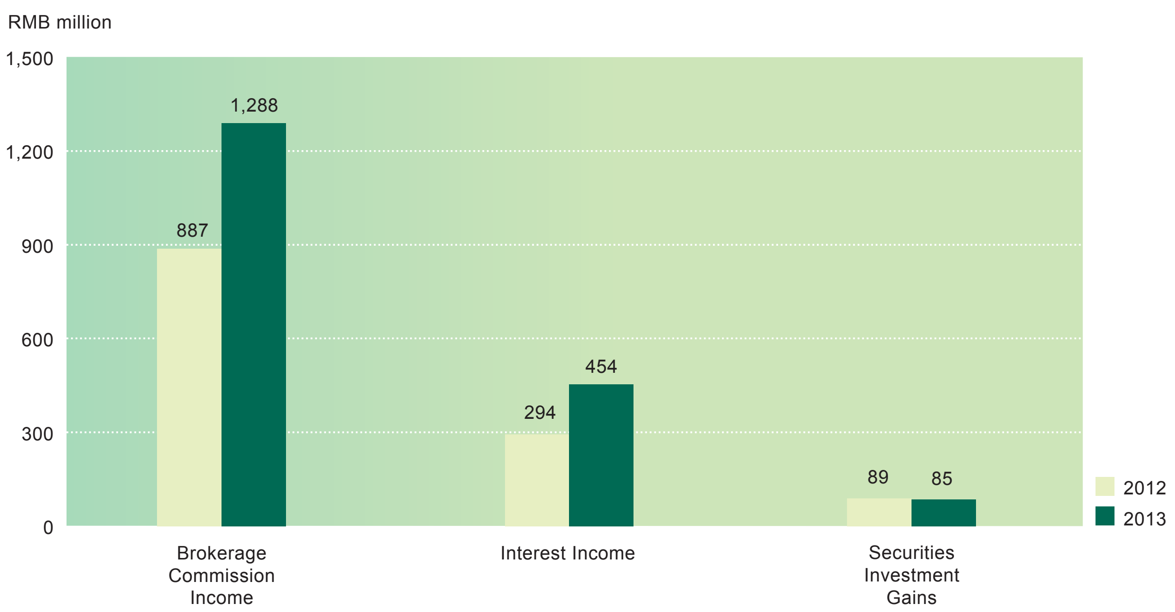
was 18,317 during the Period, representing an increase of 9.1% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 13,533 during the Period, representing an increase of 12.0% year-on-year.

Total toll income from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsan Expressway and the 70km Jinhua Section of the Ningbo-Jinhua Expressway amounted to Rmb4,158.34 million during the Period, representing an increase of 6.6% year-on-year. Toll income from the Shanghai-Hangzhou-Ningbo Expressway amounted to Rmb3,122.02 million, representing an increase of 5.2% year-on-year; toll income from the Shangsan Expressway amounted to Rmb769.72 million, representing an increase of 9.6% year-on-year; while toll income from the Jinhua Section of the Ningbo-Jinhua Expressway amounted to Rmb266.59 million, representing an increase of 15.2% year-on-year.

Toll Road-Related Business Operations

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

During the Period, due to the renovation of the Jiaxing Service Area starting in July 2013, income from service areas was adversely affected. However, increasing sales of refined oil products and additional income from the external road maintenance projects ensured solid growth in the Group's toll road-related businesses. As a result, income from toll road-related operations during the Period was Rmb2,192.48 million, representing an increase of 6.9% year-on-year.



Securities Business on Fast Track

Zheshang Securities achieved breakthroughs in terms of business scale, accomplishing its strategic goal of opening more than 100 outlets nationwide. Its asset under management reached a historic high of RMB83.0 billion. Zheshang Securities' IPO application was accepted by the China Securities Regulatory Commission and it is officially on the wait list for an IPO. Meanwhile, Zheshang Securities was classified into "A-Class Broker" once again.

Securities Business

During the Period, the total trading volume of the Shanghai and Shenzhen stock markets increased 49.60% compared with last year due to a revival of activity in the domestic securities market. Though the securities brokerage business of Zheshang Securities saw a slight decline in market share, there was a solid rise in income as a result of higher trading volumes.

Zheshang Securities continued to increase the number of its branches to facilitate the further development of its securities brokerage business and to stabilize and increase its market share. Zheshang Securities had 108 business outlets during the Period.

While accelerating the all-round development of each business segment, Zheshang Securities has been actively working to improve its income and profit structure, and accelerate the development of the margin financing and securities lending business to enhance its capabilities to expand new businesses. With continued business innovation, Zheshang Securities believes it can diversify its business and reduce the dominant role that its brokerage business had played in the past. Income from the securities brokerage, investment banking, asset management, margin financing and securities lending businesses of Zheshang Securities all grew steadily year-on-year.

In addition, in order to accelerate its listing process on the Shanghai Stock Exchange, Zheshang Securities submitted an IPO application, which was accepted by the China Securities Regulatory Commission in May, 2013. Zheshang Securities is now officially on the wait list for an IPO.

During the Period, Zheshang Securities' total operating income was Rmb1,742.17 million, an increase of 47.5% year-on-year. Of such income, brokerage commission income amounted to Rmb1,288.15 million, up by 45.2%, and interest income from the securities business amounted to Rmb454.02 million, up by 54.5%. Moreover, securities investment gains of Zheshang Securities included in the consolidated statement of profit or loss and other comprehensive income of the Group was Rmb85.42 million during the Period.

Long-Term Investments

Petroleum Co. (a 50% owned associate company of the Company) recorded income of Rmb6,481.14 million, an increase of 6.4% year-on-year. The rise was due to an increase in both the retail price and sales volume of petroleum products. During the period, net profit of Petroleum Co. was Rmb21.63 million (2012: net profit of Rmb15.02 million).

Shengxin Co (a 50% owned joint venture of the Company) operates the 73.4km long Shaoxing Section of the Ningbo-Jinhua Expressway. During the Period, the traffic volume of the Shaoxing Section of the Ningbo-Jinhua Expressway rose due to the improving provincial economy. The average daily traffic volume in full-trip equivalents was 12,692, an increase of 6.28% year-on-year. Toll income during the Period was Rmb294.46 million. However, due to its relatively heavy financial burden, the joint venture reported a loss of Rmb72.02 million.

JoinHands Technology Co., Ltd. (a 27.58%-owned associate company of the Company) operates a property leasing business. There was no substantial improvement in its operations during the Period. The Company instituted legal proceedings with regards to the transfer of the equity interest in the associated company. The Company then lodged an appeal against the subsequent judgment of the Company's priority of compensation for the mortgaged properties. The appeal was ruled in favor of the Company by the Hangzhou Intermediate People's Court on April 28, 2013. These mortgaged properties in the associated company were auctioned off on December 24, 2013. In accordance with the judicial auction procedures, the court will transfer the full payment received from the auction to the Company after the buyer finishes all procedures for ownership transfer of the auctioned properties.

On March 30, 2013, the Company entered into a capital increase agreement with Zhejiang Communications Finance and its existing shareholders. The Company conditionally agreed to carry out a capital injection of Rmb280 million in cash, and upon completion of the capital contribution, the Company beneficially owned a 35% equity interest in Zhejiang Communications Finance. During the Period, income from the associated company were mainly derived from fees and commissions for providing financial services, including arranging loans and receiving deposits from subsidiaries of Communications Group, and were accounted for as a share of gain of associates of the Company from May 1, 2013. Zhejiang Communications Finance realized a net profit of Rmb79.05 million from May 1, 2013 to the end of the Period.

FINANCIAL ANALYSIS

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

During the Period, profit attributable to owners of the Company was approximately Rmb1,907.47 million, representing an increase of 15.6% year-on-year, return on owners' equity was 11.9%, representing an increase of 16.1% year-on-year, while earnings per share for the Company was Rmb43.92 cents.

Liquidity and financial resources

As at December 31, 2013, current assets of the Group amounted to Rmb16,652.84 million in aggregate (December 31, 2012 (restated): Rmb15,707.99 million), of which bank balances and cash accounted for 15.1% (December 31, 2012 (restated): 31.0%), bank balances held on behalf of customers accounted for 49.4% (December 31, 2012 (restated): 47.7%), and held for trading investments accounted for 7.1% (December 31, 2012 (restated): 9.5%). Current ratio (current assets over current liabilities) of the Group as at December 31, 2013 was 1.4 (December 31, 2012 (restated): 1.4). Excluding the effect of the customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less bank balances held on behalf of customers over current liabilities less balance of accounts payable to customers arising from securities business) was 2.2 (December 31, 2012 (restated): 2.4).

The amount of held for trading investments of the Group as at December 31, 2013 was Rmb1,181.03 million (December 31, 2012: Rmb1,486.77 million), of which 92.9% was invested in bonds, 6.7% was invested in stocks, and the rest was invested in open-end equity funds.

During the Period, net cash inflow generated from the Group's operating activities amounted to Rmb979.98 million.

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

Injected Asset to Strengthen Portfolio

The Company completed the 76.55% equity interest transaction of the Jinhua Section of the Ningbo-Jinhua Expressway, the first injection of existing asset from the Group. With relatively low financing costs, we completed the debt swap with Jinhua Co and successfully completed the process of integration and transition.

	As at December 31, 2013 Rmb'000	2012 Rmb'000 (Restated)
Cash and cash equivalent		
Rmb	**1,773,310**	3,382,797
US$ in Rmb equivalent	**28,209**	4,024
HK$ in Rmb equivalent	**5,462**	5,232
Time deposits		
Rmb	**704,459**	1,459,433
US$ in Rmb equivalent	**–**	23,975
Held-for-trading investments – Rmb	**1,181,025**	1,486,772
Available-for-sale investments – Rmb	**281,924**	134,899
Total	**3,974,389**	6,497,132
Rmb	**3,940,718**	6,463,901
US$ in Rmb equivalent	**28,209**	27,999
HK$ in Rmb equivalent	**5,462**	5,232

Borrowings and solvency

As at December 31, 2013, total liabilities of the Group amounted to Rmb12,420.24 million (December 31, 2012 (restated): Rmb11,863.63 million), of which 6.8% was bank and other borrowings, and 65.8% was accounts payable to customers arising from securities business.

Total interest-bearing borrowings of the Group as at December 31, 2013 amounted to Rmb1,840.00 million, representing a decrease of 21.4% compared to that as at December 31, 2012. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb500.00 million, loans from a domestic non-bank financial institution of Rmb340.00 million, and short-term loan note amounting to Rmb1 billion that was issued by Zheshang Securities in 2013 for a term of 3 months. Of the interest-bearing borrowings, 16.3% was not payable within one year.

As at December 31, 2013, the Group's loans from domestic commercial banks include short-term loans and long-term loans, with floating interest rate ranging from 6.22% to 6.77% per annum; loans from a domestic non-bank financial institution were short-term loans, with the interest rate fixed at 5.04% per annum. The annual coupon rate for short-term loan note was fixed at 5.50%, while the annual interest rate for accounts payable to customers arising from the securities business was fixed at 0.35%.

	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	500,000	200,000	300,000	–
Fixed rates				
Domestic commercial bank loans	–	–	–	–
Loans from a non-bank financial institution	340,000	340,000	–	–
Short-term loan note	1,000,000	1,000,000	–	–
Total as at December 31, 2013	1,840,000	1,540,000	300,000	–
Total as at December 31, 2012 (Restated)	2,340,000	1,660,000	680,000	–

Total interest expenses for the year amounted to Rmb95.16 million, while profit before interest and tax amounted to Rmb3,066.90 million. The interest cover ratio (profit before interest and tax over interest expenses) stood at 32.2 (2012 (restated): 18.6) times.

	2013 Rmb'000	2012 Rmb'000 (Restated)
Profit before tax and interest	**3,066,899**	2,601,054
Interest expenses	**95,161**	139,765
Interest cover ratio	**32.23**	18.61

As at December 31, 2013, the asset-liability ratio (total liabilities over total assets) was 38.7% (December 31, 2012 (restated): 37.7%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of accounts payable to customers arising from securities business over total assets less bank balances held on behalf of customers) of the Group was 17.8% (December 31, 2012 (restated): 18.3%).

Capital structure

As at December 31, 2013, the Group had Rmb19,668.96 million in total equity, Rmb9,817.10 million in fixed-rate liabilities, Rmb500.00 million in floating-rate liabilities, and Rmb2,103.13 million in interest-free liabilities, representing 61.3%, 30.6%, 1.6% and 6.5% of the Group's total capital, respectively. The gearing ratio, which is computed by dividing the total liabilities less accounts payable to customers arising from the securities business by total equity, was 21.6% as at December 31, 2013 (December 31, 2012 (restated): 22.3%).

	As at December 31, 2013		As at December 31, 2012	
	Rmb'000	**%**	Rmb'000 (Restated)	% (Restated)
Total equity	**19,668,959**	**61.3%**	19,621,681	62.3%
Fixed rate liabilities	**9,817,103**	**30.6%**	8,481,819	26.9%
floating rate liabilities	**500,000**	**1.6%**	1,340,000	4.3%
interest-free liabilities	**2,103,132**	**6.5%**	2,041,812	6.5%
Total	**32,089,194**	**100.0%**	31,485,312	100.0%
Long-term interest-bearing liabilities	**300,000**	**0.9%**	680,000	2.2%
Gearing ratio 1 (note)		**21.6%**		22.3%
Gearing ratio 2 (note)		**1.5%**		3.5%
Asset-liabilities 1 (note)		**38.7%**		37.7%
Asset-liabilities 2 (note)		**17.8%**		18.3%

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

Capital expenditure commitments and utilization

During the Period, capital expenditure of the Group totaled Rmb2,379.31 million, while capital expenditure of the Company totaled Rmb2,087.69 million. Amongst the total capital expenditure of the Group, Rmb756.87 million was incurred for acquiring 76.55% equity interest in Jinhua Co, Rmb280.00 million was incurred for 35% equity investment in Zhejiang Communications Finance, Rmb1 billion was incurred for capital injection to Jinhua Co, Rmb184.33 million was incurred for acquisition and construction of properties, Rmb90.00 million was incurred for purchase and construction of equipments and facilities, and Rmb68.12 million was incurred for service area renovation and expansion.

As at December 31, 2013, the capital expenditure committed by the Group and the Company totaled Rmb1,717.02 million and Rmb311.06 million, respectively. Amongst the total capital expenditures committed by the Group, Rmb1,324.08 million will be used for acquisition and construction of properties, Rmb344.94 million for acquisition and construction of equipments and facilities, Rmb18.00 million for service area renovation and expansion and Rmb30.00 million for setting up a l00% owned subsidiary of the Company, Zhejiang Expressway Maintenance Co., Ltd.

The Group will finance the above-mentioned capital expenditure commitments with internally generated cash flow first and then will consider using debt financing to meet any shortfalls in priority to using other methods. Pursuant to the resolution of shareholder's meeting dated June 21, 2013 of the Company, the shareholders of the Company have approved the proposed issue of domestic corporate bonds by the Company with an aggregate principal amount of up to Rmb1 billion.

Contingent liabilities and pledge of assets

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

Pursuant to the resolution of shareholders' meeting dated June 26, 2012 of Yuhang Co (a 51% equity interest owned subsidiary of the Company), Yuhang Co provided a property under construction as a mortgaged asset for its domestic commercial bank loan of Rmb100.00 million. As at December 31, 2013, the carrying amount of the mortgaged asset was Rmb422.17 million.

Pursuant to the board resolution dated June 24, 2008 of Jinhua Co, Jinhua Co provided the operating right of the expressway operated by it as pledged asset for its domestic commercial bank loans of Rmb300.00 million. As at December 31, 2013, the carrying amount of the pledged asset was Rmb1,882.28 million.

Except for the above, as at December 31, 2013, the Group did not have any other contingent liabilities, pledge of assets or guarantees.

Foreign exchange exposure

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

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

Human Resources

As at December 31, 2013, there were 6,238 employees within the Group, amongst whom 1,324 worked in the managerial, administrative and technical positions, while 4,914 worked in fields such as toll collection, maintenance, service areas, securities and futures business outlets

As a result of the reform of the remuneration and performance-based system implemented two years ago, the total remuneration of the employees, unit results and workforce commitment were further improved, as well as the correlation between the appraisal results and the remuneration level was enhanced during the period, which fully capitalised on the benefits of the incentive appraisal system. The remuneration 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 PRC 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 Rmb70.66 million.

OUTLOOK

With the steady and rapid development of China's economy and an upturn in Zhejiang Province's domestic and foreign trade, it is anticipated that in 2014, the Group's toll road business, which is closely tied to macro and regional economic development, will see traffic volume on its expressways grow steadily, although organic growth rate is expected to be slower compared with 2013.

In addition, the Jiaxing-Shaoxing Expressway, which opened to passenger vehicles in July last year and opened to trucks at the end of November 2013, is expected to have a sustainable positive impact on the Group's Shangsan Expressway. Meanwhile, the Group will reinforce its initiatives to plug loopholes and increase the efficiency of toll collection, and strengthen its promotion efforts in order to attract more vehicles to its expressways and ease the negative impact of traffic diversion.

The establishment of the Shanghai Pilot Free Trade Zone is anticipated to facilitate the growth in traffic volume of the surrounding areas of the Yangtze River Delta with the promotion of import and export trading. In the future, it is believed that with the growth of trade and increasing demand of transportation and logistics, the Group's expressways will see higher traffic volumes.

