Sichuan Expressway Company Limited

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00107)

2015 Annual Report

CONTENTS

DEFINITIONS

In this section, the definitions are presented in alphabetical order (A-Z).

I. Name of Expressway Projects

Airport Expressway	Chengdu Airport Expressway
Chengbei Exit Expressway	Chengdu Chengbei Exit Expressway
Chengle Expressway	Sichuan Chengle (Chengdu-Leshan) Expressway
Chengren Expressway	Chengdu-Meishan (Renshou) Section of ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway
Chengya Expressway	Sichuan Chengya (Chengdu-Ya'an) Expressway
Chengyu Expressway	Chengyu (Chengdu-Chongqing) Expressway (Sichuan Section)
Suiguang Expressway	Sichuan Suiguang (Suining-Guang'an) Expressway
Suixi Expressway	Sichuan Suixi (Suining-Xichong) Expressway

II. Branches, Subsidiaries and Principal Invested Companies

Airport Expressway Company	Chengdu Airport Expressway Company Limited
Chengbei Company	Chengdu Chengbei Exit Expressway Company Limited
Chengle Company	Sichuan Chengle Expressway Company Limited
Chengren Branch	Sichuan Expressway Company Limited Chengren Branch
Chengya Branch	Sichuan Expressway Company Limited Chengya Branch
Chengya Oil Company	Sichuan Chengya Expressway Oil Supply Company Limited
Chengyu Advertising Company	Sichuan Chengyu Expressway Advertising Company Limited
Chengyu Branch	Sichuan Expressway Company Limited Chengyu Branch
Chengyu Development Fund	Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partership)
Chengyu Financial Leasing Company	Chengyu Financial Leasing Company Limited
Panxi Fund	Panxi Strategic Resources Development Investment Fund
Renshou Bank	Sichuan Renshou Rural Commercial Bank Co., Ltd.
Renshou Landmark Company	Renshou Trading Landmark Company Limited
Renshou Shunan Company	Renshou Shunan Investment Management Company Limited

Shugong Testing Company	Sichuan Shugong Road Construction Engineering Testing Company Limited
Shuhai Company	Chengdu Shuhai Investment Management Company Limited
Shuhong Company	Chengdu Shuhong Property Company Limited
Shunan Company	Sichuan Shunan Investment Management Company Limited
Shurui Company	Sichuan Shurui Construction Engineering Co. Ltd.
Shuxia Company	Sichuan Shuxia Industrial Company Limited
Suiguang Suixi Company	Sichuan Suiguang Suixi Expressway Company Limited
Trading Construction Company	Sichuan Trading Construction Engineering Co., Ltd. (formerly known as "Sichuan Shugong Expressway Engineering Company Limited")
Zhonglu Energy Company	Sichuan Zhonglu Energy Company Limited
Zhongxin Company	Sichuan Zhongxin Assets Management Co., Ltd.

III. Others

2015 AGM	the 2015 annual general meeting of the Company to be held on 31 May 2016 (Tuesday), notice of which will be published on the Stock Exchange's website and despatched to the Shareholders on 15 April 2016 (Friday)
A Share(s)	ordinary shares of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
Articles of Association	the articles of association of the Company, as amended from time to time
associate(s)	has the meaning ascribed thereto under the Listing Rules of the Stock Exchange
associated corporation(s)	has the meaning ascribed thereto under the SFO
Audit Committee	the audit committee under the Board
Board	the board of Directors of the Company
BT Project	build-transfer project
Company	Sichuan Expressway Company Limited
CSRC	China Securities Regulatory Commission
Development Investment Company	Sichuan Development Equity Investment Fund Management Co., Ltd.

Director(s)	director(s) of the Company
Dividend Entitlement Date	13 June 2016 (Monday), the date on which the Shareholders whose names appear on the H Shares register of member of the Company shall be entitled to the 2015 final dividend of the Company (if approved by the Shareholders at the 2015 AGM)
Group	the Company and its subsidiaries
H Share(s)	overseas listed shares of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the main board of Stock Exchange
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Huajian Company	China Merchants Huajian Highway Investment Co., Ltd. (formally known as Huajian Transportation Economic Development Centre), a substantial shareholder of the Company
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Securities on the SSE (as the case may be)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules of the Stock Exchange, which has been adopted by the Company as the code of conduct for securities transactions by the Directors and the Supervisors of the Company
Nomination Committee	the nomination committee under the Board
PRC or Mainland China	The People's Republic of China, for the purpose of this annual report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
Remuneration and Appraisal Committee	the remuneration and appraisal committee under the Board
Renshou Gaotan BT Project	engineering construction projects including Gaotan Water Park, roads in the area of Gaotan Reservoir, landscape engineering of Central Business Avenue, Tianfu Renshou Avenue, underneath channel of Lingzhou Avenue and Renshou Avenue extension
Renshou Land-linked Pilot BT Project	the land-linked pilot project in Renshou County, Meishan City in the form of BT (build-transfer)
Renshou Shigao BT Project	engineering construction projects including section II of Shigao Avenue in Renshou Shigao Economic Development Zone, Tianfu New District, Gangtie Avenue, Qingshui Road and Ring Road (including road maintenance project of Artery No. 1), south section of Zhanhua Road (including the business street and Quanlong River levee project) and Logistics Avenue (including storm sewage pipe network project of Huahai Avenue).