In response to the current uncertainties about the recovery of the securities market, Zheshang Securities is seeking new profit growth drivers by trying to actively develop innovative businesses, and enhance cost and risk controls. Meanwhile, Zheshang Securities will further accelerate the process of its proposed listing on the Shanghai Stock Exchange to facilitate its sustainable and sound development.

Looking ahead to 2014, with the policies of China's new leadership to deepen reforms achieving early success, the Group's management believes that the new round of economic reforms will bring new opportunities and challenges to the Group's reform and development. The Group will continue to focus on its core expressway business, raise service quality, further improve operational management ability, push forward with its development of innovative securities businesses and improve its securities businesses. The Company will also look for appropriate investment projects, cultivate diversified business management capabilities, leverage the strategic synergies with its parent company, and enhance the utilization of capital, in order to further increase its profitability and deliver satisfactory results.

Principal Risks and Uncertainties

TOLL ROAD BUSINESS RISKS

Economic Environment

As the global economy recovers gradually, it is expected to remain in a state of low rate of growth for some time. The domestic economy, despite showing signs of picking up, was still trying to find a new balance as a whole. Meanwhile, although the import and export trading conditions are showing signs of recovery, but many uncertain factors remain, which is having an impact on Zhejiang, a province with heavy reliance on export trading. Growth in the traffic volume and toll revenue of the Group’s expressways is expected to remain uncertain, creating uncertainties for the operations, financial conditions and operating results of the Group.

Roads Competition

Despite the opening of Jiaxing-Shaoxing Expressway nearby, the impacts of traffic diversion on the Group's expressways have largely stabilized. However, as Qianjiang Cross River Passage is scheduled to commence service soon in 2014, coupled with the opening of other new expressways nearby, it is expected that new traffic will be diverted from certain sections of Shanghai-Hangzhou-Ningbo Expressway. Accordingly, we cannot be assured as to whether traffic volume to be generated on the Group's expressways will be maintained at the same levels as before or will increase in the future, or whether or not the operating results of the Group will be negatively affected.

Toll Policy

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

SECURITIES BUSINESS RISKS

Market Fluctuations

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

Regulation of the Securities Business

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

FINANCIAL RISKS

For financial risks and uncertainties of the Group, please see notes 5, 6 and 7 to the Consolidated Financial Statements.

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

The Directors of the Company, whose names and functions are listed on pages 40 to 44, 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 2013 up to now, there has been no occurrence of significant events that would have a material impact on the normal operation of the Group.

By Order of the Board
Tony ZHENG
Company Secretary

Hangzhou, Zhejiang Province, the PRC
March 17, 2014

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

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

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

The non-executive directors of the Company during the Period were:
Mr. LI Zongsheng
Mr. WANG Weili
Mr. WANG Dongjie

The independent non-executive directors of the Company during the Period were:
Mr. ZHANG Junsheng
Mr. ZHOU Jun
Mr. PEI Ker-Wei

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. ZHAN Xiaozhang *(Chairman)*	4/4	
Ms. LUO Jianhu (General Manager)	4/4	
Mr. DING Huikang	4/4	
Mr. LI Zongsheng	4/4	
Mr. WANG Weili	2/4	1/4
Mr. WANG Dongjie	2/4	1/4
Mr. ZHANG Junsheng	4/4	
Mr. ZHOU Jun	4/4	
Mr. PEI Ker-Wei	4/4	

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

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

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

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

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

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

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

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

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

CHAIRMAN AND GENERAL MANAGER

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

NON-EXECUTIVE DIRECTORS

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

SPECIAL COMMITTEES UNDER THE BOARD

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

The Audit Committee comprised of the three independent non-executive directors and two non-executive directors, namely Mr. ZHANG Junsheng, Mr. ZHOU Jun, Mr. PEI Ker-Wei, Mr. WANG Weili and Mr. WANG Dongjie, of whom Mr. ZHOU Jun serves as the Chairman of the Audit Committee.

The Nomination Committee comprised of three independent non-executive directors, one executive director and one non-executive director, namely Mr. ZHANG Junsheng, Mr. ZHOU Jun, Mr. PEI Ker-Wei, Mr. ZHAN Xiaozhang and Mr. LI Zongsheng, of whom Mr. ZHAN Xiaozhang serves as Chairman of the Nomination Committee.

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

The Remuneration Committee comprised of three independent non-executive directors and two non-executive directors, namely, Mr. ZHANG Junsheng, Mr. ZHOU Jun, Mr. PEI Ker-Wei, Mr. LI Zongsheng and Mr. WANG Weili, of whom Mr. ZHANG Junsheng serves as Chairman of the Remuneration Committee.

The Strategic Committee comprised of three executive directors, namely Mr. ZHAN Xiaozhang, Ms. LUO Jianhu and Mr. DING Huikang as well as Mr. ZHANG Jingzhong, Mr. WU Junyi and several outside experts and advisors, of whom Mr. ZHAN Xiaozhang serves as chairman of the Strategic Committee.

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

	Attendance in person	**Attendance by proxy**
Mr. ZHANG Junsheng	4/4	
Mr. ZHOU Jun	4/4	
Mr. PEI Ker-Wei	4/4	
Mr. WANG Weili	2/4	1/4
Mr. WANG Dongjie	2/4	1/4

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

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

During the Period, the Strategic Committee held three meetings, mainly discussed the Company's direction for strategic development. Each and every member of the Strategic Committee attended the meetings.

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

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

AUDITORS' REMUNERATION

During the Period, the Company had paid HK$4.10 million (approximately Rmb3.24 million equivalent) and Rmb860,000 to Deloitte Touche Tohmatsu Certified Accountants (the Hong Kong auditors) and Pan-China Certified Public Accountants Ltd. (the PRC auditors), respectively, for audit services conducted in 2012. The auditors did not provide non-audit services to the Company.

SECRETARY TO THE BOARD

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

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

As at December 31, 2013, none of the Directors, Supervisors and General Manager had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at December 31, 2013, the interests and short positions of other persons in the shares and underlying shares of the Company according to the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange are set out below:

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

Substantial shareholders	Capacity	Total interests in number of ordinary shares of the Company	Percentage of the issued share capital of the Company (H Shares)
JP Morgan Chase & Co	Beneficial owner, investment manager and custodian corporation/approved lending agent	172,359,162(L)	12.02%(L)
		458,000(S)	0.03%(S)
		118,560,942(P)	8.27%(P)
BlackRock, Inc.	Interest of controlled corporations	156,191,285(L)	10.89%(L)
		232,000(S)	0.01%(S)
Deutsche Bank Aktiengesellschaft	Investment manager	87,120,436(L)	6.08%(L)
		5,768,617(S)	0.40%(S)
Invesco Hong Kong Limited	Investment manager/advisor of various accounts	87,012,000(L)	6.07%(L)

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, 2013, no other persons had any interests or short positions in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange.

SHAREHOLDERS' RIGHTS

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

Written requests, proposals and enquiries may be sent to the Company through contact details listed on page 171 of this report.

INVESTOR RELATIONS

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

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

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

Mr. Tony 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 17, 2013 at the headquarters of the Company. Details of this extraordinary general meeting of the shareholders were set out in the announcement dated October 17, 2013 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 5, 2014 to consider the resolutions in respect of, among others, the reports of the Directors and of the Supervisory Committee for 2013, the audited financial statements of the Company for 2013, a final dividend for 2013, the final accounts for 2013 and the financial budget for 2014, as well as the re-appointment of external auditors.

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

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

INTERNAL CONTROLS

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

The Company's Audit Committee is charged with the duties of reviewing internal controls, directing monitoring activities. Aside from reviewing the annual reporting by external auditors, the committee also reviews the effectiveness of internal control system and risk management mechanism through reviewing the internal special audit report on the Company's various core businesses prepared by internal audit department on a regular basis. During the year, the Audit Committee focused on the management of the Company's toll revenue, as well as compliance and risk control mechanism relating to innovative new business of the Company's securities business. 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. ZHAN Xiaozhang, born in 1964, is a senior economist. Mr. Zhan holds a bachelor's degree in law. He further obtained a master's degree in public administration from the Business Institute of Zhejiang University in 2005. He has been appointed as the Chairman of the Company since June 2012.

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

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

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

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

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

Non-Executive Directors

Mr. LI Zongsheng, born in 1967, is a senior economist. Since Mr. Li graduated from the Department of Chinese Language at YanTai University in July 1991, he had served as the deputy director of the administrative office of the Commission for Economy and Trade of Zaozhuang in Shandong Province and the head of the First Secretarial Division of Zaozhuang Municipal Government Office.

Since he joined Zhejiang Communications Investment Group Co., Ltd. in July 2004, he had successively held the positions of the head and deputy director of the Chinese Communist Party Working Department, deputy director of the Discipline Office and the board secretary and deputy director of the Secretarial Office to the Board. He is currently the manager of the Human Resources Department of Zhejiang Communications Investment Group Co. Ltd.

Mr. WANG Weili, born in 1966, graduated from Fuzhou University majoring in Road and Bridge. He is a senior engineer with professional certification.

Since he started his career in September 1987, Mr. Wang had served as an engineer of Zhejiang Transportation Design Institute, the vice director of Engineering Division of Executive Commission of Zhejiang Jinliwen Expressway Co., Ltd. and the deputy general manager and chief engineer of Zhejiang-Jiashao Expressway Co., Ltd. Since he joined Zhejiang Communications Investment Group Co., Ltd. in May 2006, he had successively held the positions of the deputy manager of Project Management Department, deputy manager of Security Management Department, manager of Expressway Management Department, deputy supervisor of the Expressway Construction Management Office and managing director of Zhejiang Smart Expressway Services Co., Ltd.

He is currently the chairman of Jinliwen Expressway Co., Ltd.

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

Since he started his career in March 2002, Mr. Wang had served as an engineer of the Executive Commission of Hangzhou Ring Road North Line Project, the deputy executive chief of the Executive Commission for the interflow renovation of Hangzhou airport road, the Engineering Division Chief of Management Office of Chun'an section of Hangqian Expressway and the director and deputy general manager of Hangzhou Transportation Road and Bridge Construction Company.

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

Independent Non-Executive Directors

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 Tutor, 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 and General Secretary in the Hangzhou City Communist Party Committee and Secretary in the Municipal Political and Legislative 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. He is currently Special Advisor to the Zhejiang Provincial Government. From 2003 to 2008, Mr. Zhang served as Director of the Zhejiang Province Economic Development Consultation Committee. From 2005 to 2013, he successively held the positions of team leader of the Central Supervision Team and inspection commissioner of the Ministry of Education. Mr. Zhang is currently the special consultant (inspection) of the Ministry of Education, 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.

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

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

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

Mr. Pei currently serves as an external director of Baosteel Group and independent director of Want Want China Holdings (00151.hk) and Zhong An Real Estate (00672. hk).

SUPERVISORS

Representing Shareholders

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

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

He is currently the deputy chief economist of Zhejiang Communications Investment Group Co., Ltd. and chairman of Zhejiang Communications Investment Group Finance Co., Ltd.

Independent Supervisors

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

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

Mr. LIU Haisheng, born in 1969, 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 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 a number of listed companies including Zhejiang Qianjiang Motorcycle Co., Ltd.

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

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

Since July 10, 2008, he has served as an independent director of Zheshang Securities.

Supervisor Representing Employees

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

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

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

OTHER MEMBERS OF SENIOR MANAGEMENT

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

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

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

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

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

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

Mr. WU Junyi, born in 1969, a holder of master degree in accounting, and was 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. Wu has been re-designated as the Manager of the Financial Management Department of Zhejiang Communications Investment Group Co., Ltd., and no longer served as the Chief Financial Officer of the Company with effect from March 17, 2014.

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

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

Report of the Directors

The Directors of the Company hereby present their report and the audited financial statements of the Group for the year ended December 31, 2013.

PRINCIPAL ACTIVITIES

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

SEGMENT INFORMATION

During the year, the entire revenue and segment profit of the Group were derived from the People's Republic of China ("PRC"). Accordingly, a further analysis of the revenue and segment profit by geographical area is not presented. An analysis of the Group's revenue and segment profit by principal activities for the year ended December 31, 2013 is set out in note 8 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended December 31, 2013 and the state of financial position at that date are set out in the financial statements on pages 65 to 168.

An interim dividend of Rmb0.06 per share (approximately HK$0.08) was paid on November 20, 2013. The Directors recommend the payment of a final dividend of Rmb0.25 (approximately HK$0.32) in respect of the year, to shareholders whose names appeared on the register of members of the Company on May 14, 2014. 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 70.6% during the Period. Further details of the dividends are set out in note 17 to the financial statements.

FIVE YEAR SUMMARY FINANCIAL INFORMATION

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

	Year ended December 31,				
	2013	2012	2011	2010	2009
Results	**Rmb'000**	Rmb'000	Rmb'000	Rmb'000	Rmb'000
		(Restated)	(Restated)	(Restated)	(Restated)
Revenue	**7,851,115**	6,927,415	6,994,391	6,959,504	6,175,626
Operating costs	**(4,955,609)**	(4,574,040)	(4,277,222)	(3,950,456)	(3,325,756)
Gross profit	**2,895,506**	2,353,375	2,717,169	3,009,048	2,849,870
Security investment gains	**99,663**	99,783	7,925	126,532	35,967
Other income	**241,056**	291,990	286,595	209,871	432,383
Administrative expenses	**(84,792)**	(86,287)	(90,618)	(87,542)	(73,886)
Other expenses	**(70,061)**	(49,778)	(39,457)	(23,689)	(180,908)
Finance costs	**(95,161)**	(139,765)	(171,440)	(207,921)	(151,220)
Share of profit of associates	**21,537**	(4,513)	8,934	18,531	3,001
Share of profit of a joint venture	**(36,010)**	(3,516)	–	–	21,254
Profit before tax	**2,971,738**	2,461,289	2,719,108	3,044,830	2,936,461
Income tax expense	**(756,761)**	(634,669)	(704,705)	(784,714)	(811,530)
Profit for the year	**2,214,977**	1,826,620	2,014,403	2,260,116	2,124,931
Attributable to:					
Owners of the Company	**1,907,470**	1,649,484	1,760,738	1,826,565	1,705,349
Non-controlling interests	**307,507**	177,136	253,665	433,551	419,582
Earnings per share – Basic and diluted	**43.92 cents**	37.98 cents	40.54 cents	42.06 cents	39.27 cents

	As at December 31,				
	2013	2012	2011	2010	2009
Assets and liabilities	**Rmb'000**	Rmb'000	Rmb'000	Rmb'000	Rmb'000
		(Restated)	(Restated)	(Restated)	(Restated)
Total assets	**32,089,194**	31,485,312	31,274,171	35,997,204	34,905,267
Total liabilities	**(12,420,235)**	(11,863,631)	(12,027,203)	(17,602,682)	(17,165,182)
Net assets	**19,668,959**	19,621,681	19,246,968	18,394,522	17,740,085

Notes:

1. The consolidated results of the Group for the four years ended December 31, 2012 have been restated in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by Hong Kong Institute of Certified Public Accountants. While those of the year ended December 31, 2013 were prepared based on the consolidated statement of profit or loss and other comprehensive income as set out on page 65 of the financial report.

2. The 2013 earnings per share is based on the profit attributable to owners of the Company for the year ended December 31, 2013 of Rmb1,907,470,000 (2012 (Restated): Rmb1,649,484,000) and the 4,343,114,500 (2012: 4,343,114,500) ordinary shares in issue during the year.

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

	Profit for the year ended December 31,		**Net assets as at December 31,**	
	2013	2012	**2013**	2012
	Rmb'000	Rmb'000 (Restated)	**Rmb'000**	Rmb'000 (Restated)
As reported in the statutory financial statements of the Group prepared in accordance with PRC GAAP	**2,223,778**	1,835,213	**19,926,115**	19,870,036
HK GAAP adjustments:				
(a) Goodwill	**–**	–	**(199,769)**	(199,769)
(b) Amortization provided, net of deferred tax	**(1,952)**	(1,952)	**(163,156)**	(161,204)
(c) Assessment on impact of appreciation, net of deferred tax	**(3,659)**	(3,547)	**60,105**	63,764
(d) Others	**–**	(7)	**6,597**	6,597
(e) Non-controlling interests	**(3,190)**	(3,087)	**39,067**	42,257
As restated in the financial statements	**2,214,977**	1,826,620	**19,668,959**	19,621,681

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 51 to the financial statements. Certain related party transactions in respect of the purchase of a 66.283% equity interest in the Jinhua Co and the capital contribution in Zhejiang Communications Finance constitute non-exempt connected transactions as defined in Chapter 14A of the Listing Rules, whereas the deposit services provided by Zhejiang Communications Finance constitute non-exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules. Please refer to the section headed "Connected Transactions" below for further details about such connected transactions. The Company has complied with the disclosure requirements in respect of such connected transactions in accordance with Chapter 14A of the Listing Rules.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 19 to the financial statements.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at December 31, 2013 are set out in note 47 to the financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 68 to the financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2013, before the proposed final dividend, the Company's reserves available for distribution by way of cash or in kind, as determined based on the lower of the amount determined under PRC accounting standards and the amount determined under HK GAAP, amounted to Rmb2,146,650,000. 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, 2013, other than the deposits placed with a non-bank financial institution of Rmb60,443,000, the Group's deposits have been placed with commercial banks in the PRC and the Group has not encountered any difficulty in the withdrawal of funds.

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

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

DIRECTORS

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

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Mr. LI Zongsheng
Mr. WANG Weili
Mr. WANG Dongjie

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHANG Junsheng
Mr. ZHOU Jun
Mr. PEI Ker-Wei

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 40 to 50 in the Company's annual report.

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As at December 31, 2013 or during the year, none of the Directors or Supervisors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party.

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

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

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

TAXATION AND TAX RELIEF

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

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

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

By Order of the Board
ZHAN Xiaozhang
Chairman

Hangzhou, Zhejiang Province, the PRC
March 17, 2014

Report of the Supervisory Committee

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

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

During the Period, the Supervisory Committee held two meetings of its own, and attended four meetings held by the Board and two general meetings of shareholders. The Supervisory Committee observes that during the Period and with the support of Communications Group, the Company was able to start its three-year development plan with success, realizing the best business performance since 2008. A series of key areas of work achieved satisfactory progress, including improvement in roadway conditions, enhancement in safety and risk control management, the establishment of comprehensive standardized management systems, elevating brand images at the service areas, first time asset injection by the Communications Group, as well as successful submission of IPO application on the part of Zheshang Securities.

The Supervisory Committee has reviewed the financial statements of the Company for 2013 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 2013, and complied with the relevant laws, regulations and the Company's Articles of Association. The Company maintained a high dividend payout ratio in recent years, thereby maintaining a stable long term dividend payout policy and providing satisfactory return to its shareholders.

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

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

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

Hangzhou, Zhejiang Province, the PRC March 14, 2014

Connected Transactions

During the year ended 31 December 2013, the Company had the following non-exempt connected transactions and non-exempt continuing connected transactions.

Connected Transactions

Acquisition of 76.55% equity interests in Jinhua Co

On 20 March 2013, the Company entered into an agreement with Communications Group pursuant to which the Company conditionally agreed to purchase from Communications Group a 66.283% equity interest in Jinhua Co held by Communications Group at a cash consideration of Rmb655,356,000 (the "Communications Group Acquisition").

On the same date, the Company entered into an agreement with Yiwu Communications Development Co., Ltd. (義烏市市交通發展有限責任公司) ("Yiwu Development"), pursuant to which the Company conditionally agreed to purchase from Yiwu Development a 10.267% equity interest in Jinhua Co held by Yiwu Development at a cash consideration of Rmb101,512,000 (the "Yiwu Acquisition", together with the Communications Group Acquisition, the "Acquisitions").

On June 30, 2013, the Company completed the Acquisitions. As the Company already owned a 23.45% equity interest in Jinhua Co prior to the Acquisitions, the Company beneficially owns the entire equity interest in Jinhua Co upon the completion of the Acquisitions.

As Communications Group is a substantial shareholder (as defined in the Listing Rules) of the Company and therefore, a connected person of the Company, the Communications Group Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Under the terms of the Yiwu Acquisition, completion of the Yiwu Acquisition is conditional upon, among other things, the prior completion of the Communications Group Acquisition (but not vice versa). Accordingly, although Yiwu Development is an independent third party, Yiwu Development is also treated as a connected person of the Company and the Yiwu Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Capital increase in Zhejiang Communications Finance

On March 30, 2013, the Company entered into a capital contribution agreement with Zhejiang Communications Finance, Communications Group, Zhejiang Ningbo Yongtaiwen Expressway Co., Ltd. (浙江省寧波甬台溫高速公路有限公司, "Ningbo Expressway Co") and Zhejiang Taizhou Yongtaiwen Expressway Co., Ltd. (浙江省台州甬台溫高速公路有限公司, "Taizhou Expressway Co"), pursuant to which the Company conditionally agreed to contribute an amount of RMB280,000,000, by way of cash, into the equity capital of Zhejiang Communications Finance (the "Capital Contribution").

On May 2, 2013, the Company completed the Capital Contribution, and upon such completion, the Company beneficially owns a 35% equity interest in Zhejiang Communications Finance.

The Communications Group is a substantial shareholder (as defined under the Listing Rules) of the Company, and Communications Group also holds approximately 75% of the issued share capital of each of Ningbo Expressway Co. and Taizhou Expressway Co. and 60% of the issued share capital of Zhejiang Communications Finance. Therefore, each of Communications Group, Ningbo Expressway Co., Taizhou Expressway Co and Zhejiang Communications Finance is a connected person of the Company and as a result, the Capital Contribution constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

Deposit services with Zhejiang Communications Finance

Pursuant to a financial services agreement (the "Financial Services Agreement") dated July 18, 2013 entered into between the Company and Zhejiang Communications Finance, Zhejiang Communications Finance agreed to provide the Company with a range of financial services including certain deposit services (the "Deposit Services") for a term of three years from the date of the Financial Services Agreement subject to the terms and conditions provided therein. As the Company, Communications Group (a substantial shareholder of the Company), Ningbo Expressway Co. and Taizhou Expressway Co. beneficially own 35%, 40%, 15.625% and 9.375% of the issued share capital of Zhejiang Communications Finance, respectively, Zhejiang Communications Finance is a connected person of the Company and as a result, the Deposit Services constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

During the year 2013, besides the Company, Jinhua Co has also placed deposits with Zhejiang Communications Finance. As the definition of "the Company" used in the Financial Services Agreement did not specifically refer to the Company's subsidiaries as potential recipients of the Deposit Services, on March 28, 2014, the Company and Zhejiang Communications Finance entered into a supplemental agreement (the "Supplemental Agreement") to supplement the Financial Services Agreement with retrospective effect from July 18, 2013, so as to make clear that the definition of "the Company" used in the Financial Services Agreement as the proposed recipient of the financial services under the agreement, was intended to refer to the Group. All other terms of the Financial Services Agreement remain unchanged.

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

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

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

During the year under review, the maximum amount of the daily deposit balance (including any interest accrued thereon) for the Group's deposits with Zhejiang Communications Finance under the Financial Services Agreement was Rmb345,453,000.

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

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

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

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements HKSAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in accordance with the Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided to the Hong Kong Stock Exchange.

Independent Auditor's Report

Deloitte.
德勤

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

We have audited the consolidated financial statements of Zhejiang Expressway Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 65 to 168, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at December 31, 2013, 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 17, 2014

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2013

	NOTES	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000 (Restated)
Revenue	8	7,851,115	6,927,415
Operating costs		(4,955,609)	(4,574,040)
Gross profit		2,895,506	2,353,375
Securities investment gains	9	99,663	99,783
Other income	10	241,056	291,990
Administrative expenses		(84,792)	(86,287)
Other expenses		(70,061)	(49,778)
Share of profit (loss) of associates		21,537	(4,513)
Share of loss of a joint venture		(36,010)	(3,516)
Finance costs	11	(95,161)	(139,765)
Profit before tax	12	2,971,738	2,461,289
Income tax expense	13	(756,761)	(634,669)
Profit for the year		2,214,977	1,826,620
Other comprehensive income	14		
Items that may be reclassified to profit or loss:			
Available-for-sale financial assets:			
– Fair value gain during the year		4,865	4,800
– Reclassification adjustments for cumulative gain included in profit or loss upon disposal		(1,381)	(175)
Income tax relating to components of other comprehensive income		(871)	(1,156)
Other comprehensive income for the year (net of tax)		2,613	3,469
Total comprehensive income for the year		2,217,590	1,830,089
Profit for the year attributable to:			
Owners of the Company		1,907,470	1,649,484
Non-controlling interests		307,507	177,136
		2,214,977	1,826,620
Total comprehensive income attributable to:			
Owners of the Company		1,909,017	1,651,293
Non-controlling interests		308,573	178,796
		2,217,590	1,830,089
EARNINGS PER SHARE – Basic and diluted	18	Rmb43.92 cents	Rmb37.98 cents

Consolidated Statement of Financial Position

At December 31, 2013

	NOTES	**12/31/2013 Rmb'000**	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	19	**1,762,042**	1,634,299	1,582,832
Prepaid lease payments	20	**68,156**	70,321	72,476
Expressway operating rights	21	**11,911,133**	12,722,158	13,468,635
Goodwill	22	**86,867**	86,867	86,867
Other intangible assets	23	**154,564**	155,633	157,594
Deposit paid for acquisition of a property	24	**–**	–	323,800
Interests in associates	26	**574,733**	280,057	248,395
Interest in a joint venture	27	**333,944**	369,954	–
Available-for-sale investments	28	**143,514**	133,000	1,000
Other receivables	31	**401,400**	325,035	300,000
		15,436,353	15,777,324	16,241,599
CURRENT ASSETS				
Inventories		**73,576**	27,418	26,400
Trade receivables	29	**101,428**	64,447	52,475
Loans to customers arising from margin financing business	30	**2,946,911**	724,123	–
Other receivables and prepayments	31	**451,968**	621,023	846,127
Prepaid lease payments	20	**2,155**	2,154	2,154
Available-for-sale investments	28	**281,924**	134,899	60,274
Held for trading investments	32	**1,181,025**	1,486,772	1,260,021
Financial assets held under resale agreements	33	**874,254**	280,066	–
Bank balances held on behalf of customers	34	**8,228,160**	7,491,625	7,177,508
Bank balances and cash				
– Time deposits with original maturity over three months	35	**704,459**	1,483,408	2,467,793
– Cash and cash equivalents	35	**1,806,981**	3,392,053	3,139,820
		16,652,841	15,707,988	15,032,572

	NOTES	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
CURRENT LIABILITIES				
Placements from other financial institution	36	**310,000**	–	–
Accounts payable to customers arising from securities business	37	**8,167,103**	7,481,819	7,143,067
Trade payables	38	**421,994**	408,612	345,453
Tax liabilities		**331,611**	223,592	491,619
Other taxes payable		**53,417**	54,226	62,918
Other payables and accruals	39	**995,496**	991,260	741,031
Dividends payable		**94,976**	94,998	94,971
Bank and other borrowings	40	**540,000**	660,000	712,553
Long-term bonds due in one-year	41	**–**	1,000,000	–
Short-term loan note	42	**1,000,000**	–	–
Derivative financial instrument		**–**	–	6,426
		11,914,597	10,914,507	9,598,038
NET CURRENT ASSETS		**4,738,244**	4,793,481	5,434,534
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,174,597**	20,570,805	21,676,133
NON-CURRENT LIABILITIES				
Bank and other borrowings	40	**300,000**	680,000	1,140,000
Long-term bonds	41	**–**	–	1,000,000
Deferred tax liabilities	43	**205,638**	269,124	289,165
		505,638	949,124	2,429,165
		19,668,959	19,621,681	19,246,968
CAPITAL AND RESERVES				
Share capital	44	**4,343,115**	4,343,115	4,343,115
Reserves		**11,629,423**	11,701,345	11,396,418
Equity attributable to owners of the Company		**15,972,538**	16,044,460	15,739,533
Non-controlling interests	45	**3,696,421**	3,577,221	3,507,435
		19,668,959	19,621,681	19,246,968

The consolidated financial statements on pages 65 to 168 were approved and authorised for issue by the board of directors on March 17, 2014 and are signed on its behalf by:

ZHAN Xiaozhang
DIRECTOR

LUO Jianhu
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 2013

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Capital reserve	Investment revaluation reserve	Dividend reserve	Special reserves	Retained profits	Total		
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
			(Note i)				(Note ii)				
At January 1, 2012 (Originally stated)	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
Merger accounting restatement	–	–	–	–	–	–	797,471	(236,477)	560,994	86,874	647,868
At January 1, 2012 (Restated)	4,343,115	3,645,726	2,968,634	1,712	(1,555)	1,085,779	816,137	2,879,985	15,739,533	3,507,435	19,246,968
Profit for the year	–	–	–	–	–	–	–	1,649,484	1,649,484	177,136	1,826,620
Other comprehensive income for the year	–	–	–	–	1,809	–	–	–	1,809	1,660	3,469
Total comprehensive income for the year	–	–	–	–	1,809	–	–	1,649,484	1,651,293	178,796	1,830,089
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(109,010)	(109,010)
Interim dividend	–	–	–	–	–	–	–	(260,587)	(260,587)	–	(260,587)
Final dividend	–	–	–	–	–	(1,085,779)	–	–	(1,085,779)	–	(1,085,779)
Proposed final dividend	–	–	–	–	–	1,042,347	–	(1,042,347)	–	–	–
Transfer to reserves	–	–	258,877	–	–	–	–	(258,877)	–	–	–
At December 31, 2012 (Restated)	4,343,115	3,645,726	3,227,511	1,712	254	1,042,347	816,137	2,967,658	16,044,460	3,577,221	19,621,681
Profit for the year	–	–	–	–	–	–	–	1,907,470	1,907,470	307,507	2,214,977
Other comprehensive income for the year	–	–	–	–	1,547	–	–	–	1,547	1,066	2,613
Total comprehensive income for the year	–	–	–	–	1,547	–	–	1,907,470	1,909,017	308,573	2,217,590
Arising from acquisition of a subsidiary under common control and additional interest in a subsidiary (Note 2)	–	–	–	–	–	–	(678,005)	–	(678,005)	(78,863)	(756,868)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(110,510)	(110,510)
Interim dividend	–	–	–	–	–	–	–	(260,587)	(260,587)	–	(260,587)
Final dividend	–	–	–	–	–	(1,042,347)	–	–	(1,042,347)	–	(1,042,347)
Proposed final dividend	–	–	–	–	–	1,085,779	–	(1,085,779)	–	–	–
Transfer to reserves	–	–	318,348	–	–	–	–	(318,348)	–	–	–
At December 31, 2013	4,343,115	3,645,726	3,545,859	1,712	1,801	1,085,779	138,132	3,210,414	15,972,538	3,696,421	19,668,959

Notes:

(i) Statutory reserves comprise:

(a) *Statutory surplus reserve*

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

(b) *General risk reserve*

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

(c) *Transaction risk reserve*

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

(ii) Special reserves mainly comprise:

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

(b) Merger reserve which was arising from the acquisition of a subsidiary under common control using the merger accounting method. This includes the capital of the combining entity at its existing book values since the first date it was under common control and was reduced by the Group's payment of cash consideration of Rmb655,356,000 to the controlling party and cash payment for acquisition of additional interest of Rmb22,649,000 to the non-controlling interest during the year December 31, 2013. Details of the transaction are set out in Note 2.

Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000 (Restated)
OPERATING ACTIVITIES		
Profit before tax	**2,971,738**	2,461,289
Adjustments for:		
Finance costs	**95,161**	139,765
Interest income	**(95,922)**	(181,659)
Share of (profit) loss of associates	**(21,537)**	4,513
Gain on deregistration of an associate	**(16)**	–
Gain on disposal of an associate	**(-)**	(12)
Share of loss of a joint venture	**36,010**	3,516
Depreciation of property, plant and equipment	**190,690**	179,635
Amortisation of expressway operating rights	**811,025**	807,207
Amortisation of prepaid lease payments	**2,164**	2,155
Amortisation of other intangible assets	**18,644**	16,248
Fair value changes on derivative financial instrument	**–**	(2,841)
Fair value changes on held for trading investments	**(98,282)**	(99,608)
Gain on disposal of available-for-sale investments	**(1,381)**	(175)
Loss on disposal of property, plant and equipment	**2,149**	6,882
Allowance for trade receivables	**7**	125
Reversal of allowance for trade receivables	**(291)**	–
Allowance for advance to customers arising from margin financing business	**8,477**	–
Operating cash flows before movements in working capital	**3,918,636**	3,337,040
Increase in inventories	**(46,158)**	(1,018)
Increase in trade receivables	**(36,988)**	(12,097)
Increase in loans to customers arising from margin financing business	**(2,231,265)**	(724,123)
Increase in other receivables and prepayments	**(26,687)**	(4,904)
Decrease (increase) in held for trading investments	**404,029**	(127,143)
Increase in financial assets held under resale agreements	**(594,188)**	(280,066)
Increase in bank balances held on behalf of customers	**(736,535)**	(314,117)
Increase in placements from other financial institution	**310,000**	–
Increase in accounts payable to customers arising from securities business	**685,284**	338,752
(Decrease) Increase in trade payables	**(45,035)**	63,159
Decrease in other taxes payable	**(809)**	(8,692)
Increase in other payables and accruals	**212,705**	130,579
Decrease in derivative financial instruments	**–**	(3,585)
Cash generated from operations	**1,812,989**	2,393,785
Income taxes paid	**(713,099)**	(923,893)
Interest paid	**(119,915)**	(141,950)
NET CASH FROM OPERATING ACTIVITIES	**979,975**	1,327,942

	NOTES	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000 (Restated)
INVESTING ACTIVITIES			
Interest received		**138,492**	158,650
Acquisition of a joint venture		**–**	(184,140)
Payment of consideration payable for the acquisition of a joint venture in the prior year		**(189,331)**	–
Investment in an associate		**(280,000)**	–
Additional contribution in an associate		**–**	(50,000)
Proceed on deregistration of an associate		**388**	–
Proceed on disposal of an associate		**–**	4,906
Dividends received from an associate		**8,987**	6,500
Proceeds on disposal of property, plant and equipment		**4,099**	1,250
Repayment of entrusted loans from related parties		**592,047**	337,482
Repayment of entrusted loan from third parties		**–**	300,000
Entrusted loans to related parties		**(450,000)**	(310,000)
Purchases of financial products investment		**(228,294)**	(1,069,500)
Settlement of financial products investment		**163,726**	970,000
Purchases of property, plant and equipment		**(252,408)**	(365,028)
Purchases of intangible assets		**(17,575)**	(14,287)
Refund of deposit paid for acquisition of a property		**–**	323,800
Purchase of available-for-sale investments		**(290,774)**	(204,388)
Proceeds on disposal of available-for-sale investments		**138,100**	2,563
Decrease in time deposits		**778,949**	984,385
NET CASH FROM INVESTING ACTIVITIES		**116,406**	892,193
FINANCING ACTIVITIES			
Payment for the acquisition of a subsidiary under common control and additional interest in a subsidiary	2	**(756,868)**	–
Dividends paid		**(1,302,934)**	(1,346,366)
Dividends paid to non-controlling shareholders		**(110,532)**	(108,983)
New bank borrowings raised		**2,010,000**	200,000
Repayment of bank and other borrowings		**(2,510,000)**	(712,553)
Repayment of long-term bonds		**(1,000,000)**	–
Issue of short-term loan note		**1,000,000**	–
Interest paid		**(11,119)**	–
NET CASH USED IN FINANCING ACTIVITIES		**(2,681,453)**	(1,967,902)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(1,585,072)**	252,233
CASH AND CASH EQUIVALENTS AT JANUARY 1		**3,392,053**	3,139,820
CASH AND CASH EQUIVALENTS AT DECEMBER 31	35	**1,806,981**	3,392,053

Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

1. CORPORATE INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

2. MERGER ACCOUNTING RESTATEMENT

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

As a result, in the comparative consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended December 31, 2012 and the consolidated statement of financial position as at December 31, 2012 have therefore been restated, in order to include the losses, assets and liabilities of the combining entities since the date on which they first come under common control.