RMB	Renmenbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	A Share(s) and/or H Share(s) (as the case may be)
Shareholder(s)	holder(s) of Shares
Shuangliu West Airport Phase VI BT Project	the road project within the Airport High-tech Industrial Functional Zone, Shuangliu County, Chengdu City, in the form of BT (build-transfer), which is referred to as the "West Airport Development Zone Phase VI Road Engineering BT Project" by the Transportation Bureau of Shuangliu County, Chengdu City, the tenderee of this project
Shuangliu Zongbao BT Project	the Phase I road project within Zongbao ancillary area at Shuangliu County, Chengdu City in the form of BT (build-transfer)
Sichuan Highway Development	Sichuan Highway Development Holding Company, a subsidiary of STI
SSE	Shanghai Stock Exchange
STI	Sichuan Transportation Investment Group Co. Ltd, the controlling shareholder of the Company
STI Group	STI and its subsidiaries
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategic Committee	the strategic committee under the Board
Suiguang Suixi Expressways BOT Project	the project on Suiguang Expressway and Suixi Expressway in the form of BOT (build-operate-transfer)
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	supervisory committee of the Company
Trading Industry	Sichuan Trading Industry Company Limited
Trading Landmark	Sichuan Trading Landmark Company Limited
Year or Reporting Period	the 12 months ended 31 December 2015

In this annual report, the English names of the PRC entities are translations of their Chinese names and included herein for identification purposes only. In the event of any inconsistency between the Chinese and English names, the Chinese names shall prevail.

CORPORATE INFORMATION

Statutory Chinese and English Names of the Company	四川成渝高速公路股份有限公司 Sichuan Expressway Company Limited
Legal Representative	Zhou Liming
Company Website	http://www.cygs.com
Company's Registered Address & Office Address	252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
Postal Code	610041
Secretary to the Board	Zhang Yongnian
Tel	(86)28-8552-7510
Representative of Securities Affairs	Zhang Hua
Tel	(86)28-8552-7510
Fax	(86)28-8553-0753
Investors' Hotline	(86)28-8552-7510/(86)28-8552-7526
E-mail	cygszh@163.com
Contact Address	252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
Stock Exchanges of the Listing Shares	A Shares: Shanghai Stock Exchange Stock Code: 601107 Stock Name: Sichuan Express H Shares: The Stock Exchange of Hong Kong Limited Stock Code: 00107 Stock Name: Sichuan Express
Newspapers Selected by the Company for Information Disclosure	China Securities Journal, Shanghai Securities News
Websites Designated for Publication of the Annual Report of the Company	http://www.sse.com.cn http://www.hkex.com.hk http://www.cygs.com

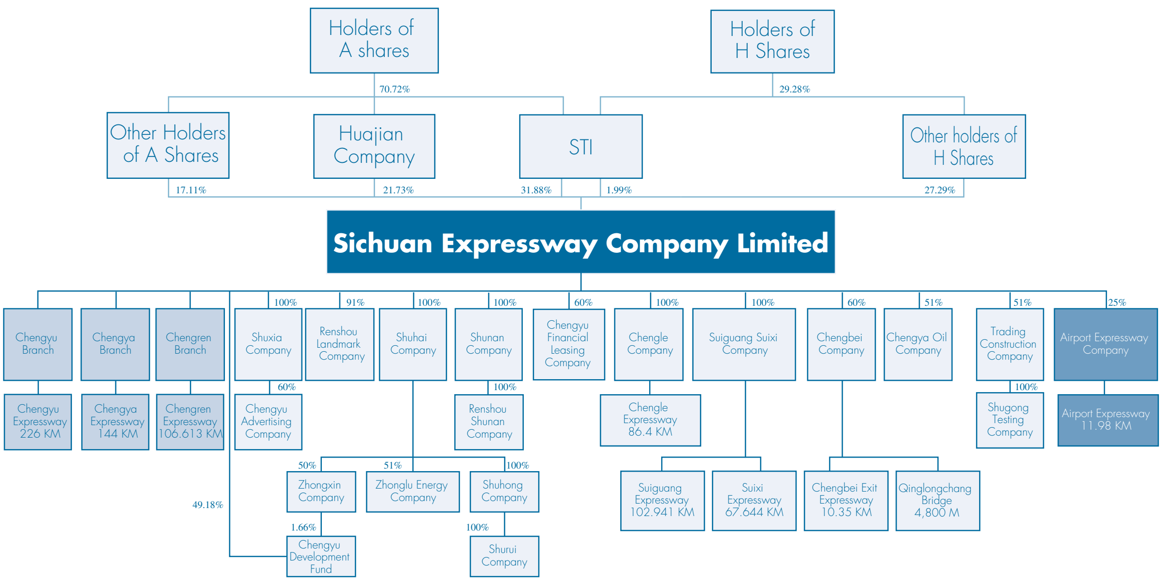
Place for Inspection of the Annual Report of the Company	PRC: 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC Hong Kong: 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
International Auditor	Ernst & Young Certified Public Accountants 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
PRC Auditor	Shinewing Certified Public Accountants (Special General Partnership) 9th Floor, Block A, Fu Hua Mansion, No. 8 Chao Yang Men Bei Da Jie, Dong Cheng District, Beijing City, the PRC
Hong Kong Legal Adviser	Messrs. Li & Partners 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
PRC Legal Adviser	Beijing Zhongxin (Chengdu) Law Firm (北京市中銀(成都)律師事務所) Room 3104, 31/F, Building 3, Triumph Plaza, No. 118 Jitai Fifth Road, High-tech District, Chengdu City, Sichuan Province, the PRC
Domestic Shares Registrar and Transfer Office	China Securities Depository and Clearing Corporation Limited Shanghai Branch 36/F China Insurance Building, No. 166 Lujiazui East Road, Pudong, Shanghai, the PRC
Hong Kong Shares Registrar and Transfer Office	Hong Kong Registrars Limited 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principal Place of Business in Hong Kong	Rooms 2201–2203, 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
Initial Registration Date and Place	19 August 1997 Chengdu, Sichuan Province, the PRC
Latest Date of Registration Update	19 December 2012
Registration Number of Business Licence	510000400003856
Tax Registration Number	51010720189926X
Organization Code	20189926-X
Principal Banker	China Construction Bank

COMPANY PROFILE

The Company was incorporated in the Industry and Commerce Bureau of Sichuan Province of the PRC on 19 August 1997. The Company was listed on the Stock Exchange (stock code: 00107) on 7 October 1997 and on the SSE (stock code: 601107) on 27 July 2009, respectively.