The adopting of merger accounting method in respect of the Group's acquisition of 66.283% equity interest in Jinhua Co has resulted in a decrease in total comprehensive income attributable to owners of the Company and a decrease in profit attributable to owners of the Company for the year ended December 31, 2012 by Rmb36,786,000 and Rmb36,786,000, respectively.

2. MERGER ACCOUNTING RESTATEMENT (Continued)

The effect of the merger accounting restatement in respect of the Group's acquisition of 66.283% equity interest in Jinhua Co described above on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2012 by line items is as follows:

	Year ended 12/31/2012 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year ended 12/31/2012 Rmb'000 (Restated)
Revenue	6,700,258	227,157	6,927,415
Operating costs	(4,369,641)	(204,399)	(4,574,040)
Gross profit	2,330,617	22,758	2,353,375
Securities investment gains	99,783	–	99,783
Other income	288,644	3,346	291,990
Administrative expenses	(82,092)	(4,195)	(86,287)
Other expenses	(46,154)	(3,624)	(49,778)
Share of loss of associates	(17,341)	12,828	(4,513)
Share of loss of a joint venture	(3,516)	–	(3,516)
Finance costs	(53,995)	(85,770)	(139,765)
Profit before tax	2,515,946	(54,657)	2,461,289
Income tax expense	(646,864)	12,195	(634,669)
Profit for the year	1,869,082	(42,462)	1,826,620
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Available-for-sale financial assets:			
– Fair value gain during the year	4,800	–	4,800
– Reclassification adjustments for cumulative gain included in profit or loss upon disposal	(175)	–	(175)
Income tax relating to components of other comprehensive income	(1,156)	–	(1,156)
Other comprehensive income for the year (net of tax)	3,469	–	3,469
Total comprehensive income for the year	1,872,551	(42,462)	1,830,089
Profit for the year attributable to:			
Owners of the Company	1,686,270	(36,786)	1,649,484
Non-controlling interests	182,812	(5,676)	177,136
	1,869,082	(42,462)	1,826,620
Total comprehensive income attributable to:			
Owners of the Company	1,688,079	(36,786)	1,651,293
Non-controlling interests	184,472	(5,676)	178,796
	1,872,551	(42,462)	1,830,089
EARNINGS PER SHARE			
– Basic and diluted	Rmb38.83 cents	Rmb(0.85)cents	Rmb37.98 cents

2. MERGER ACCOUNTING RESTATEMENT (Continued)

The effects of the merger accounting restatement in respect of the Group's acquisition of 66.283% equity interest in Jinhua Co described above on the consolidated statements of financial position as at January 1, 2012 and December 31, 2012 by line items are as follows:

	January 1, 2012	Merger accounting restatement	January 1, 2012	December 31, 2012	Merger accounting restatement	December 31, 2012
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
	(Originally stated)		(Restated)	(Originally stated)		(Restated)
NON-CURRENT ASSETS						
Property, plant and equipment	1,294,465	288,367	1,582,832	1,357,844	276,455	1,634,299
Prepaid lease payments	68,983	3,493	72,476	66,931	3,390	70,321
Expressway operating rights	11,364,938	2,103,697	13,468,635	10,732,058	1,990,100	12,722,158
Goodwill	86,867	–	86,867	86,867	–	86,867
Other intangible assets	157,594	–	157,594	155,633	–	155,633
Deposit paid for acquisition of a property	323,800	–	323,800	–	–	–
Interests in associates	446,679	(198,284)	248,395	465,513	(185,456)	280,057
Interest in a joint venture	–	–	–	369,954	–	369,954
Available-for-sale investments	1,000	–	1,000	133,000	–	133,000
Other receivables	382,000	(82,000)	300,000	325,035	–	325,035
	14,126,326	2,115,273	16,241,599	13,692,835	2,084,489	15,777,324
CURRENT ASSETS						
Inventories	26,400	–	26,400	27,418	–	27,418
Trade receivables	48,013	4,462	52,475	57,847	6,600	64,447
Loans to customers arising from margin financing business	–	–	–	724,123	–	724,123
Other receivables and prepayments	844,142	1,985	846,127	701,627	(80,604)	621,023
Prepaid lease payments	2,052	102	2,154	2,052	102	2,154
Available-for-sale investments	60,274	–	60,274	134,899	–	134,899
Held for trading investments	1,260,021	–	1,260,021	1,486,772	–	1,486,772
Financial assets held under resale agreements	–	–	–	280,066	–	280,066
Bank balances held on behalf of customers	7,177,508	–	7,177,508	7,491,625	–	7,491,625
Bank balances and cash						
– Time deposits with original maturity over three months	2,467,793	–	2,467,793	1,483,408	–	1,483,408
– Cash and cash equivalents	3,120,430	19,390	3,139,820	3,362,709	29,344	3,392,053
	15,006,633	25,939	15,032,572	15,752,546	(44,558)	15,707,988

2. MERGER ACCOUNTING RESTATEMENT (Continued)

The effects of the merger accounting restatement in respect of the Group's acquisition of 66.283% equity interest in Jinhua Co described above on the consolidated statements of financial position as at January 1, 2012 and December 31, 2012 by line items are as follows: (Continued)

	January 1, 2012 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	January 1, 2012 Rmb'000 (Restated)	December 31, 2012 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	December 31, 2012 Rmb'000 (Restated)
CURRENT LIABILITIES						
Accounts payable to customers arising from securities business	7,143,067	–	7,143,067	7,481,819	–	7,481,819
Trade payables	317,188	28,265	345,453	378,364	30,248	408,612
Tax liabilities	491,619	–	491,619	223,592	–	223,592
Other taxes payable	61,753	1,165	62,918	53,082	1,144	54,226
Other payables and accruals	724,216	16,815	741,031	973,031	18,229	991,260
Dividends payable	94,971	–	94,971	94,998	–	94,998
Bank and other borrowings	462,553	250,000	712,553	–	660,000	660,000
Long-term bonds due in one-year	–	–	–	1,000,000	–	1,000,000
Derivative financial instrument	6,426	–	6,426	–	–	–
	9,301,793	296,245	9,598,038	10,204,886	709,621	10,914,507
NET CURRENT ASSETS	5,704,840	(270,306)	5,434,534	5,547,660	(754,179)	4,793,481
TOTAL ASSETS LESS CURRENT LIABILITIES	19,831,166	1,844,967	21,676,133	19,240,495	1,330,310	20,570,805
NON-CURRENT LIABILITIES						
Bank and other borrowings	–	1,140,000	1,140,000	–	680,000	680,000
Long-term bonds	1,000,000	–	1,000,000	–	–	–
Deferred tax liabilities	232,066	57,099	289,165	224,220	44,904	269,124
	1,232,066	1,197,099	2,429,165	224,220	724,904	949,124
	18,599,100	647,868	19,246,968	19,016,275	605,406	19,621,681
CAPITAL AND RESERVES						
Share capital	4,343,115	–	4,343,115	4,343,115	–	4,343,115
Reserves	10,835,424	560,994	11,396,418	11,177,137	524,208	11,701,345
Equity attributable to owners of the Company	15,178,539	560,994	15,739,533	15,520,252	524,208	16,044,460
Non-controlling interests	3,420,561	86,874	3,507,435	3,496,023	81,198	3,577,221
	18,599,100	647,868	19,246,968	19,016,275	605,406	19,621,681

2. MERGER ACCOUNTING RESTATEMENT (Continued)

The effects of merger accounting restatement in respect of the Group's acquisition of 66.283% equity interest in Jinhua Co described above on the Group's equity as at January 1, 2012 and December 31, 2012 are as follows:

	January 1, 2012 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	January 1, 2012 Rmb'000 (Restated)	December 31, 2012 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	December 31, 2012 Rmb'000 (Restated)
Share capital	4,343,115	–	4,343,115	4,343,115	–	4,343,115
Share premium	3,645,726	–	3,645,726	3,645,726	–	3,645,726
Statutory reserve	2,968,634	–	2,968,634	3,227,511	–	3,227,511
Capital reserve	1,712	–	1,712	1,712	–	1,712
Investment revaluation reserve	(1,555)	–	(1,555)	254	–	254
Dividend reserve	1,085,779	–	1,085,779	1,042,347	–	1,042,347
Special reserve	18,666	797,471	816,137	18,666	797,471	816,137
Retained profits	3,116,462	(236,477)	2,879,985	3,240,921	(273,263)	2,967,658
Non-controlling interests	3,420,561	86,874	3,507,435	3,496,023	81,198	3,577,221
	18,599,100	647,868	19,246,968	19,016,275	605,406	19,621,681

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

New and revised HKFRSs applied in the current year

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

New and revised HKFRSs applied in the current year (Continued)

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

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and joint controlled assets. The classification of joint arrangement under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investments in Shengxin Expressway Co., Ltd., which was classified as a jointly controlled entity under HKAS 31 and was accounted for using the equity method, should be classified as a joint venture under HKFRS 11 and accounted for using the equity method.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure and is applicable to entities that have interests in subsidiaries, joint ventures and associates. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see notes 26, 27 and 45 for details).

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

New and revised HKFRSs applied in the current year (Continued)

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 6(c).

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income. Upon* the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

New and revised HKFRSs issued but not yet effective

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after January 1, 2014

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

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

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

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

Annual Improvements to HKFRSs 2010-2012 Cycle

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

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability.

Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

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

Annual Improvements to HKFRSs 2010-2012 Cycle (Continued)

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

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

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

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

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010-2012 Cycle* will have a material effect on the Group's consolidated financial statements.

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

Annual Improvements to HKFRSs 2011-2013 Cycle

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

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

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

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011-2013 Cycle* will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. 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.

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

HKFRS 9 Financial Instruments (Continued)

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

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

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

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

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group’s consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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 at the end of each reporting period, as explained in the accounting policies below.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

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

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

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Merger accounting for business combination involving entities under common control

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

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

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

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

Goodwill

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and a joint venture

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and a joint venture (Continued)

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

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

Property, plant and equipment

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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

Intangible assets acquired in a business combination

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Inventories

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

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

4. 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 lumpsum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

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

Foreign currencies

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

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

Borrowing costs

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

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

Taxation

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

Financial instruments

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

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

Financial assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets

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

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

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

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

Loan and receivables

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets (Continued)

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

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

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

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

Financial liabilities and equity instruments

Financial liabilities and equity

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

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

Other financial liabilities

Other financial liabilities (including accounts payable to customers arising from securities business, trade payables, other payables, dividends payable, long term bonds, bank and other borrowings, placements from other financial institution and loan note) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

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

Financial assets held under resale agreements

Financial assets held under agreements to resell are recorded as "financial assets held under resale agreements". Financial assets held under resale agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the consolidated statement of financial position. The cost of purchasing such assets is presented under "financial assets held under resale agreements" in the consolidated statement of financial position. The difference between the purchasing price and reselling price is recognised as interest income during the term of the agreement using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derivative financial instrument

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Securities lending arrangement

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

Financial guarantee contracts

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

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

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

Derecognition

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial guarantee contracts (Continued)

Derecognition (Continued)

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

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

Provisions

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

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

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2013, the carrying amount of goodwill is Rmb86,867,000 (without accumulated impairment loss) (2012: Rmb86,867,000 (without accumulated impairment loss)). Details of the impairment testing are disclosed in Note 25.

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, 2013, the carrying amounts of intangible assets with indefinite useful lives were Rmb66,563,000 (without accumulated impairment loss) (2012: Rmb66,563,000 (without accumulated impairment loss)). Details of the impairment testing are disclosed in Note 25.

Estimated impairment of interest in a joint venture and associates

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of the Group's interest in a joint venture or associates are lower than their respective recoverable amount. The Group tests for impairment for the interest in a joint venture and associate whenever there is an indication that the asset may be impaired. The recoverable amounts have been determined based on the higher of the fair value less costs of disposal and value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2013, the carrying amount of interest in a joint venture was Rmb333,944,000 (without accumulated impairment loss) (2012: Rmb369,954,000 (without accumulated impairment loss)), and the carrying amount of interest in associates was Rmb574,733,000 (with accumulated impairment loss of Rmb11,979,000) (2012: Rmb280,057,000 (with accumulated impairment loss of Rmb11,979,000)).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provision for financial guarantee contract

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

Fair value measurements and valuation processes

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

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

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

As at 31 December 2013, the fair value of the held-for-trading investment and available-for-sale investments was estimated at an asset of Rmb1,181,025,000 (2012: Rmb1,486,772,000) and Rmb414,438,000 (2012: Rmb256,899,000), respectively.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
Financial assets			
AFS investments			
– at cost	**11,000**	11,000	1,000
– at fair value	**414,438**	256,899	60,274
Fair value through profit of loss			
Held for trading investments	**1,181,025**	1,486,772	1,260,021
Loans and receivables (including cash and cash equivalents)	**15,485,366**	14,350,238	13,922,073
Financial liabilities			
Derivative financial instrument	**–**	–	6,426
Amortised cost	**11,452,872**	11,021,034	9,468,671

(b) Financial risk management objectives and policies

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

6. 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 loans to customers arising from margin financing business, fixed-rate entrusted loans, financial assets held under resale agreements, fixed-rate time deposits, fixed-rate bank and other borrowings, long-term bonds and short-term loan note (see notes 30, 31, 33, 35, 40, 41 and 42 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances held on behalf of customers, bank balances and bank and other borrowings (see Notes 34, 35 and 40 for details).

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

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

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

The analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 30 basis points (2012: 30 basis points) increase or decrease is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

(i) Interest rate risk (Continued)

Sensitivity analysis (Continued)

If interest rates had been 30 basis points (2012: 30 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2013 would have increased/decreased by Rmb21,679,000 (2012 (restated): Rmb21,904,000). This was mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

(ii) Currency risk

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

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

	Assets		**Liabilities**	
	12/31/2013	12/31/2012	**12/31/2013**	12/31/2012
	Rmb'000	Rmb'000	**Rmb'000**	Rmb'000
Hong Kong dollar ("HKD")	**19,395**	19,460	**13,933**	14,228
United States dollar ("USD")	**65,157**	68,543	**36,948**	40,544

Sensitivity analysis

This sensitivity analysis details the Group's sensitivity to a 5% (2012: 5%) increase and decrease in RMB against HKD and USD. 5% (2012: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and 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% (2012: 5%) change in foreign currency rates. If RMB had strengthened/weakened 5% (2012: 5%) against HKD, the Group's post-tax profit for the year ended December 31, 2013 would have decreased/increased by Rmb205,000 (2012: decreased/increased by Rmb196,000). If RMB had strengthened/weakened 5% (2012: 5%) against USD, the Group's post-tax profit for the year ended December 31, 2013 would have decreased/increased by Rmb1,058,000 (2012 (restated): Rmb1,050,000).

6. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

(iii) Other price risk

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

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

Sensitivity analysis

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

If the prices of the respective equity and debt instruments had been 5% (2012: 5%) higher/lower,

- post-tax profit for the year ended December 31, 2013 would have increased/decreased by Rmb44,288,000 (2012 (restated): Rmb55,754,000) as a result of the changes in fair value of held for trading investments; and

- investment valuation reserve would have increased by Rmb15,541,000 (2012 (restated): Rmb9,634,000) for the Group as a result of the changes in fair value of AFS listed investments, or the investment revaluation reserve would decrease by the same amount and the Group would consider any potential impairment effect, if necessary.

Credit risk

As at December 31, 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liability in relation to financial guarantee issued by the Group as disclosed in note 50.

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

6. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

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

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

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

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

(ii) exposures to a particular investment product.