The Group is principally engaged in the investment, construction, operation and management of expressway infrastructure projects as well as the operation of other businesses related to expressways. Currently, the Group mainly owns all or substantially all interests in a number of expressways in Sichuan Province such as Chengyu Expressway, Chengya Expressway, Chengle Expressway, Chengren Expressway, Chengbei Exit Expressway, Suiguang Expressway and Suixi Expressway. As at 31 December 2015, the length of completed expressways of the Group has reached approximately 736 km in total. The Group's total asset and net asset were approximately RMB33,458,356,000 and RMB13,296,648,000, respectively.

As at 31 December 2015, the total number of Shares of the Company was 3,058,060,000 Shares (comprising 895,320,000 H Shares and 2,162,740,000 A Shares). The shareholdings and asset structure of the Company were as follows:



本集團轄下高速公路路網示意圖
Road Network of the Group's Expressways

CHAIRMAN'S STATEMENT

Zhou Liming
Chairman

On behalf of the Board, I would like to report to the Shareholders that, in 2015, in implementing the diversified development strategy highly related to the principal business of toll roads and bridges, the Group kept in line with the general requirements of "Capitalizing on its own advantages to expedite its development", strengthened its advantage in and gained the momentum for development. With scientific management, proper response to risk and preemptive efforts in structural adjustments, the Group also ensured the stable progress for its businesses and in turn maintained a favorable development momentum that aims to seek progress amidst stability and enhance efficiency in the process.

Results and Dividends

In 2015, the profit of the Group attributable to the owners of the Company was approximately RMB1,006,586,000, representing an increase of 3.13% as compared with last year. Basic earnings per share were approximately RMB0.329 (2014: approximately RMB0.319). Pursuant to the Articles of Association, if the Company distributes cash dividend, the Company shall distribute cash dividend in an amount not less than 30% of the distributable profit earned by the Company for the period concerned (the lower of the profit attributable to Shareholders under the PRC and overseas accounting standards respectively). In appreciation of the support of the Shareholders to the Group over years, the Board has recommended a final cash dividend for the year 2015 of RMB0.08 per share (tax inclusive), aggregating to approximately RMB244,645,000, representing 42.58% of the distributable profit of the Company determined under PRC GAAP for the Year and 24.57% of the profit attributable to owners of the Company as shown in the consolidated financial statements (prepared under PRC GAAP). Such proposed dividend is subject to approval by the Shareholders at the forthcoming 2015 AGM of the Company.

Review

As the curtain fell on 2015, the 12th Five-Year Plan[1] during which we forged ahead against numerous daunting challenges came to an end. In the blink of an eye, five years slipped by, but it only took such a short amount of time to develop our culture of unity and determination to success and to forge our corporate spirit of perseverance and fortitude in the face of challenges. Through the storm woven by opportunities and challenges, we have tempered ourselves and strode forward.

Joining forces to seek progress and achievement in stable development

In recent years, in the aftermath of the international financial crisis, the global layout experienced a depth restructuring, geopolitical conflicts exacerbated, the trends of major economies differed from one another, and the global economic growth decelerated in general. Facing the complicated external environment and the continuously worsening adverse effect arising from the "three stages"[2] within the country, the central government focused on the macro-environment of the PRC through research and surveys from a micro-level perspective, and grew development potentials by streamlining administration and decentralizing management, unleashing the benefits of reforms and performing transformation and upgrades with the actual conditions surrounding the country being taken into account from a strategic point of view. From taking down barriers to stimulate the economy to making innovations to fuel the economy, the government took the full-spectrum approach and responded challenges with calmness, allowing it to successfully safeguard the economy from the downward trend during the course of the 12th Five-Year Plan, maintain an average annual growth of approximately 8% and achieved growth for twelve consecutive years in the agricultural industry. The pace of industrial transformation and upgrading speeded up and equipped the manufacturing and high and new technology industries in a rapid manner, while steady progress was made for the new type of urbanization. The Chinese economy stabilized as a whole.

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1 12th Five-Year Plan: The twelfth five-year plan of national economy. The five-year plan is an important part of the national economic plan for the PRC and is a long-term plan primarily focused on planning for the nation's major construction projects, productivity distribution and the correlation between substantial ratios of the national economy, stating aims and directions for realizing the vision of economic development for national economy.

2 Three stages: the shift stage of economic growth speed, the pain stage of structure adjustment, and the digestion stage of preliminary stimulus of policy.

During these five years of the 12th Five-Year Plan, Sichuan, which struggled to advance in the journey of the "two leaps"[3], underwent the grueling ordeal of various clashes and conflicts as well as risks and challenges, such as the impacts of the shift stage of economic growth speed, exacerbating pain stage of structure adjustment and even waves of environmental disasters like earthquakes and rainstorms, turning the land that was once called "Shu" upside down. In response to all the challenges, the Sichuan province established the "four comprehensive"[4] strategic layout, stayed strategically focused and sought progress and achievement in stability, deepened the strategies of "Multi-points and Multi-poles" development, made solid steps on the journey of the "two leaps" and achieved remarkable progress in all sorts of businesses and new heights in terms of social economic development. As at the end of the Reporting Period, GDP of Sichuan province amounted to approximately 3,010.31 billion[5], breaking through 3,000 billion of the total economy for the first time.

Actively taking responsibility and honoring our mission

In these five years of determined pursuit of success, the transportation industry of the PRC followed the country's direction and comprehensively furthered the reform. A series of core reform programs that set forth the frameworks were launched, including the Strategic Development Plan for the Implementation of the Belt and Road, the Integrated Three-dimensional Transportation Corridor Planning in Yangtze River Economic Zone, Beijing-Tianjin-Hebei Collaborative Transportation Development Plan, The Opinions on All-round and In-depth Reform of Traffic and Transportation, the revision of the Regulations on Administration of Toll Roads, and the separation of public and private sectors within the railway management system, generated and unleashed the potential of the industry, established a wide solid ground for the industry's future development. In this five years, driven from the scientific management according to "The Transportation Development plan in The 12th Five-Year Plan", "the National Road

3 Two leaps: leaping from province with good economy to province with great economy, leaping from generally well-off society to comprehensively well-off society.

4 Four Comprehensive: comprehensively building of a moderately prosperous society, comprehensively deepened reforms, comprehensively rule by law, comprehensively strict management of the party.

5 Source: preliminary accounting results published by the Sichuan Provincial Bureau of Statistics.

Network Development Plan (2013–2030)", and benefited from the new opportunities derived from the three strategics implemented nationally, "The Belt and Road", "Yangtze River Economic Zone" and "Beijing-Tianjin-Hebei Collaborative Development", the national total investment on the completed transportation fixed asset is over RMB12.5 trillion. The development of transportation infrastructure never stops, by the end of 2015, the total mileage of road open to traffic exceeded 4.57 million kilometers nationally, including a total mileage of completed expressway surpassed 120,000 kilometers, the expressway electronic toll collection system (ETC) is established national-wide, the total mileage of railway reaches 120,000 kilometers, including a total mileage of fast-speed railway of 42,000 kilometers, and 19,000 kilometers for high-speed railway……[6] The road networks are sound and well-organized; a layout of "5 horizontal, 5 vertical" of the integrated transportation channel is ready to convey endless supply of blood and nutrients for the social economic development.

In the past five years, Sichuan's transportation industry upheld the downward pressure from the economy, endured the massive natural hazard, successfully seized chances and overcome difficulties, and fastened the pace of building a smooth and efficient modern integrated transportation system. During the 12th Five-Year Plan, the Sichuan province speeded up the construction of transportation infrastructure, smoothened the highway network, the "eight specific constructions"[7] is comprehensively accelerated. The channels of financing expanded continuously, the province's investment on highway and water networks construction exceeded RMB100 billion continuously for five years, excessively fulfilled the target set in the 12th Five-Year Plan, secured a layout of connectivity within the province, far-reaching channels to whole China. This included speeding up the construction of the expressway framework, mountains are paved for roads and water is crossed with bridges, by the end of the 12th Five-Year Plan, the total mileage of expressways completed and constructed in progress reached 7,500 kilometers, 6,000 kilometers[8] of expressways is open for traffic, covering all 21 prefecture-level cities and autonomous prefectures, established solid foundation and protection for the implementation of the country's core strategy and the sustainable social economic development of Sichuan province.

6 Source: Ministry of Transport of the People's Republic of China.

7 Eight specific constructions: Eight constructions projects jointly set by the Department of Transportation of Sichuan Province, Development and Reform Committee of Sichuan Province and Financial Department of Sichuan Province, included mainly the smoothening project of highway networks, mid-large scale renovation project of normal national highways, enhancement of rural roads for the years from 2013 to 2015, etc.

8 Source: Department of Transportation of Sichuan Province.

Striving for great progress with unity

– **In these five years, we secured rapid growth by strengthening our management.** The Group adhered to the guidance of the existing strategic principles and carried out all works centering on the operational target. Through innovative management and strengthened measures, the Group's total asset and net asset increased from approximately RMB11.898 billion and 8.424 billion in 2010 to approximately RMB33.458 billion and 13.297 billion by the end of the Reporting Period, representing growth rates of 181.22% and 57.84%, respectively. The accumulated net revenue is approximately RMB42.905 billion, the accumulated profit attributable to owners of the Company is approximately RMB5.483 billion, and the accumulated cash dividend actually distributed to the Shareholders is approximately RMB1.254 billion.

– **In these five years, we efficiently drove the construction projects with promised quality and quantity.** With strict quality control, enhanced technological content and core competitiveness, the Group had completed three exemplary projects of high quality: Chengren Expressway, Suixi Expressway and Suiguang Expressway, accumulating approximately 270 kilometers of new expressway mileage. Among them, the seamless bridge expansion joints structures and construction technology of Chengren Expressway Project has won the gold prize of "Tianfu Cup" for construction in Sichuan Province and the national invention patents, and Suiguang-Suixi Expressways Project obtained the national new utility patent certificate of a faced concrete template plug agency and a kind of bridge with full-bridge deck continuous structure. By the end of the Reporting Period, the Group's total length of expressways opened to traffic reached approximately 736 kilometers, contributed to the transportation infrastructure and the economic social development of Sichuan Province. Meanwhile, with the management on the BT projects strengthened, a series of BT projects were orderly enhanced: the Renshou Land-linked Pilot BT Project, Shuangliu West Ariport Phase VI Project, Shuangliu Zongbao Project, Real Estate Projects in Chengbei New Town of Renshou County, Renshou Gaotan Project and Renshou Shigao Project. The construction output rose rapidly, the projects are in good progress and their qualities are under control.

– **In these five years, we made remarkable progress of diversified development by unity and cooperation.** By speeding up the development of business fields, nurturing new growing points of profits, the Group's ability to resist risks is continuously rising. The Group input great effort in financial investment business and spreading investments in related business. The Group had founded the Zhongxin Company, Chengyu Development Fund, Chengyu Financial Leasing Company, became the largest shareholder of the Renshou Bank through equity investment, and was approved to form the Panxi Strategic Resource Development Investment Fund, which is Sichuan's third state-level investment fund, showing the Group's development trend of coordinating and integrating the business capital and financial capital in the financial investment segment. We have also been actively involving in the urbanization of districts; we successfully entered the real estate market by winning 190,000 square meter state-owned construction land use right and 230,000 square meter state-owned constructed land use right in Renshou County. We innovated the operation mode of expressway service zones and advertising media, and engaged in new-media-integrated businesses such as LED and DM. We consolidated the internal and external resources as well as the advantages of the industry, by restructuring the equity rights of the Trading Construction Company, and involving in establishing the Trading industry and the Trading Landmark, the Group's market share and potential to develop in businesses such as road construction and maintenance, advertising and media, real estate development is further expanded. The sales of energy such as fuel oil and refined oil are also rapidly growing with rising revenue.