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

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

6. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

As at December 31, 2013, other than the concentration of credit risk on trade receivables, entrusted loan receivables, financial investment products and financial guarantee contract amounting to Rmb101,428,000 (2012 (restated): Rmb64,447,000), Rmb455,400,000 (2012: Rmb639,651,000), Rmb168,000,000 (2012 (restated): Rmb103,432,000) and Rmb1,100,000,000 (2012: nil) as disclosed in Notes 29, 31 and 50, respectively, of which these balances were only limited and concentrated to a few counterparties, the Group does not have any other significant concentration of credit risk.

There are also no concentration risks on its margin financing business and financial assets held under resale agreements as at December 31, 2013 and December 31 2012 respectively as the Group has a large number of clients who are dispersed.

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

Liquidity risk

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

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

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.

6. 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 undis-counted cash flows Rmb'000	Carrying amount at 31/12/2013 Rmb'000
2013								
Non-derivative financial Liabilities								
Placements from other financial institution	7.02	316,456	–	–	–	–	316,456	310,000
Accounts payable to customers arising from securities business	–	8,167,103	–	–	–	–	8,167,103	8,167,103
Trade payables	–	421,994	–	–	–	–	421,994	421,994
Other payables	–	618,799	–	–	–	–	618,799	618,799
Dividends payable	–	94,976	–	–	–	–	94,976	94,976
Bank and other borrowings								
– fixed rate	5.04	442,618	–	–	–	–	442,618	440,000
– variable rate	6.42	105,653	14,404	315,329	–	–	435,386	400,000
Short-term loan note	5.50	1,013,712	–	–	–	–	1,013,712	1,000,000
Financial guarantee	–	1,100,000	–	–	–	–	1,100,000	–
		12,281,311	14,404	315,329	–	–	12,611,044	11,452,872

6. 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 31/12/2012 Rmb'000
2012 (Restated)								
Non-derivative financial liabilities								
Accounts payable to customers arising from securities business		7,481,819	–	–	–	–	7,481,819	7,481,819
Trade payables	–	371,006	37,606	–	–	–	408,612	408,612
Other payables	–	695,605	–	–	–	–	695,605	695,605
Dividends payable	–	94,998	–	–	–	–	94,998	94,998
Bank and other borrowings								
– fixed rate	5.18	2,331	6,993	182,387	–	–	191,711	180,000
– variable rate	6.16	326,473	384,353	442,382	101,006	–	1,254,214	1,160,000
Long-term bonds – fixed rate	4.29	1,042,900	–	–	–	–	1,042,900	1,000,000
		10,015,132	428,952	624,769	101,006	–	11,169,859	11,021,034

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

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

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

As at December 31 2013, the Group has not entered into any master netting arrangements with counterparties. The collaterals of which, such as financial assets held under resale agreement, loans to customers arising from margin financing business, placements from other financial institution and etc., are disclosed in the corresponding notes, which are generally not on the net basis in financial position. However, the risk exposure associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

(c) Fair value measurements of financial instruments

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

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

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

6. FINANCIAL INSTRUMENTS (Continued)

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

	Financial assets	Classified as	Fair value as at 31/12/2013 Rmb'000	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
1)	Equity investments listed in exchange	Held for trading investments	Assets – 78,658	Level 1	Quoted bid prices in an active market.	N/A	N/A
2)	Equity securities and Open-ended equity funds	Held for trading investments	Assets – 5,242	Level 2	Shares of the net assets of the products, determined with reference to the net asset value of the products, calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
3)	Fund listed in exchange	Available-for-sale investments	Assets – 44,574	Level 1	Quoted bid prices in an active market.	N/A	N/A
4)	Debt investments listed in exchange and debt investment in interbank market	Held for trading investments	Assets – 443,810	Level 1	Quoted bid prices in an active market.	N/A	N/A
		Available-for-sale investments	Assets – 127,000				
		Held for trading investments	Assets – 653,315	Level 2	Discounted cash flow. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.	N/A	N/A
5)	Investments in structured products	Available-for-sale investments	Assets – 126,948	Level 2	Shares of the net assets of the products, determined with reference to the net asset value of the products, calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
			Assets – 74,402	Level 3	Discounted cash flow. Future cash flows are estimated based on expected applicable yield of the underlying investment portfolio and adjustments of related expenses, discounted at a rate that reflects the credit risk of various counterparties	Actual yield of the underlying investment portfolio and the discount rate	The higher the actual yield, the higher the fair value
6)	Investments in trust products	Available-for-sale investments	Assets – 41,514	Level 3	Discounted cash flow. Future cash flows are estimated based on expected applicable yield of the underlying investment portfolio and adjustments of related expenses, discounted at a rate that reflects the credit risk of various counterparties	Actual yield of the underlying investment portfolio and the discount rate	The higher the actual yield, the higher the fair value

6. FINANCIAL INSTRUMENTS (Continued)

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

As at December 31, 2013

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

6. FINANCIAL INSTRUMENTS (Continued)

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

As at December 31, 2012

	Level 1 Rmb$'000	Level 2 Rmb$'000	Level 3 Rmb$'000	Total Rmb$'000
Financial assets at FVTPL				
Held for trading investments	1,486,772	–	–	1,486,772
Available-for-sale financial assets				
Listed equity and debt securities	256,899	–	–	256,899

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

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

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

7. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Notes 40, 41 and 42, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

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

8. SEGMENT INFORMATION

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

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

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

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

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

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

Segment revenue and results

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

For the year ended December 31, 2013

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

8. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended December 31, 2012 (Restated)

	Toll operation Rmb'000	Toll related operation: Service area and advertising businesses Rmb'000	Toll related operation: other toll road related service Rmb'000	Securities operation Rmb'000	Total Segment Rmb'000	Elimination Rmb'000	Total Rmb'000
Revenue							
External sales	3,772,395	2,028,883	–	1,126,137	6,927,415	–	6,927,415
Inter-segment sales	–	7,919	–	–	7,919	(7,919)	–
Total	3,772,395	2,036,802	–	1,126,137	6,935,334	(7,919)	6,927,415
Segment profit	1,598,710	62,241	–	165,669	1,826,620	–	1,826,620

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

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

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

	Segment assets			Segment liabilities		
	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)	**12/31/2013 Rmb'000**	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
Toll operation	**14,784,868**	17,404,526	17,679,206	**(2,082,988)**	(3,836,988)	(4,299,866)
Service area and advertising business	**926,171**	647,043	695,675	**(234,708)**	(157,674)	(231,303)
Other toll road related service	**310,818**	–	–	**–**	–	–
Securities operation	**15,980,470**	13,346,876	12,812,423	**(10,102,539)**	(7,868,969)	(7,496,034)
Total segment assets (liabilities)	**32,002,327**	31,398,445	31,187,304	**(12,420,235)**	(11,863,631)	(12,027,203)
Goodwill	**86,867**	86,867	86,867	**–**	–	–
Consolidated assets (liabilities)	**32,089,194**	31,485,312	31,274,171	**(12,420,235)**	(11,863,631)	(12,027,203)

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

8. SEGMENT INFORMATION (Continued)

Other segment information

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

For the year ended December 31, 2013

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

8. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended December 31, 2012 (Restated)

		Toll related operation			
	Toll operation	Service area and advertising businesses	Other toll road related service	Securities operation	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Income tax expense	556,468	18,078	–	60,123	634,669
Interest income	141,684	10,693	–	29,282	181,659
Interest expense	139,519	246	–	–	139,765
Interests in associates	–	234,005	–	46,052	280,057
Interest in a joint venture	369,954	–	–	–	369,954
Share of profit (loss) of associates	–	7,367	–	(11,880)	(4,513)
Share of loss of a joint venture	(3,516)	–	–	–	(3,516)
Gain on fair value changes on held for trading investments	10,290	–	–	89,318	99,608
Additions to non-current assets (Note)	617,984	14,333	–	105,406	737,723
Depreciation and amortisation	880,323	28,624	–	96,298	1,005,245
Loss on disposal of property, plant and equipment	5,409	1,223	–	250	6,882

Note: Non-current assets excluded financial instruments.

8. SEGMENT INFORMATION (Continued)

Revenue from major services

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

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000 (Restated)
Toll operation revenue	**4,019,867**	3,772,395
Service area businesses revenue (mainly sales of goods)	**2,054,543**	1,937,955
Advertising business revenue	**103,926**	90,473
Commission income from securities operation	**1,197,315**	832,213
Interest income from securities operation	**454,017**	293,924
Others	**21,447**	455
	7,851,115	6,927,415

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, 2013 and 2012, there are no individual customer with sales over 10% of the total sales of the Group.

9. SECURITIES INVESTMENT GAINS

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000
Gain on fair value changes on held for trading investments	**98,282**	99,608
Cumulative gain reclassified from equity on disposal of AFS investments	**1,381**	175
	99,663	99,783

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

10. OTHER INCOME

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000 (Restated)
Interest income on bank balances, entrusted loan receivables and financial products investment	**95,922**	162,292
Other interest income (Note 24)	**–**	19,367
Rental income (Note)	**88,739**	72,796
Handling fee income	**2,781**	5,685
Towing income	**10,155**	9,303
Gain on deregistration of an associate	**16**	–
Gain on disposal of an associate	**–**	12
Exchange loss, net	**(957)**	(2,155)
Fair value gain on derivative financial instrument	**–**	2,841
Loss on commodity trading, net	**(1,351)**	–
Others	**45,751**	21,849
	241,056	291,990

Note: Rental income included contingent rent of approximately Rmb39,102,000(2012: Rmb33,697,000) during the year.

11. FINANCE COSTS

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000 (Restated)
Interest expenses wholly repayable within 5 years:		
Bank and other borrowings	87,288	96,865
Long-term bonds	2,700	42,900
Short-term loan note	10,397	–
Total borrowing costs	100,385	139,765
Less: Amount capitalised in the cost of qualifying assets (Note)	(5,224)	–
	95,161	139,765

Note: Borrowing costs capitalised during the year ended 31 December 2013 includes all the interest income and interest expenses arising from the specific borrowing to the expenditure on qualifying assets.

12. PROFIT BEFORE TAX

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

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000 (Restated)
Depreciation of property, plant and equipment	190,690	179,635
Amortisation of prepaid lease payments	2,164	2,155
Amortisation of expressway operating rights (included in operating costs)	811,025	807,207
Amortisation of other intangible assets (included in operating costs)	18,644	16,248
Total depreciation and amortisation	1,022,523	1,005,245
Staff costs (including directors and supervisors):		
– Wages and salaries	761,109	639,842
– Pension scheme contributions	70,657	64,377
	831,766	704,219
Auditors' remuneration	8,125	5,971
Allowance for loans to customers arising from margin financing business	8,477	–
Allowance for trade receivables	7	125
Reversal of allowance for trade receivables	(291)	–
Loss on disposal of property, plant and equipment	2,149	6,882
Cost of inventories recognised as an expense	1,889,783	1,786,678
Fair value gain on derivative financial instrument	–	(2,841)

13. INCOME TAX EXPENSE

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000 (Restated)
Current tax:		
PRC Enterprise Income Tax	**821,118**	655,910
Deferred tax (Note 43)	**(64,357)**	(21,241)
	756,761	634,669

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

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

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

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000 (Restated)
Profit before tax	**2,971,738**	2,461,289
Tax at the PRC enterprise income tax rate of 25% (2012:25%)	**742,935**	615,322
Tax effect of share of (profit) loss of associates	**(5,384)**	1,128
Tax effect of share of loss of a joint venture	**9,003**	879
Tax effect of income not taxable for tax purposes	**–**	(17)
Tax effect of expenses not deductible for tax purposes	**10,207**	17,357
Tax charge for the year	**756,761**	634,669

14. OTHER COMPREHENSIVE INCOME

Tax effect relating to other comprehensive income as follows:

	Year ended 12/31/2013			Year ended 12/31/2012		
	Before-tax amount Rmb'000	Tax benefit Rmb'000	Net-of-income-tax amount Rmb'000	Before-tax amount Rmb'000	Tax benefit Rmb'000	Net-of-income-tax amount Rmb'000
Fair value gain on AFS financial assets arising during the year	**4,865**	**(1,216)**	**3,649**	4,800	(1,200)	3,600
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal of AFS financial assets	**(1,381)**	**345**	**(1,036)**	(175)	44	(131)
Total	**3,484**	**(871)**	**2,613**	4,625	(1,156)	3,469

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

The emoluments paid or payable to each of the 9 (2012: 15) directors and 5 (2012: 8) supervisors are as follows:

	Chen Jisong@ Rmb'000 (note i)	Zhan Xiaozhang@ Rmb'000	Luo Jianhu@ Rmb'000 (note ii and iii)	Jiang Wenyao@ Rmb'000 (note i)	Zhang Jingzhong@ Rmb'000 (note iv)	Ding HuiKang@ Rmb'000	Zhang Luyun^ Rmb'000 (note i)	Li Zongsheng^ Rmb'000 (note ii)	Wang Weili^ Rmb'000 (note ii)	Wang Dongjie^ Rmb'000 (note ii)	Tung Cheechen* Rmb'000 (note i)	Zhang Junsheng* Rmb'000	Zhang Liping* Rmb'000 (note i)	Zhou Jun* Rmb'000 (note ii)	Pei Ker-wei* Rmb'000 (note ii)	Ma Kehua# Rmb'000 (note i)	Fang Zhexing# Rmb'000 (note iv)	Jiang Shaozhong# Rmb'000 (note i)	Fu Zhexiang# Rmb'000 (note ii)	Zhang Xiuhua# Rmb'000 (note ii)	Wu Yongmin# Rmb'000	Liu Haisheng# Rmb'000	Zhang Guohua# Rmb'000 (note ii)	Total Rmb'000
2013																								
Salaries, allowances and benefits in kind	–	233	230	–	–	230	–	4	2	2	–	54	–	198	200	–	–	–	5	5	2	1	3	1,169
Bonuses paid and payable	–	377	339	–	–	339	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,055
Pension scheme contributions	–	17	17	–	–	17	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	51
Total emoluments	–	627	586	–	–	586	–	4	2	2	–	54	–	198	200	–	–	–	5	5	2	1	3	2,275
2012																								
Salaries, allowances and benefits in kind	4	275	291	209	210	425	2	3	2	3	81	54	81	121	120	4	4	5	3	3	6	–	2	1,908
Bonuses paid and payable	–	346	95	54	54	135	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	684
Pension scheme contributions	–	23	14	11	11	24	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	83
Total emoluments	4	644	400	274	275	584	2	3	2	3	81	54	81	121	120	4	4	5	3	3	6	–	2	2,675

@ Executive directors

^ Non-executive directors

* Independent non-executive directors

Supervisors

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

Notes:

(i) Resigned on June 11, 2012

(ii) Appointed on June 11, 2012.

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

(iv) Resigned on June 11, 2012 and remained as the senior management of the Company

The emoluments of each of the directors and supervisors were below HK$1,000,000 (equivalent to Rmb786,200 (2012: Rmb811,000)) in both years. Bonuses paid to directors and supervisors are performance-rated and are determined by the Remuneration Committee of the Company, which comprises three independent non-executive directors.

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

The emoluments paid or payable to each of the 5 (2012: 5) senior managements are as follows:

	Zhang Jingzhong Rmb'000 (Note i)	Fang Zhexing Rmb'000 (Note ii)	Wu Junyi Rmb'000	Zheng Hui Rmb'000	Zhang Xiuhua Rmb'000	Total Rmb'000
2013						
Salaries, allowances and benefits in kind	**226**	**218**	**226**	**161**	**153**	**984**
Bonuses paid and payable	**339**	**328**	**339**	**241**	**229**	**1,476**
Pension scheme contributions	**17**	**17**	**17**	**17**	**17**	**85**
Total emoluments	**582**	**563**	**582**	**419**	**399**	**2,545**
2012						
Salaries, allowances and benefits in kind	214	420	420	321	251	1,626
Bonuses paid and payable	82	135	135	98	103	553
Pension scheme contributions	12	24	24	24	24	108
Total emoluments	308	579	579	443	378	2,287

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

Notes:

(i) Resigned as director and remained as senior management on June 11, 2012.

(ii) Resigned as supervisor and remained as senior management on June 11, 2012.

The emoluments of each of the senior managements were below HK$1,000,000 (equivalent to Rmb786,200 (2012: Rmb811,000)) in both years. Bonuses paid to senior managements are performance-rated and are determined by the Board of Directors of the Company.

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

16. EMPLOYEES' EMOLUMENTS

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

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000
Salaries, allowances and benefits in kind	**8,432**	6,680
Bonuses paid and payable (Note)	**9,287**	16,315
Pension scheme contributions	**137**	126
	17,856	23,121

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, 2013 and 2012.

No any emoluments and no incentive was waived as an inducement to join the Company and no compensation for loss of office was paid to any five highest paid individuals in the Group during both years. Bonuses are determined by reference to the individual performance of the five highest paid individuals in the Group.

The five individuals with the highest emoluments in the Group during the year included five (2012: five) non-director employees.