– **In these five years, we continuously improved our level of governance by deepening reforms.** The Company amended and completed the Articles of Association, the Terms of Reference for the Audit Committee, the System of Insider Information Carriers Management, the Terms of Reference for the Strategic Committee, Terms of Reference for the Nomination Committee, the Terms of Reference for the Remuneration and Appraisal Committee, continuously improving the system of governance of the company. The Company also established and supplemented the Measures of Managing Connected Transaction Decisions, the Measures of Managing Connected Capital Circulation and External Warranty, the Measures of Managing Large Amount Capital Usage, the Comprehensive Measures of Managing Budget, the Measures of Managing Capital from Fundraising, Measures of Managing Invitation and Submission of Tender, the Measures of Managing Capital Monitoring, and the Measures of Managing Targets of the Managing Unit, enhancing the internal monitor and management. The Company further refined the Internal Control Manual, amended and completed the sub-manuals for Financial Management, Engineer Construction and Implementation, Road Production and Management, Road Maintenance and Protection, Toll, Engineer Project, Oil Sales, Real Estates, and Finance, the internal control is increasingly systemized. We also dedicated in our strategy of strengthening the Company by talents, we recruited professionals of the finance and real estate field, to secure the human resources of the Group's fastening development. The system reforms for working, personnel and distribution are taking steps, the appraisal measures of sales is established, a system of linking the performances of the Company and the employees is formed the Group became more dynamic and the momentum of development is obviously fortified.

– **In these five years, we won the recognition in the capital market by communication with sincerity.** The Company had obtained help from the capital market to develop. Company bond of not exceeding RMB1 billion was approved by the China Securities Regulatory Commission to be issued; registration of promissory note of accumulated amount of RMB2.8 billion was accepted by the National Association of Financial Market Institutional Investors and successfully issued, providing capital support for the company. The Company strictly followed the regulations of Shanghai and Hong Kong, fulfilled the disclosure obligation in a timely, complete and accurate manner. The work of disclosure of the Company was rated as excellent in the integrated assessment by monitoring agencies in the Mainland China for three consecutive years, and ranked as the "top 100 Hong Kong Listed Company – top ten in integrated performance (small enterprises)" by the Hong Kong Finet Group Limited, and won the "best corporate governance prize" from the annual listed company award organized by the Hong Kong financial magazine "China Financial Market".

Prospects and Strategy

Everything in the past prepared us for the future. With faith towards reforms and development, peacefully and determinedly, we started the new chapter of the "13th Five-Year Plan"[9].

In the new position, the long-lasting favorable underlying fundamentals of the Chinese economy remained changed.

Confronting the "sub-health" status of the global economy, China is speeding up the shift in the pattern of economic development and the benefits from comprehensively deepening reform are releasing. The "New Five Transformation" [10] brings new demands for investment and consumption. The three major initiatives, namely "The Belt and Road", "Yangtze River Economic Zone" and "Beijing-Tianjin-Hebei Collaborative Development" set up a good kick off, in addition to the unfolding strategies such as "Internet+", "Made in China 2025"[11] and "Business Startups and Creativity for the Public" – energy of development is sparking. China's prospects on economic development is still full of opportunities. There will be long-lasting demand for roads and transportation that maintains a stable momentum of the traffic volume growth on the Group's expressways.

On the background of steady development of the Chinese economy, benefited from the opportunities from "The Belt and Road", "Yangtze River Economic Zone", the new round of Strategic Western China Development, and the accelerated development on the Chengdu-Chongqing City Agglomeration and Tianfu New District, Sichuan is ready to reach new heights. In the future, Sichuan will fortify itself in diversified points and poles to support the development strategies, and push the progress of new urbanization forward. And these will create massive demand on construction, upgrading and transformation on roads and transportation infrastructure, also the demand on the maintenance of the infrastructures after they are open to traffic. This would bring great opportunities for the Group to perform our profession and experience in our construction, maintenance and management of transportation infrastructures.

However, the increasing geopolitical instability and the sustained fluctuation in the global economy might bring impacts on the Chinese economy to a certain extent, which would add pressure on the Group's traffic volume growth of our projects and the income from toll and thus bringing high pressure to the Group's operation and management.

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9 13th Five-Year Plan: The thirteenth five-year plan for national economy.

10 New five transformation: New-industrialization, urbanization, informatization, urbanization of agriculture, transformation towards environmentally friendly.

11 Made in China 2025: a national strategic plan for enhancing high-end manufacturing industry, announced by the State Council of PRC in 8 May 2015. The principle for action for the first ten-year strategy of the China's three ten-year strategy for building a strong country of manufactory.

On this crucial point, the expressway industry enters a strategic opportunity phase.

Firstly, the transportation infrastructure development characterized by expressways is for long a critical part of economic development and ensuring people's livelihood. We can see from the current development, the target of building a comprehensively well-off society would require the Chinese economy to maintain a mid-high annual growth rate of 6.5% in the period of the 13^{th} Five-Year Plan. The room for investment derived from forceful development of infrastructure such as expressway, would be an effective instrument for securing the growth, serving crucial effect in off-setting the down sliding pressure of the economy. In addition, fastening development of expressway transportation network and improving the quality of infrastructure including expressways would be the strong foundation of fulfilling the continuously rising demand of high-speed transportation. Therefore, China's scale of investment in expressways will remain large; the room for the industry's further development will continue to expand. However, we should still be clear in mind that after nearly two decades of rapid development, the expressway network has been preliminarily established. The environment that the industry is facing had gone through significant changes in terms of policy, society and operation, for example, the cost advantage in factors related to expressways infrastructure such as land and labor is diminishing, the rigid constraints from population, environment and resources is strengthening, and the successive implementation of various free-pay policies to transfer the benefits to society, etc. As a result, the traditional pattern of extensive development is becoming increasingly unsustainable, expressway enterprises will need timely adjustment on strategy and proactive planning in business upgrading and transformation to make a new round of development possible.