16. EMPLOYEES' EMOLUMENTS (Continued)

Note: (Continued)

Their emoluments are within the following bands:

	No. of individuals	
	Year ended 12/31/2013	Year ended 12/31/2012
HK$3,500,001 to HK$4,000,000 (equivalent to Rmb2,751,701 (2012: Rmb2,838,501) to Rmb3,144,800 (2012: Rmb3,244,000)	**1**	–
HK$4,000,001 to HK$4,500,000 (equivalent to Rmb3,144,801 (2012: Rmb3,244,001) to Rmb3,537,900 (2012: Rmb3,649,500)	**1**	–
HK$4,500,001 to HK$5,000,000 (equivalent to Rmb3,537,901 (2012: Rmb3,649,501) to Rmb3,931,000 (2012: Rmb4,055,000))	**3**	1
HK$5,000,001 to HK$5,500,000 (equivalent to Rmb3,931,001 (2012: Rmb4,055,001) to Rmb4,324,100 (2012: Rmb4,460,500))	**–**	1
HK$5,500,001 to HK$6,000,000 (equivalent to Rmb4,324,101 (2012: Rmb4,460,501) to Rmb4,717,200 (2012: Rmb4,866,000)	**–**	1
HK$6,000,001 to HK$6,500,000 (equivalent to Rmb4,717,201 (2012: Rmb4,866,001) to Rmb5,110,300 (2012: Rmb5,271,500)	**–**	1
HK$6,500,001 to HK$7,000,000 (equivalent to Rmb5,110,301 (2012: Rmb5,271,501) to Rmb5,503,400 (2012: Rmb5,677,000)	**–**	1

17. DIVIDENDS

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000
Dividends recognised as distribution during the year:		
2013 Interim – Rmb6 cents (2012: 2012 interim Rmb6 cents) per share	**260,587**	260,587
2012 Final – Rmb24 cents (2012: 2011 Final Rmb25 cents) per share	**1,042,347**	1,085,779
	1,302,934	1,346,366

The final dividend of Rmb25 cents per share in respect of the year ended December 31, 2013 (2012: final dividend of Rmb24 cents per share in respect of the year ended December 31, 2012) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

18. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on profit for the year attributable to owners of the Company of Rmb1,907,470,000 (2012 (Restated): Rmb1,649,484,000) and the 4,343,114,500 (2012: 4,343,114,500) ordinary shares in issue during the year.

Diluted earnings per share presented is the same as basic earnings per share as there were no potential ordinary shares outstanding for the years ended December 31, 2013 and 2012.

19. 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, 2012							
(Originally stated)	523,284	509,936	356,146	196,404	401,083	243,425	2,230,278
Merger accounting restatement	60,812	203,510	110,266	8,428	2,625	6,062	391,703
At January 1, 2012 (Restated)	584,096	713,446	466,412	204,832	403,708	249,487	2,621,981
Additions	21,100	19,469	79,603	22,066	42,160	54,836	239,234
Transfer	–	33,482	10,306	–	–	(43,788)	–
Disposals	(844)	(11,869)	(13,603)	(6,840)	(11,055)	(544)	(44,755)
At December 31, 2012 (Restated)	604,352	754,528	542,718	220,058	434,813	259,991	2,816,460
Additions	10,009	30,638	12,814	24,535	27,883	218,802	324,681
Transfer	23,878	56,317	9,924	184	2,700	(93,003)	–
Disposals	–	(8,025)	(6,507)	(24,775)	(21,864)	–	(61,171)
At December 31, 2013	638,239	833,458	558,949	220,002	443,532	385,790	3,079,970
DEPRECIATION							
At January 1, 2012 (Originally stated)	114,601	156,921	260,209	136,066	268,016	–	935,813
Merger accounting restatement	5,816	36,544	53,904	5,290	1,782	–	103,336
At January 1, 2012 (Restated)	120,417	193,465	314,113	141,356	269,798	–	1,039,149
Provided for the year	41,752	31,177	36,502	17,324	52,880	–	179,635
Disposals	(755)	(5,639)	(12,851)	(6,643)	(10,735)	–	(36,623)
At December 31, 2012 (Restated)	161,414	219,003	337,764	152,037	311,943	–	1,182,161
Provided for the year	42,367	36,959	46,661	18,183	46,520	–	190,690
Disposals	–	(4,374)	(6,051)	(23,430)	(21,068)	–	(54,923)
At December 31, 2013	203,781	251,588	378,374	146,790	337,395	–	1,317,928
CARRYING VALUES							
At December 31, 2013	**434,458**	**581,870**	**180,575**	**73,212**	**106,137**	**385,790**	**1,762,042**
At December 31, 2012 (Restated)	**442,938**	**535,525**	**204,954**	**68,021**	**122,870**	**259,991**	**1,634,299**
At January 1, 2012 (Restated)	**463,679**	**519,981**	**152,299**	**63,476**	**133,910**	**249,487**	**1,582,832**

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

The carrying value of properties shown above comprises:

	12/31/2013	12/31/2012	01/01/2012
	Rmb'000	Rmb'000	Rmb'000
		(Restated)	(Restated)
Leasehold land and buildings in the PRC:			
Long lease	**24,322**	24,654	24,984
Medium-term lease	**410,136**	418,284	438,695
	434,458	442,938	463,679

As at December 31, 2013, certain property, plant and equipment have been pledged as collaterals to secure general banking facilities granted to the Group. Details of which were set out in Note 49.

20. PREPAID LEASE PAYMENTS

	12/31/2013	12/31/2012	01/01/2012
	Rmb'000	Rmb'000	Rmb'000
		(Restated)	(Restated)
Analysed for reporting purposes as:			
Current assets	**2,155**	2,154	2,154
Non-current assets	**68,156**	70,321	72,476
	70,311	72,475	74,630

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

As at December 31, 2013, certain prepaid lease payments have been pledged as collaterals to secure general banking facilities granted to the Group. Details of which were set out in Note 49.

21. EXPRESSWAY OPERATING RIGHTS

	Rmb'000
Cost	
At January 1, 2012 (Originally stated)	16,756,557
Merger accounting restatement	2,691,045
At January 1, 2012 (Restated)	19,447,602
Additions	60,730
At December 31, 2012 (Restated) and at December 31, 2013	19,508,332
Amortisation	
At January 1, 2012 (Originally stated)	5,391,619
Merger accounting restatement	587,348
At January 1, 2012 (Restated)	5,978,967
Charge for the year	807,207
At December 31, 2012 (Restated)	6,786,174
Charge for the year	811,025
At December 31, 2013	7,597,199
Carrying values	
At December 31, 2013	**11,911,133**
At December 31, 2012 (Restated)	12,722,158
At January 1, 2012 (Restated)	13,468,635

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

As at December 31, 2013 and 2012, the expressway operating rights in respect of Jinhua Section of the Ningbo-Jinhua Expressway has been pledged as collaterals to secure general banking facilities granted to the Group. Details of which were set out in Note 49.

22. GOODWILL

	Rmb'000
Cost and carrying VALUES	
At January 1, 2012, December 31, 2012 and December 31, 2013	86,867

Particulars regarding impairment testing on goodwill are disclosed in Note 25.

23. OTHER INTANGIBLE ASSETS

	Customer bases Rmb'000	Securities/ futures firm licenses Rmb'000	Trading seats Rmb'000	Software Rmb'000	Total Rmb'000
COST					
At January 1, 2012	101,147	63,083	3,480	49,249	216,959
Additions	–	–	–	14,287	14,287
At December 31, 2012	101,147	63,083	3,480	63,536	231,246
Additions	–	–	–	17,575	17,575
At December 31, 2013	101,147	63,083	3,480	81,111	248,821
AMORTISATION					
At January 1, 2012	41,615	–	–	17,750	59,365
Charge for the year	6,266	–	–	9,982	16,248
At December 31, 2012	47,881	–	–	27,732	75,613
Charge for the year	6,266	–	–	12,378	18,644
At December 31, 2013	54,147	–	–	40,110	94,257
CARRYING VALUES					
At December 31, 2013	**47,000**	**63,083**	**3,480**	**41,001**	**154,564**
At December 31, 2012	53,266	63,083	3,480	35,804	155,633

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 indefinite useful lives because they can be renewed at minimal cost even though the current licenses are effective for three years.

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

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

Particulars of the impairment testing on intangible assets with indefinite useful lives are disclosed in Note 25.

24. 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 had been paid to the vendor. During the year ended December 31, 2012, this provisional agreement has been terminated as Jinji Co fails to deliver the property to Zheshang Securities, deposit of Rmb323,800,000 together with interest, which is according to the prevailing lending rate promulgated by the People's Bank of China ("PBOC"), of Rmb19,367,000 had been repaid to Zheshang Securities.

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

For the purposes of impairment testing, goodwill and other intangible assets with indefinite useful lives set out in Notes 22 and 23 have been allocated to four individual cash generating units ("CGUs"), comprising two subsidiaries in toll operation segment and two subsidiaries in securities operation segment. The carrying amounts of goodwill and other intangible assets (net of accumulated impairment losses) as at December 31, 2013 and 2012 allocated to these units are as follows:

	Goodwill		Securities/futures firm licenses		Trading seats	
	12/31/2013	12/31/2012	**12/31/2013**	12/31/2012	**12/31/2013**	12/31/2012
	Rmb'000	Rmb'000	**Rmb'000**	Rmb'000	**Rmb'000**	Rmb'000
Toll operation						
– Zhejiang Jiaxing Expressway Co., Ltd. ("Jiaxing Co")	**75,137**	75,137	**–**	–	**–**	–
– Zhejiang Shangsan Expressway Co., Ltd. ("Shangsan Co")	**10,335**	10,335	**–**	–	**–**	–
Securities operation						
– Zheshang Securities	**–**	–	**51,783**	51,783	**2,080**	2,080
– Zheshang Futures	**1,395**	1,395	**11,300**	11,300	**1,400**	1,400
	86,867	86,867	**63,083**	63,083	**3,480**	3,480

During the years ended December 31, 2013 and 2012, management of the Group determines that there are no impairment of any of its CGUs containing goodwill and other intangible assets with indefinite useful lives.

25. 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 the management considered appropriate. No growth rate has been assumed beyond the five-year period up to the remaining toll road operating rights which are 15 years (2012: 16 years) and 17 years (2012: 18 years) for Jiaxing Co. and Shangsan Co., respectively. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Jiaxing Co's and Shangsan Co's goodwill to exceed their aggregate recoverable amounts.

Zheshang Securities & Zheshang Futures

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

26. INTERESTS IN ASSOCIATES

	12/31/2013 **Rmb'000**	12/31/2012 Rmb'000 (Restated)	12/31/2011 Rmb'000 (Restated)
Unlisted investments in associates, at cost less impairment	**492,534**	209,910	167,159
Share of post-acquisition profit, net of dividends received	**82,199**	70,147	81,236
	574,733	280,057	248,395

26. INTERESTS IN ASSOCIATES (Continued)

At December 31, 2013 and 2012, the Group had interests in the following associates:

Name of entity	Form of business structure	Place of registration and operation	Percentage of equity interest attributable to the Group 12/31/2013 %	12/31/2012 %	Principal activities
Zhejiang Expressway Petroleum Development Co., Ltd. ("Petroleum Co") (Note i)	Corporate	The PRC	**50**	50	Operation of petrol stations and sale of petroleum products
JoinHands Technology Co., Ltd. ("JoinHands Co") (Note ii)	Corporate	The PRC	**27.58**	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
Zhejiang Communications Finance Co., Ltd. ("Zhejiang Communications Finance") (Note iii)	Corporate	The PRC	**35**	N/A	Finance and Investment
Ningbo Expressway Advertising Co., Ltd. ("Ningbo Advertising Co")(Note iv)	Corporate	The PRC	**N/A**	24.5	Management of advertising billboards along expressways
Zheshang Fund Management Co., Ltd. ("Zheshang Fund") (Note v)	Corporate	The PRC	**13.04**	13.04	Asset fund management

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

26. INTERESTS IN ASSOCIATES (Continued)

Notes:

(i) According to the Articles of Association of Petroleum Co, 66.67% voting power is required to govern the significant financial and operating policies, and the Company can only exercise significant influence over it.

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

On April 28, 2013, a final judgement from Hangzhou People's Court has ruled in favour of the Company, and the Property has been put in an open auction and completed with a transaction price of Rmb24,120,000 during the year. Since the transfer of the Property interest has not been completed for the year ended December 31, 2013, the disposal of the associate has not been completed in this year. The management expect the transaction would be completed in 2014.

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

(iv) This associate has been deregistered during the year ended December 31, 2013 and the Group entitled to received appropriation from deregistration amounting to Rmb1,040,000, resulting in a gain on deregistration of an associate of Rmb16,000. As at December 31, 2013, Rmb388,000 out of the total appropriation has been received by the Group and a payable of Rmb 652,000 due to the associate by the Group has been waived upon the deregistration.

(v) 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. During the year ended December 31, 2012, Zheshang Securities, in proportion to its equity interest, had made additional capital contribution of Rmb50,000,000 to Zheshang Fund.

26. INTERESTS IN ASSOCIATES (Continued)

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

Petroleum Co and its subsidiaries

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Current assets	**180,869**	219,364
Non-current assets	**257,516**	235,483
Current liabilities	**46,735**	77,112
Non-current liabilities	**1,481**	1,481
Equity attributable to owners of the Petroleum Co	**333,482**	329,824
Non-controlling interests of Petroleum Co	**56,687**	46,430

	For the Year ended 12/31/2013 Rmb'000	For the Year ended 12/31/2012 Rmb'000
Revenue	**6,472,584**	6,083,272
Profit for the year	**31,890**	20,509
Profit attributable to owners of Petroleum Co	**21,631**	15,016
Profit attributable to non-controlling interests of Petroleum Co	**10,259**	5,493
	31,890	20,509
Dividends received from the associate during the year	**8,987**	6,500

26. INTERESTS IN ASSOCIATES (Continued)

Petroleum Co and its subsidiaries (Continued)

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

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

	12/31/2013 **Rmb'000**	12/31/2012 Rmb'000
Net asset of the associate	**333,482**	329,824
Proportion of the Group's ownership interest in Petroleum Co	**50%**	50%
Carrying amount of the Group's interest in Petroleum Co	**166,741**	164,912

Zhejiang Communications Finance

	12/31/2013 **Rmb'000**
Current assets	**4,504,856**
Non-current assets	**2,184,472**
Current liabilities	**5,801,276**

	From date of acquisition to 12/31/2013 **Rmb'000**
Revenue	**155,239**
Profit for the period	**79,054**
Dividends received from the associate during the period	**–**
Capital contribution received during the period	**300,000**

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

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

26. INTERESTS IN ASSOCIATES (Continued)

Aggregate information of associates that are not individually material

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
The Group's share of loss	**(16,948)**	(12,021)
Aggregate carrying amount of the Group's interests in these associates	**97,174**	115,145

27. INTEREST IN A JOINT VENTURE

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Unlisted investment in a joint venture, at cost less impairment	**373,470**	373,470
Share of post-acquisition loss	**(39,526)**	(3,516)
	333,944	369,954

At December 31, 2013 and 2012, the Group had interest in the following joint venture:

Name of entity	Form of business structure	Place of registration and operation	Percentage of equity interest attributable to the Group 12/31/2013 %	12/31/2012 %	Principal activities
Shengxin Expressway Co., Ltd. ("Shengxin Co")	Corporate	The PRC	**50**	50	Management of the Shaoxing section of the Ningbo-Jinhua Expressway

On July 6, 2012, the Company entered into a sales and purchase agreement (the "S&P Agreement") with Shaoxing Communications Investment Group Co., Ltd. ("Shaoxing Communications Group"), an independent third party, who owned 100% equity interest of Shengxin Co, pursuant to which the Company conditionally agreed to purchase from Shaoxing Communications Group, a 50% equity interest in Shengxin Co for cash consideration of Rmb355,033,000, plus interest accrued on the consideration at the interest rate according to the PBOC. The acquisition has been completed on November 28, 2012.

As at December 31, 2012, 50% of the consideration amounting to Rmb177,516,000 and the relevant interest of Rmb6,622,000 were paid by the Company to Shaoxing Communications Group, while the remaining 50% and unpaid interest was accounted for as consideration payable and included in other payables and accruals in the consolidated statement of financial position.

27. INTEREST IN A JOINT VENTURE (Continued)

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

The consideration and accrued interest had been fully settled by the Company during year end 31 December 2013.

Shengxin Co

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Current assets	**34,629**	18,202
Non-current assets	**2,954,410**	3,085,117
Current liabilities	**43,557**	30,371
Non-current liabilities	**2,277,595**	2,333,041
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**29,743**	13,250
Current financial liabilities (excluding trade and other Payables and provisions)	**–**	–
Non-current financial liabilities (excluding trade and other Payables and provisions)	**2,200,000**	2,250,000

	For the year ended 12/31/2013 Rmb'000	From date of acquisition to 12/31/2012 Rmb'000
Revenue	**284,445**	93,027
Loss for the year/period	**(72,020)**	(7,032)
Dividend received from the joint venture	**–**	–
The above loss for the year includes the following:		
Depreciation and amortisation	**(171,910)**	(14,304)
Interest income	**146**	83
Interest expense	**(137,699)**	(7,258)
Income tax expense	**(4,464)**	(279)

27. INTEREST IN A JOINT VENTURE (Continued)

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

Shengxin Co (Continued)

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

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Net asset of the joint venture	667,887	739,907
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount of the Group's interest in Shengxin Co	333,944	369,954

28. AVAILABLE-FOR-SALE INVESTMENTS

AFS investments comprise:

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Non-current assets:		
Unlisted equity securities investments, at cost (Note i)	11,000	11,000
Corporate bonds listed in the PRC with fixed interest of 9.6% per annum and maturity date on May 31, 2017	122,000	122,000
Trust products	10,514	–
	143,514	133,000
Current assets:		
Listed equity securities investments in the PRC (Note ii)	–	134,899
Funds	44,574	–
Trust products	31,000	–
Corporate bonds	5,000	–
Financial products (Note iii)	201,350	–
	281,924	134,899
	425,438	267,899

As at December 31, 2013, the Group has entered into securities lending arrangement with clients that resulted in the transfer of listed AFS investments with total fair value of Rmb2,772,000 (2012: Rmb5,897,000) to external clients, which did not result in derecognition of the financial assets. Details of the collaterals were set out in Note 30.

28. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

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, 2013, the gain on change in fair value of the investments of Rmb4,865,000 (2012:Rmb4,800,000) has been recognised as other comprehensive income.

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

29. TRADE RECEIVABLES

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
Trade receivables comprise:			
A fellow subsidiary (Note 51(i)(a))	3,077	3,010	2,431
Third parties	99,023	62,393	50,875
Total trade receivables	102,100	65,403	53,306
Less: Allowance for doubtful debts	(672)	(956)	(831)
	101,428	64,447	52,475

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

In respect of the Group's asset management service operated by Zheshang Securities of which was newly commenced during the year ended December 31, 2013, Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by management.

29. TRADE RECEIVABLES (Continued)

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

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
Within 3 months	**90,812**	64,138	49,773
3 months to 1 year	**10,453**	–	2,431
1 to 2 years	**–**	146	–
Over 2 years	**163**	163	271
	101,428	64,447	52,475

Movement of allowance for doubtful debts

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
At the beginning of the year	**956**	831	–
Impairment recognised for the year	**7**	125	831
Amount reversed during the year	**(291)**	–	–
At the end of the year	**672**	956	831

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

30. LOANS TO CUSTOMERS ARISING FROM MARGIN FINANCING BUSINESS

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Loans to margin clients	**2,955,388**	724,123
Less: Allowance for doubtful debts	**(8,477)**	–
	2,946,911	724,123

The Group has provided customers with margin financing and security lending for securities transactions since June 2012, the credit facility limits to margin clients are determined by the discounted market value of the pledged securities accepted by the Group or the market value of cash collateral.

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

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

As at December 31, 2013, loans to customers under the margin financing and securities lending activities carried out in the PRC were secured by the customers' stock securities and cash collaterals. The undiscounted market value of the stock security collaterals was amounted to Rmb8,207,640,000 (2012:Rmb2,745,885,000). Cash collateral of Rmb222,313,000 (2012: Rmb75,976,000) received from clients was included in accounts payable to customers arising from securities business in Note 37.

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

Movement in the allowance for doubtful debts

	12/31/2013	12/31/2012
	Rmb'000	Rmb'000
Allowance for doubtful debts at the beginning of the year	**–**	–
Impairment recognised for the year	**8,477**	–
At end of the year	**8,477**	–

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

31. OTHER RECEIVABLES AND PREPAYMENTS

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
Current			
Entrusted loans receivables from related parties (Note 51(ii))	**54,000**	314,616	350,704
Entrusted loan receivable from a third party (Note a)	**–**	–	300,944
Interest receivables	**122,392**	73,440	72,932
Financial products investment receivables (Note b)	**168,000**	103,432	–
Prepayments	**30,195**	31,543	40,623
Others	**77,381**	97,992	80,924
	451,968	621,023	846,127
Non-Current			
Entrusted loans receivables from related parties (Note 51(ii))	**401,400**	325,035	300,000
	853,368	946,058	1,146,127

Notes:

(a) 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. The remaining balance was settled during the year ended December 31, 2012.

(b) Short-term fixed-yield and principal protected bank financial products.

32. HELD FOR TRADING INVESTMENTS

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Held for trading investments include:		
Listed securities in the PRC, at fair value:		
Equity securities	**78,658**	8,953
Open-end equity funds	**5,242**	26,362
Corporate bonds with fixed interest ranging from 4.27% to 8.6% (2012: 5.20% to 9.60%) per annum	**1,097,125**	1,451,457
	1,181,025	1,486,772

33. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	12/31/2013	12/31/2012
	Rmb'000	Rmb'000
Analysed by collateral type:		
Bonds	**20,500**	119,900
Stock securities (note)	**853,754**	160,166
	874,254	280,066
Analysed by market:		
Shanghai/Shenzhen Stock Exchange	**874,254**	280,066

Note: The financial assets (pledged by stock) held under resale agreements are those resale agreements which qualified investors entered into with the Group to purchase the specified securities at a predetermined price and a predetermined day in the future.

The collaterals include both equity and debt securities listed in the PRC. As at December 31, 2013, the fair value of equity securities and debt securities held as collaterals was Rmb1,915,221,000 (2012: Rmb299,918,000) and Rmb20,500,000 (2012: Rmb119,900,000), respectively.

34. BANK BALANCES HELD ON BEHALF OF CUSTOMERS

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

Bank balances held on behalf of customers carry interest at market rates which range from 1.62% to 1.98% (2012: 1.62% to 1.98%) per annum.

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

	HKD	USD
	Rmb'000	Rmb'000
As at December 31, 2013	**13,933**	**36,948**
As at December 31, 2012	14,228	40,544

35. BANK BALANCES AND CASH

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
Time deposits with original maturity over three months	**704,459**	1,483,408	2,467,793
Unrestricted bank balances and cash	**1,130,759**	2,643,133	2,311,747
Time deposits with original maturity of less than three months	**676,222**	748,920	828,073
Cash and cash equivalents	**1,806,981**	3,392,053	3,139,820
	2,511,440	4,875,461	5,607,613

Bank balances carry interest at the average market rate of 0.35% (2012: 0.42%) per annum. Time deposits carry interest at fixed rates ranging from 1.35% to 3.30% (2012: 2.38% to 3.36%) 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, 2013	**5,462**	**28,209**
As at December 31, 2012	5,232	27,999

36. PLACEMENTS FROM OTHER FINANCIAL INSTITUTION

	2013/12/31 Rmb'000	2012/12/31 Rmb'000
Placements from China Securities Finance Corporation Limited ("CSF")	**310,000**	–

The placements from CSF were secured by a cash deposit of Rmb10,785,000 (2012: nil) and debt and equity securities with total fair value of Rmb203,923,000 (2012: nil) as at December 31, 2013.

The placements with interest rate ranging from 7.0% to 7.1% (2012: nil) per annum are repayable within 3 months from the end of the reporting period.

37. ACCOUNTS PAYABLE TO CUSTOMERS ARISING FROM SECURITIES BUSINESS

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

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

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

As at December 31, 2013, Rmb222,313,000 (2012: Rmb75,976,000) cash collateral have been received from clients for securities lending or margin financing arrangement, of which under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

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

	HKD	USD
	Rmb'000	Rmb'000
As at December 31, 2013	**13,933**	**36,948**
As at December 31, 2012	14,228	40,544

38. TRADE PAYABLES

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

	12/31/2013	12/31/2012	01/01/2012
	Rmb'000	Rmb'000	Rmb'000
		(Restated)	(Restated)
Within 3 months	**214,669**	236,246	103,264
3 months to 1 year	**82,048**	37,328	32,552
1 to 2 years	**29,518**	29,117	116,641
2 to 3 years	**8,496**	49,122	58,618
Over 3 years	**87,263**	56,799	34,378
	421,994	408,612	345,453

39. OTHER PAYABLES AND ACCRUALS

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
Other liabilities:			
Accrued payroll and welfare	**544,469**	408,689	359,430
Consideration payable for acquisition of equity interest in Shengxin Co (Note 27) (Note)	**–**	189,331	–
Advance from rental and advertising customers	**94,124**	73,048	78,042
Toll collected on behalf of other toll roads	**5,057**	7,114	36,944
Retention payable	**143,807**	85,849	87,714
Others	**192,382**	184,888	134,376
	979,839	948,919	696,506
Other accruals	**15,657**	42,341	44,525
	995,496	991,260	741,031

Note: The amount was unsecured, repayable on demand and carried interest at interest rate according to the PBOC. The amount was fully settled during the year ended 31 December 2013.

40. BANK AND OTHER BORROWINGS

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
Bank loans	**500,000**	1,140,000	1,752,553
Loans from related parties (See Note 51(i))	**340,000**	200,000	100,000
	840,000	1,340,000	1,852,553
Secured (Note)	**400,000**	1,140,000	1,290,000
Unsecured	**440,000**	200,000	562,553
	840,000	1,340,000	1,852,553
Carrying amount repayable:			
Within one year	**540,000**	660,000	712,553
More than one year, but not exceeding two years	**200,000**	280,000	460,000
More than two years but not more than five years	**100,000**	400,000	680,000
	840,000	1,340,000	1,852,553
Less: Amounts due within one year	**(540,000)**	(660,000)	(712,553)
Amounts shown under non-current liabilities	**300,000**	680,000	1,140,000

40. BANK AND OTHER BORROWINGS (Continued)

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
The bank and other borrowings comprise:			
Fixed-rate borrowings	440,000	180,000	542,553
Variable-rate borrowings	400,000	1,160,000	1,310,000
	840,000	1,340,000	1,852,553

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

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)	01/01/2012 Rmb'000 (Restated)
Effective interest rate:			
Fixed-rate borrowings	5.04%	5.18%	4.95% to 6.31%
Variable-rate borrowings	6.22% – 6.77%	5.90% to 6.31%	5.76% to 6.65%

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

The Group's borrowings were all dominated in the Group's functional currencies as at December 31, 2013 and 2012.

41. LONG-TERM BONDS

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Long-term bonds – listed in the PRC	–	1,000,000

The long-term bonds are unsecured and carry interest payable annually at a fixed rate of 4.29% (2012: 4.29%) per annum. As at December 31, 2012, the long-term bonds were classified as current liabilities according to its maturity on January 24, 2013 and had been repaid in full on the maturity date.

42. SHORT-TERM LOAN NOTE

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Short-term Loan note	1,000,000	–

As at December 31, 2013, the Group has short-term loan note issued at principal value of Rmb1,000,000,000, which was interest bearing at a rate of 5.5% per annum. The amount was matured on January 23, 2014 and had been repaid in full on the maturity date. On January 17, 2014, the Group has issued another short-term loan notes at principal value of Rmb1,000,000,000, which was interest bearing at a rate of 6.28% per annum. The amount will be matured on April 20, 2014.

43. DEFERRED TAXATION

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

	Changes in fair value of held for trading and available-for-sale investments Rmb'000	Accelerated tax depreciation of property plant and equipment and expressway operating rights Rmb'000	Fair value adjustment of long term assets Rmb'000	Temporary differences of accrued expenses Rmb'000	Total Rmb'000
At January 1, 2012 (Originally stated)	23,953	218,557	31,899	(42,343)	232,066
Merger accounting restatement	–	(42,065)	99,164	–	57,099
At January 1, 2012 (Restated)	23,953	176,492	131,063	(42,343)	289,165
Charge (credit) to profit or loss	6,633	(15,670)	(8,868)	(3,336)	(21,241)
Charge to other comprehensive income	1,200	–	–	–	1,200
At December 31, 2012 (Restated)	31,786	160,822	122,195	(45,679)	269,124
Credit to profit or loss	(5,381)	(13,286)	(8,868)	(36,822)	(64,357)
Charge to other comprehensive income	871	–	–	–	871
At December 31, 2013	**27,276**	**147,536**	**113,327**	**(82,501)**	**205,638**

44. SHARE CAPITAL

	Number of shares		Share capital	
	12/31/2013	12/31/2012	**12/31/2013**	12/31/2012
			Rmb'000	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.

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.

45. NON-CONTROLLING INTERESTS

	12/31/2013	12/31/2012	01/01/2012
	Rmb'000	Rmb'000	Rmb'000
		(Restated)	(Restated)
Balance at beginning of year	**3,577,221**	3,507,435	3,065,669
Share of total comprehensive income	**308,573**	178,796	248,706
Capital injection	**–**	–	336,642
Arising from acquisition of additional interest in a subsidiary (Note)	**(78,863)**	–	–
Dividend paid to non-controlling interests during the year	**(110,510)**	(109,010)	(143,582)
	3,696,421	3,577,221	3,507,435

Note: As detailed in Note 2, during the year, the Group has acquired the remaining 76.55% equity interest in Jinhua Co, of which 10.267% was acquired from the non-controlling shareholder for a consideration of RMB101,512,000. This acquisition of additional interest in a subsidiary has resulted in a reduction of non-controlling interest of Rmb78,863,000.

45. NON-CONTROLLING INTERESTS (Continued)

The summarised financial information in respect of the Group's subsidiary that has material non-controlling interests, namely Shangsan Co and its subsidiaries and Yuhang Co (as defined in Note 52) at the end of the reporting period are set out below. The summarised financial information below represents amounts before intragroup elimination.

Shangsan Co and its subsidiaries

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Current assets	**15,434,356**	12,767,702
Non-current assets	**3,052,155**	3,241,847
Current liabilities	**10,692,614**	8,505,389
Non-current liabilities	**19,758**	66,375
Equity attributable to owners of the Company	**4,460,933**	4,299,211
Non-controlling interests	**3,313,206**	3,138,574

	For the year ended 12/31/2013 Rmb'000	For the year ended 12/31/2012 Rmb'000
Revenue	**2,404,228**	1,805,349
Expenses	**(1,710,102)**	(1,389,341)
Profit for the year	**694,126**	416,008
Other comprehensive income	**2,228**	3,469
Total comprehensive income	**696,354**	419,477
Profit attributable to owner of the Company	**425,610**	272,340
Profit attributable to non-controlling interests	**268,516**	143,668
	694,126	416,008
Total comprehensive income attributable to owner of the Company	**426,772**	274,149
Total comprehensive income attributable to non-controlling interests	**269,582**	145,328
	696,354	419,477

The summarised financial information in respect of the Group's subsidiary that has material non-controlling interests, namely Shangsan Co and its subsidiaries and Yuhang Co (as defined in Note 52) at the end of the reporting period are set out below. The summarised financial information below represents amounts before intragroup elimination.

45. NON-CONTROLLING INTERESTS (Continued)

Shangsan Co and its subsidiaries (Continued)

	For the year ended 12/31/2013 Rmb'000	For the year ended 12/31/2012 Rmb'000
Dividends paid to non-controlling shareholders	**(94,950)**	(94,950)
Net cash outflow from operating activities	**(1,236,398)**	(383,926)
Net cash (outflow) inflow from investing activities	**(851,427)**	2,064,162
Net cash inflow (outflow) from financing activities	**554,950**	(528,060)
Net cash (outflow) inflow	**(1,532,875)**	1,152,176

Yuhang Co

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Current assets	**198,150**	145,227
Non-current assets	**725,236**	586,619
Current liabilities	**104,544**	52,025
Non-current liabilities	**108,747**	9,103
Equity attributable to owners of the Company	**362,148**	342,066
Non-controlling interests	**347,947**	328,652

	For the year ended 12/31/2013 Rmb'000	For the year ended 12/31/2012 Rmb'000
Revenue	**114,089**	110,832
Expenses	**(52,145)**	(51,050)
Profit for the year	**61,944**	59,782

45. NON-CONTROLLING INTERESTS (Continued)

Yuhang Co (Continued)

	For the year ended 12/31/2013 Rmb'000	For the year ended 12/31/2012 Rmb'000
Profit and total comprehensive income		
– attributable to owner of the Company	**31,591**	30,489
– attributable to non-controlling interests	**30,353**	29,293
	61,944	59,782
Dividends paid to non-controlling shareholders	**(11,058)**	(11,058)
Net cash inflow from operating activities	**93,743**	29,760
Net cash outflow from investing activities	**(190,205)**	(20,841)
Net cash inflow (outflow) from financing activities	**72,391**	(22,542)
Net cash outflow	**(24,071)**	(13,623)

46. RETIREMENT BENEFITS SCHEMES

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

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

47. COMMITMENTS

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Authorised but not contracted for:		
– Purchase of machinery and equipment	**344,933**	238,504
– Renovation of service areas	**18,000**	70,850
– Acquisition and construction of properties	**1,324,082**	497,050
– Investment in an associate	**30,000**	280,000
	1,717,015	1,086,404

48. OPERATING LEASES

The Group as lessee

	Year ended 12/31/2013 Rmb'000	Year ended 12/31/2012 Rmb'000
Minimum lease payments	80,244	58,199
Contingent rental expenses	3,085	4,525
	83,329	62,724

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

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Within one year	60,087	49,985
In the second to fifth years inclusive	125,500	112,900
Over five years	1,797	4,490
	187,384	167,375

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

The Group as lessor

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

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

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)
Within one year	60,090	25,539
In the second to fifth years inclusive	88,047	39,044
After five years	25,643	37,310
	173,780	101,893

48. OPERATING LEASES (Continued)

The Group as lessor (Continued)

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

49. PLEDGE OF ASSETS

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

	12/31/2013 Rmb'000	12/31/2012 Rmb'000 (Restated)
Property, plant and equipment	**381,797**	–
Expressway operating rights	**1,882,283**	1,990,100
Prepaid lease payments	**40,372**	–
	2,304,452	1,990,100

50. CONTINGENT LIABILITIES

	12/31/2013 Rmb'000	12/31/2012 Rmb'000
Guarantees given to bank, in respect of a joint venture (Note)	**1,100,000**	–

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

51. RELATED PARTY TRANSACTIONS AND BALANCES

The following is a summary of the related party during the year:

(i) Transactions and balances with government related parties

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

(a) Transactions with Communications Group

(1) As disclosed in Note 2, on March 20, 2013, the Company entered into an agreement with Communications Group pursuant to which the Company purchased from Communications Group a 66.283% equity interest in the Jinhua Co held by Communications Group at a cash consideration of Rmb655,356,000.