Secondly, the Ministry of Transport announced the "Regulations on Administration of Toll Roads (Amendments)", confirmed the "Two Highway Systems" development pattern of paralleling "Toll" and "Tax". The principle of "Road user pay for the development of the toll highways" was proposed for the first time, and systems for "Borrowing and Lending" and "Franchising" were designed, which contributed significantly in enhancing the establishment of a stable and healthy long term mechanism for the development of toll roads. The Company will continue to sharpen the competitiveness in its principle business, the investment, construction and operation of toll roads and bridges by its advantages in profession and experience to establish great foundation for the Group's successful implementation of the strategy of diversified development highly related to the core business.

Thirdly, while the country's reforms on finance and taxation systems take progress, the long established finance pattern of "loan for road and repay by toll" will experience structural changes, the pressure in securing capital is increasing, the operational highway projects might finance with the PPP (Public-Private-Partnership) pattern. Therefore, the government announced a series of policies aiming to encourage and guide the capital from society to involve in the construction of toll roads, and to regulate the management of road construction projects such as "Guidance Opinions of Deepening Transportation Infra-structure Reforms", "Implementation Opinions of Promoting the Cooperation of Government and Social Capital in the Field of Toll Roads", "Managing Measures of Assigned Constructions of Highway Construction Projects", and "Managing Measures of Handing and Receiving Tenders for Highway Construction Projects". The Group will consolidate the directions of the national policies and our actual and developmental needs, and pay attention to prospects and opportunities of projects in high quality.

Endurance with a right and solid direction and determination is the key to success. In the period of the 13th Five-Year Plan, the Group will continue to speed up the implementation of the strategy of diversification with close relation to principle business, to overcome difficulties and seek advance. While consolidating the fundamental function of the "toll roads and bridges" segment, the Group will also strive to develop the "financial investment" segment with a fusion of production and finance, forming a development trend of collaborating five segments: "toll roads and bridges" segment, the "financial investment" segment, the "city operation" segment, the "construction" segment and the "energy and cultural media" segment, achieving a healthy and quick development for the Group.

By enhancing and optimizing "toll roads and bridge" segment, we ensure a stable growth of the principle business. The "toll roads and bridges" segment is the foundation for the Group's stable development. The Group will continue to consolidate the fundamental function of the segment in the Group's diversified development strategy during the 13th Five-Year Flan. By consolidation and utilization of the Group's external and internal resources and advantages, closely following of new projects, extension, and existing highway assets in high-quality worth investing or acquiring, and further increase in the asset scale and revenue of the segment, the Group will secure growth, expansion and optimization in our principle business.

By developing the "financial investment" segment with a fusion of production and finance, we continuously raise the scale of operation of our capital, ensuring an efficient and rapid growth of revenue. The Group will utilize the platform and sight window function of the A+H stocks, the Group will vigorously explore various investment channels, exert the function of equity investment and adopt the developmental mode of "driving finance with industry, promoting industry with finance", to combine industrial capital and financial capital at different levels interactively through various approaches and further expand the financial investment business.

By enhancing and optimizing the "city operation" segment, we ensure a steady up-stepping of revenue. By actively participating in city operation businesses such as urbanization and construction of municipal infra-structure, land consolidation and development of urban complex, and through innovations in patterns and ways of investment and financing, explorations on the franchise PPP projects of infrastructure and public utilities, we further build up the brand of city operation.

By enhancing and optimizing the "construction" segment, we steadily improve the standard of our profits. The Group will give full play to its advantage in the Grade A construction quality of Trading Construction Company, actively expand to the upstream of the industrial chain of transport construction, gradually expand its business to the fields of construction materials, large maintenance equipment and core technologies, and enhance the technological content and core competitiveness of road construction and maintenance, creating a first-class construction enterprise for expressway construction and maintenance and urban infrastructure construction.

By enhancing and optimizing the "energy and cultural media" segment, we achieve new profit growth. We will continue to leverage the potential of energy sales, explore the new energy business, and strengthen and deepen the development and penetration of our development in energy business. The Group also accelerates the upgrading of cultural media advertising, changes the business model and improves profitability in the future.

As soon as we conquered a mountain we are already prepared and on our way to the next peak. A new journey has started. Let us advance together with determination to make achievements, steadily we shall walk far and pave our way to the future, and write another magnificent chapter of dream and glory with inheritance and innovation for Sichuan Express.

Acknowledgments

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all the investors, customers, business partners from all walks of life and the general public who has been supporting and believing the Company, and sincere gratitude to all Directors, Supervisors, senior management and all the employees for your contribution of wisdom and hard works for the last year.

Zhou Liming
Chairman

Chengdu, Sichuan, the PRC
30 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW AND ANALYSIS

(I) Results overview

The Group is principally engaged in the investment, construction, operation and management of expressway infrastructure projects, and implements diversified operation which is highly related to our main business. The business covers five major segments, namely the "toll roads and bridges", "city operation", "construction", "energy and cultural media" and "financial investment". During the Reporting Period, the Group retained growth of toll income and has laid a solid foundation for the "toll roads and bridges" segment in the Group's diversified development strategy by continuing improving the existing assets operation and management level and strictly controlling the costs inspite of the combined influence of factors such as the increasing pressure of in economic downturn pressure, expressway network diversion, toll reduction and relief, governance of over-limit and overload freight trucks and ETC (as defined herein below) preferential policies; meanwhile, the Group has made great efforts to develop relevant diversified businesses and speeded up the development of new profit growth points, thus realized significant growth in the operating income.