(2) On March 30, 2013, the Company entered into the capital contribution agreement with Zhejiang Communications Finance and its existing shareholders (all of who are subsidiaries of Communications Group). Pursuant to the agreement, the Company contributed an amount of Rmb280,000,000 in the capital of Zhejiang Communications Finance, by way of cash. Upon completion, the Company owned 35% equity interest in Zhejiang Communications Finance and Zhejiang Communications Finance then became an associate of the Company.

(3) Pursuant to the entrusted loan contracts entered into between Jinhua Co and Communications Group on January 21, 2013, Communications Group agreed to provide Jinhua Co with entrusted loans amounted to Rmb140,000,000 at a variable interest rate of 6.00% per annum. Such loan with those entrust loans provided by Communication Group before January 1, 2013 amounted to Rmb200,000,000 were replaced by two new entrusted loan contracts on February 28, 2013 amounted to Rmb170,000,000 each at a variable rate of 5.24% per annum, with maturity date of August 10, 2015. All of the loans were early repaid in 2013. The total interest expense amounted to Rmb10,886,000 was charged for the year ended December 31, 2013.

51. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

(a) Transactions with Communications Group (Continued)

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

For the year ended December 31, 2013, Jinhua Co earned the leasing profit of Rmb3,077,000 (2012 (restated): Rmb3,010,000) and the management fee of Rmb600,000 (2012 (restated): Rmb600,000) from Zhejiang Communications Investment.

(5) During the year ended December 31, 2013, the Group entered into certain road maintenance contract with fellow subsidiaries of Communications Group, and recognised respective service expenses of Rmb43,272,000 (2012: Rmb22,089,000).

(6) During the year ended December 31, 2013, the Group provided certain toll road related inspection services to fellow subsidiaries of Communications Group and recognised respective service income of Rmb7,286,000 (2012: nil).

(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 Company, and Petroleum Co in respect of the petrol stations in the service areas along the Shanghai-Hangzhou-Ningbo and Shangsan Expressways, Petroleum Co assist Development Co in running their petrol stations along these roads. Purchases of petroleum products from Petroleum Co during year ended December 31, 2013 amounted to Rmb1,781,179,000 (2012: Rmb1,669,833,000). Petroleum Co is a government related entity and also an associate of the Group.

51. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

(b) Transactions with other government related parties (Continued)

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

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

(1) On March 8, 2013 and April 8, 2013, Zhejiang Communications Finance provided Jinhua Co with loans amounted to Rmb70,000,000 and Rmb 20,000,000 at a fixed interest rate of 5.4% per annum, with maturity date of March 7, 2014 and April 7, 2014, respectively. All of the loans were early repaid in 2013. Interest expense amounted to Rmb2,575,000 was charged for the year ended December 31, 2013.

(2) On July 25, 2013 and December 30, 2013, Zhejiang Communications Finance provided the Company with short-term loans amounted to Rmb190,000,000 and Rmb150,000,000, at a fixed interest rate of 5.04% per annum, with maturity date of January 25, 2014 and March 31, 2014 respectively. These loans have been early repaid subsequent to the end of the reporting period. Interest expense amounted to Rmb4,298,000 was charged for the year ended December 31, 2013.

(3) On August 7, 2012, the Company provided short-term entrusted loans to Zhejiang Canal Concord Property Co., Ltd. ("Zhejiang Canal Concord"), a subsidiary of Hangzhou Concord Co, who is a subsidiary of the Group's associate, in the amount of Rmb190,000,000 at a fixed interest rate of 12% per annum, with maturity date of February 7, 2014. Such amount was early repaid in December 2013.

The Company also advanced a long-term entrusted loan of Rmb100,000,000 to Zhejiang Canal Concord at a fixed interest rate of 12% per annum on November 28, 2011, with maturity date on May 17, 2013. Such entrusted loans are guaranteed by World Trade Ltd, an independent third party, in full. Part of the entrusted loan of Rmb17,953,000 was early settled during 2012 and the remaining balance of Rmb82,047,000 was early settled in January 2013.

51. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

Pursuant to the board resolutions of the Company on June 11, 2012, the Company advanced Rmb120,000,000 to Zhejiang Canal Concord, at a fixed interest rate of 12% per annum with maturity date on January 17, 2014. Such entrusted loans are guaranteed by World Trade Ltd, in full. The respective amount was early settled in December 2013.

The Company provided long-term entrusted loan during 2013 totalling Rmb400,000,000 for a period of 18 months to Zhejiang Canal Concord at a fixed interest rate of 12% per annum. Such entrusted loan is guaranteed by World Trade Ltd in full.

(4) The Company provided long-term entrusted loan during 2011 totalling Rmb200,000,000 with maturity date of April 25, 2013 to Hangzhou Canal Concord at a fixed interest rate of 12% per annum. Such entrusted loan is guaranteed by World Trade Ltd in full and amount to Rmb88,132,000 were early settled on January 28, 2013, remaining amount was settled in April.

(5) The Group's subsidiary, Development Co provided short-term entrusted loans of Rmb50,000,000 at a fixed interest rate of 12% per annum, with maturity date on April 27, 2014 to Zhejiang Canal Concord. Such entrusted loan is guaranteed by World Trade Ltd in full.

Interest income recognised in 2013 on the above entrusted loan transactions with associates and its subsidiaries were Rmb44,476,000 (2012: Rmb70,993,000).

Interest receivables as at December 31, 2013 on the above entrusted loan transactions with associates were Rmb5,400,000 (2012: Rmb47,604,000). The amounts will be repaid at maturity.

(6) The Group entered into a financial services agreement with Zhejiang Communications Finance. Pursuant to the agreement, Zhejiang Communications Finance agreed to provide the Group with the Deposit Services, the Loan and Financial Leasing Services, the Clearing Services and Other Financial Services. On December 31, 2013, the balance of the Group under account of Zhejiang Communications Finance is Rmb60,443,000 (2012: Rmb nil).

(iii) Key management emoluments

The remuneration of the directors, supervisors and key management personnel during the year was Rmb4,820,000(2012: Rmb4,962,000) including retirement benefit scheme contribution of Rmb136,000 (2012: Rmb191,000) which is determined by the performance of the individuals and the market trends.

52. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Date and place of registration	Registered and paid-in capital	Percentage of equity interest attributable to the Company				Principal activities
		Rmb	Direct		Indirect		
			12/31/2013	12/31/2012	12/31/2013	12/31/2012	
			%	%	%	%	
				(Restated)		(Restated)	
Yuhang Co	Note 1	75,223,000	51	51	–	–	Management of the Yuhang Section of the Shanghai-Hangzhou Expressway
Jiaxing Co	Note 2	1,859,200,000	99.999454	99.999454	–	–	Management of the Jiaxing Section of the Shanghai-Hangzhou Expressway
Shangsan Co	Note 3	2,400,000,000	73.625	73.625	–	–	Management of the Shangsan Expressway
Development Co	Note 4	120,000,000	100	100	–	–	Operation of service areas as well as roadside advertising along the expressways operated by the Group
Zhejiang Expressway Advertising Co., Ltd. ("Advertising Co")	Note 5	16,000,000	–	–	*70	*70	Provision of advertising services
Zhejiang Expressway Vehicle Towing and Rescue Services Co., Ltd. ("Towing Co")	Note 6	8,000,000	**100	**100	–	–	Provision of vehicle towing, repair and emergency rescue services
Hangzhou Roadtone Advertising Co., Ltd. ("Roadtone Co")	Note 7	3,000,000	–	–	*51	*51	Provision of advertising services
Zheshang Securities	Note 8	3,000,000,000	–	–	***52.15	***52.15	Operation of securities business

52. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Date and place of registration	Registered and paid-in capital Rmb	Percentage of equity interest attributable to the Company Direct 12/31/2013 %	Direct 12/31/2012 % (Restated)	Indirect 12/31/2013 %	Indirect 12/31/2012 % (Restated)	Principal activities
Zheshang Futures	Note 9	500,000,000	–	–	****52.15	****52.15	Operation of securities business
Zheshang Capital Management	Note 10	300,000,000	–	–	****52.15	****52.15	Operation of securities business
Zheshang Securities Asset Management Co., Ltd. ("Asset Management")	Note 11	500,000,000	–	–	****52.15	–	Provision of Asset management service
Zhejiang Zheqi Co., Ltd ("Zhejiang Zheqi")	Note 12	100,000,000	–	–	****52.15	–	Trading of future
Jinhua Co	Note 13	900,000,000	100	23.45	–	66.28	Management of the Jinhua Section of the Ningbo-Jinhua Expressway

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

** Pursuant to the resolution of directors' meeting on May 25, 2012 of Development Co and the share transfer agreement, 100% shares of Towing Co were transferred to the Company on September 26, 2012.

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

**** The companies are subsidiaries of Zheshang Securities, non-wholly-owned subsidiaries of Shangsan Co, and, accordingly, are accounted for as subsidiaries by virtue of the Group's control over it.

Note 1: Yuhang Co was established on June 7, 1994 in the PRC as a joint stock limited company and was subsequently restructured into a limited liability company under its current name on November 28, 1996. The Company is able to control over Yuhang Co because it has the power to appoint five out of nine directors of that company and under the provisions stated in the Articles of Association of that company, the passing of ordinary resolutions at the board meetings required one-half of the directors attending the meetings.

52. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Note 2: Jiaxing Co was established on June 30, 1994 in the PRC as a joint stock limited company and was subsequently restructured into a limited liability company under its current name on November 29, 1996.

Note 3: Shangsan Co was established on January 1, 1998 in the PRC as a limited liability company.

Note 4: Development Co was established on May 28, 2003 in the PRC as a limited liability company.

Note 5: Advertising Co was established on June 1, 1998 in the PRC as a limited liability company.

Note 6: Towing Co was established on July 31, 2003 in the PRC as a limited liability company.

Note 7: 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. On November 16, 2013, the board of directors of the Company announced that Zheshang Securities proposed to seek a separate listing of its shares as A shares on the Shanghai Stock Exchange. This proposed spin-off for separate listing has not yet been completed at the end of the reporting period.

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

Note 10: Zheshang Capital Management was established on February 9, 2012 in the PRC as a limited liability Company.

Note 11: Asset Management was established on July 22, 2013 in the PRC as a limited liability Company.

Note 12: Zhejiang Zheqi was established on April 9, 2013 in in the PRC as a limited liability Company.

Note 13: Jinhua Co was established in February, 2002 in the PRC as a limited liability Company. As at December 31, 2012, 23.45% equity interest of Jinhua Co was directly held by the Company. During the year ended December 31, 2013, the Company acquired the remaining 66.283% and 10.267% equity interests in Jinhua Co from Communications Group and non-controlling interests, respectively, and Jinhua Co then became a wholly owned subsidiary and directly held by the Company as at December 31, 2013.

Since the acquisition of the 66.283% from Communications Group were accounted for using the merger accounting method as detailed in Note 2, the Group's prior year's attributable interest in Jinhua Co was therefore 89.733% in total, including the 66.283% indirect equity interest which was under common control of Communications Group.

All of the Company's subsidiaries are operating in the PRC. As disclosed in Note 42, Zheshang Securities has issued short-term loan note at principle value of Rmb1,000,000,000 during the year. Except for this, none of the other subsidiaries had in issue any debt securities at any time during the year.

53. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

	12/31/2013	12/31/2012	01/01/2012
	Rmb'000	Rmb'000	Rmb'000
NON-CURRENT ASSETS			
Property, plant and equipment	266,358	257,178	200,810
Prepaid lease payments	1,688	1,783	1,878
Expressway operating rights	4,572,835	4,927,666	5,272,899
Other intangible assets	2,739	3,140	–
Investments in subsidiaries (Note)	6,610,021	4,557,600	4,557,600
Investments in associates (Note)	397,670	410,073	410,073
Investment in a joint venture	373,470	373,470	–
Available-for-sale investments	72,514	62,000	–
Other receivables	401,400	325,035	382,000
	12,698,695	10,917,945	10,825,260
CURRENT ASSETS			
Inventories	3,616	4,209	9,745
Trade receivables	28,046	27,901	29,449
Other receivables	45,959	376,122	461,481
Prepaid lease payments	95	95	95
Available-for-sale investments	30,000	–	–
Held for trading investment	80,000	80,000	80,000
Amount due from subsidiaries	328,324	522,795	1,089,193
Bank balances and cash			
– Time deposits with original maturity over three months	20,000	544,000	279,000
– Cash and cash equivalents	349,576	1,356,884	1,501,945
	885,616	2,912,006	3,450,908
CURRENT LIABILITIES			
Trade payables	139,071	184,262	195,641
Tax liabilities	106,073	169,301	238,285
Other taxes payable	8,846	16,164	16,939
Other payables and accruals	225,984	454,015	286,511
Amount due to subsidiaries	305,337	14,546	436,773
Bank borrowings	440,000	1,000,000	362,553
Derivative financial instrument	–	–	6,426
	1,225,311	1,838,288	1,543,128
NET CURRENT (LIABILITIES) ASSETS	(339,695)	1,073,718	1,907,780
TOTAL ASSETS LESS CURRENT LIABILITIES	12,359,000	11,991,663	12,733,040

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

	12/31/2013 Rmb'000	12/31/2012 Rmb'000	01/01/2012 Rmb'000
NON-CURRENT LIABILITIES			
Long-term bonds	–	–	1,000,000
Deferred tax liabilities	98,482	102,280	106,206
	98,482	102,280	1,106,206
	12,260,518	11,889,383	11,626,834
CAPITAL AND RESERVES			
Share capital	4,343,115	4,343,115	4,343,115
Reserves	7,917,403	7,546,268	7,283,719
	12,260,518	11,889,383	11,626,834

	Share capital Rmb'000	Share premium Rmb'000	Statutory reserves Rmb'000	Investment valuation reserve Rmb'000	Dividend reserves Rmb'000	Special reserves Rmb'000	Retained profits Rmb'000	Total Rmb'000
At January 1, 2012	4,343,115	3,645,726	1,669,981	–	1,085,779	18,666	863,567	11,626,834
Total comprehensive income for the year	–	–	–	–	–	–	1,608,915	1,608,915
Interim dividend	–	–	–	–	–	–	(260,587)	(260,587)
Final dividend	–	–	–	–	(1,085,779)	–	–	(1,085,779)
Proposed final dividend	–	–	–	–	1,042,347	–	(1,042,347)	–
Transfer to reserves	–	–	156,762	–	–	–	(156,762)	–
At December 31, 2012	4,343,115	3,645,726	1,826,743	–	1,042,347	18,666	1,012,786	11,889,383
Total comprehensive income for the year	–	–	–	385	–	–	1,673,684	1,674,069
Interim dividend	–	–	–	–	–	–	(260,587)	(260,587)
Final dividend	–	–	–	–	(1,042,347)	–	–	(1,042,347)
Proposed final dividend	–	–	–	–	1,085,779	–	(1,085,779)	–
Transfer to reserve	–	–	166,316	–	–	–	(166,316)	–
At December 31, 2013	**4,343,115**	**3,645,726**	**1,993,059**	**385**	**1,085,779**	**18,666**	**1,173,788**	**12,260,518**

Note: As detailed in Note 2, during the year, the Group acquired the remaining 76.55% equity interest in Jinhua Co, which then became a wholly-owned subsidiary of the Group. Prior to this acquisition, the Group held 23.45% equity interest in Jinhua Co, and the respective investment cost amounting to Rmb304,850,000 was recorded as investments in associates in the financial statements of the Company.

The consideration for this acquisition amounting to Rmb756,868,000, together with the previous investment cost of Rmb304,850,000 (as recorded in investment in the associate in the prior year's statement of financial position) and the additional capital contribution of Rmb1,000,000,000 made during 2013, there was Rmb2,061,718,000 in total in respect of the investment cost in Jinhua Co has been accounted for as investments in subsidiaries as at December 31, 2013.

Independent Auditor's Report

(ISSUED BY A THIRD COUNTRY AUDITOR REGISTERED WITH THE UK FINANCIAL REPORTING COUNCIL)

Deloitte.
德勤

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

We have audited the consolidated financial statements of Zhejiang Expressway Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 65 to 168, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at December 31, 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Certified Public Accountants
(Registered as a Third Country Auditor with the UK Financial Reporting Council)
Shanghai, China
March 17, 2014

Corporate Information

Executive Directors

ZHAN Xiaozhang (Chairman)
LUO Jianhu (General Manager)
DING Huikang

Non-Executive Directors

LI Zongsheng
WANG Weili
WANG Dongjie

Independent Non-Executive Directors

ZHANG Junsheng
ZHOU Jun
PEI Ker-Wei

Supervisors

FU Zhexiang
WU Yongmin
LIU Haisheng
ZHANG Guohua
ZHANG Xiuhua

Company Secretary

Tony Zheng

Authorized Representatives

ZHAN Xiaozhang
ZHANG Jingzhong

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Investor Relations Consultant

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Shanghai Pudong Development Bank,
Hangzhou Branch

H Share Registrar and Transfer Office

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183 Queen's Road East
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H Shares Listing Information

The Stock Exchange of Hong Kong Limited
Code: 0576

London Stock Exchange Plc

Code: ZHEH

ADRs Information

US Exchange: OTC
Symbol: ZHEXY
CUSIP: 98951A100
ADR: H Shares 1:10

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Location Map of Expressways in Zhejiang Province