In the Year, the net revenue of the Group amounted to approximately RMB11,493,969,000, representing an increase of approximately 22.01% year-on-year, among which the net toll income amounted to approximately RMB2,745,121,000, up approximately 2.77% year-on-year; the net revenue from construction contracts amounted to approximately RMB5,727,654,000, up approximately 30.29% year-on-year (including the construction contracts revenue of approximately RMB4,142,461,000 from Suiguang-Suixi Expressways BOT Project, which was recognized according to the HKFRSs, up 43.74% year-on-year); the net revenue from operation of gas stations along the expressways and sales of petrochemicals and other oil products amounted to approximately RMB2,931,300,000, representing an increase of 27.34% year-on-year. Revenue from other income and gains amounted to approximately RMB93,259,000, down 24.83% year-on-year. The profit attributable to the owners of the Company was approximately RMB1,006,586,000, representing an increase of 3.13% year-on-year. Basic earnings per Share were approximately RMB0.329 (2014: approximately RMB0.319). As at 31 December 2015, the Group's total assets amounted to approximately RMB33,458,356,000 and net assets amounted to approximately RMB13,296,648,000.

Gan Yongyi

Vice Chairman and General Manager

During the Reporting Period, the income and profit of the major subsidiaries are as follows:

	Income for 2015 (after revenue taxes) *(RMB'000)*	Year-on-year increase/ (decrease) in income for 2015 *(%)*	Profit/(loss) for 2015 *(RMB'000)*	Year-on-year increase/ (decrease) in profit/(loss) for 2015 *(%)*
Chengyu Branch *(note 1)*	**845,012**	**4.69**	**297,851**	**(0.33)**
Chengya Branch *(note 1)*	**742,134**	**(2.57)**	**334,094**	**(8.98)**
Chengren Branch *(notes 1, 2)*	**636,916**	**12.56**	**86,867**	**752.94**
Chengle Company	**438,268**	**(2.24)**	**218,237**	**(4.62)**
Chengbei Company	**83,075**	**(6.20)**	**31,839**	**(8.45)**
Trading Construction Company *(note 3)*	**3,551,605**	**15.55**	**124,240**	**(7.20)**
Shugong Testing Company	**31,898**	**3.23**	**936**	**(51.10)**
Shunan Company *(note 4)*	**12,897**	**(81.67)**	**(45,615)**	**366.50**
Renshou Shunan Company *(note 5)*	**518,513**	**693.17**	**68,664**	**569.87**
Shuhong Company *(note 6)*	**35,763**	**(57.59)**	**8,438**	**(55.24)**
Shurui Company	**31,250**	**(33.07)**	**490**	**(16.77)**
Shuxia Company *(note 7)*	**46,737**	**75.16**	**18,667**	**47.25**
Chengyu Advertising Company	**4,744**	**6.39**	**(194)**	**725.52**
Shuhai Company *(note 8)*	**N/A**	**N/A**	**17,185**	**(907.57)**
Chengya Oil Company	**628,054**	**(1.60)**	**28,571**	**5.20**
Zhonglu Energy Company	**2,333,946**	**38.80**	**25,530**	**3.62**
Renshou Landmark Company *(note 9)*	**N/A**	**N/A**	**(97,238)**	**(12.57)**
Chengyu Financial Leasing Company *(note 10)*	**36,503**	**N/A**	**17,473**	**N/A**

Notes:

1. 15% income tax was included when calculating profits for Chengyu Branch, Chengya Branch and Chengren Branch.

2. Chengren Expressway came into operation in September 2012. Factors including the construction of Tianfu New District and industrial park along expressways, increase of toll income contributed by the increase of truck toll income and decrease of finance costs as a result of loan interest-rate reduction, brought about a significant growth in profits this Year.

3. Due to the new Yakang Expressway Project and Wenma Project this Year, together with Suiguang Suixi Expressways BOT Project entering the final year of construction period, Trading Construction Company saw a sharp increase in revenue. However, since Trading Construction Company no longer enjoyed the benefits from favorable tax policies of the Western Development and the financing cost increased due to new loans, this Year saw a slight decline in profits.

4. Due to the substantial decrease in investment volume and other income arising from the approach towards the end of the Shuangliu Project, and the increase in finance costs and management costs caused by new loans and staff, this Year saw an apparent increase in losses of Shunan Company.

5. Renshou Shunan Company is a wholly-owned subsidiary of Shunan Company. Due to the substantial increase in investment volume caused by the commencement of construction works of Renshou Project this Year, its profit was significantly increased.

6. Due to the approach towards the end of the Renshou Land-linked Pilot BT Project and shortage of new investment project, the income and profit of Shuhong Company significantly decreased. Since Shurui Company mainly provided construction supports to Shuhong Company, the income and profit of Shurui Company also decreased.

7. Income and profit of Shuxia Company were significantly increased due to the fact that leasing business for the servicing area was changed into self-operated business and the support from the favorable tax policies of the Western Development this Year.

8. Profit of Shuhai Company, a company engaged in investments management, came primarily from dividends distributed by subsidiaries it had invested in and changes of profit and loss attributable from joint ventures. In this Year, 2013 and 2014 dividends distributed by its subsidiary Zhonglu Energy Company together with the positive business development of the invested Zhongxin Assets Management Company turned losses into gains for Shuhai Company as compared with the previous year.

9. Renshou Landmark Company was incorporated on 24 May 2013 and is now at the stage of property development and construction. Nevertheless, sales expenses and finance costs saving had led to a decline in losses.

10. On 13 April 2015, Chengyu Financial Leasing Company completed its business registration in the Market Supervision Administration of Shenzhen Municipality. The registered capital is RMB300 million, of which the Company and CSI SCE Investment Holding Limited (信成香港投資有限公司) have contributed RMB180 million and RMB120 million respectively, accounting for 60% and 40% of the equity interest in Chengyu Financial Leasing Company respectively.

(II) Operating conditions of the "toll roads and bridges" segment of the Group

During the Reporting Period, the operation conditions of the expressways under the Group were as follows:

Item	Shareholding percentage (%)	Average daily traffic flow (vehicles) 2015	2014	Increase/ (decrease) (%)	Toll income (before revenue taxes) (RMB'000) 2015	2014	Increase/ (decrease) (%)
Chengyu Expressway	100	**24,129**	21,552	11.96	**875,026**	835,794	4.69
Chengya Expressway	100	**33,238**	30,088	10.47	**767,937**	788,160	(2.57)
Chengren Expressway	100	**29,555**	28,704	2.96	**659,535**	585,988	12.55
Chengle Expressway	100	**31,350**	27,569	13.71	**453,834**	464,233	(2.24)
Chengbei Exit Expressway (including Qinglongchang Bridge)	60	**39,682**	38,757	2.39	**86,026**	91,693	(6.18)

In 2015, the toll income (before revenue taxes) of the Group was approximately RMB2,842,358,000, representing an increase of approximately 2.77% as compared with last year. The percentage of the toll income to the Group's prime operating revenue (after revenue taxes) was approximately 23.88%, representing a decrease of approximately 4.48 percentage points when compared with 28.36% last year. During the Reporting Period, the following factors constituted combined effects on the operating performance of the Group's business of toll roads:

(1) In 2015, the gross domestic product ("GDP") realized by PRC was approximately RMB67,670.8 billion, representing a year-on-year growth of approximately 6.9%[1] . The economic growth had slowed down, and the GDP of Sichuan Province was approximately RMB3,010.31 billion, representing a year-on-year growth of approximately 7.9%[2], which recorded a decrease even though it is still 1% higher than the average level of PRC. Under such economic downward pressure, the demand for regional traffic, especially cargo transportation, was directly impacted and the traffic volume growth of most toll road projects of the Group had slowed down.

(2) On 21 May 2015, Sichuan Province and Chongqing Municipality jointly executed the Memorandum of Work Regarding the Strengthening of the Cooperation Between the Province and the Municipality for Joint Establishment of Cheng-Yu City Cluster (《關於加強兩省市合作共築成渝城市群工作備忘錄》), specifying that their cooperation in respect of the integration of traffic of both the province and the municipality would be strengthened and that a comprehensive traffic network would be established with the two comprehensive traffic hubs of Chengdu and Chongqing as the support and railways and expressways as the backbone, and that a large number of traffic construction projects had been planned and organized. In November 2015, the National Development and Reform Commission and the Ministry of Transport jointly formulated and issued the Comprehensive Traffic Network Planning for Urbanized Areas (《城鎮化地區綜合交通網規劃》), which had determined 21 urbanized areas, and proposed to build a comprehensive traffic network covering urbanized areas including Chengdu-Chongqing region with track traffic and expressways as backbone. All such would provide the Group with even more space for development with respect to the investment and construction business of the transportation infrastructure.

1 Source: preliminary accounting results published by the National Bureau of Statistics.

2 Source: preliminary accounting results published by the Sichuan Provincial Bureau of Statistics.

(3) From 8 October 2014, the Electronic Toll Collection System ("**ETC**") of expressways in Sichuan Province was commissioned for operation, and preferential policy of 5% toll had been implemented. During the Reporting Period, expansion in the scope of ETC's road coverage and the increase in number of cars processed with ETC had influenced the growth of the toll income of the Group to a certain extent.

(4) The governance of expressways in Sichuan Province was being implemented continuously. In addition to implementing the policy of persuading the return of trucks with loads beyond the normal limit, commencing from 1 January 2015, no vehicles particularly used for commodity vehicle transportation failing to meet the loading requirements may enter the expressways of Sichuan Province, thus further impacted the volume of trucks using the expressways of the Group.

(5) The truck charge-by-weight preferential policy, the toll-free travel policy for fresh agricultural product vehicles and the toll-free travel policy for small passenger vehicles on major festivals and holidays, etc. have continued to have adverse effect on the gross toll income of the Group.

(6) The operating performance of the expressways under the Group was also affected to various extents either positively or adversely by the circumjacent competitiveness or changes in the synergy of road networks as well as the maintenance and repairing works conducted on the roads. During the Reporting Period, the expressways under the Group were impacted by such factors to various extents:

Chengyu Expressway: the ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway was completed and open to traffic in June 2014. Since the direction of the expressway was in parallel to the Chengyu Expressway, a definite diverging effect was created for vehicles which originally ran from Chengdu via Chengyu Expressway to Zigong and Luzhou. Commencing from December 2014, Jianyang Hongri Bridge (簡陽紅日大橋) was closed for construction. Vehicles that originally went to and returned from Anyue and Lezhi would no longer enter and exit at Shiqiao Station of Chengyu Expressway but would change to go to and return from Chengyu Expressway via the Sui (Ning) Zi (Yang) Mei (Shan) Expressway. The mileage of vehicles would be increased if vehicles changed to use Sui (Ning) Zi (Yang) Mei (Shan) Expressway to and from Chengyu Expressway and as a result, the toll income would be increased. Commencing from June 2015, the roads for Shipan to Shiqiao section of Chengjian Rapid Pathway (成簡快速通道石盤至石橋段) was under treatment and construction and some vehicles changed to run on Chengyu Expressway, leading to an increase in the traffic volume of Chengyu Expressway.

Chengya Expressway and Chengren Expressway: In November 2014, Sui (Ning) Zi (Yang) Mei (Shan) Expressway was open for trial operation and commenced to collect tolls in April 2015. Since such expressway was the horizontally connecting route which connected Northeast Sichuan economic zone, Southern Sichuan economic zone, Chengdu economic zone, Panxi economic zone and other major economic zones in the province, a diverging effect was created on vehicles that ran originally from Southern Sichuan via Chengren Expressway to Chengdu and Northeast Sichuan. In December 2014, the West Section of Chengdu Second Belt Expressway (the "**Second Belt**") was completed and open to traffic. Such section was linked with the four expressways: ChengZiLuChi Expressway, Chengya Expressway, Cheng (Du) Wen (Jiang) Qiong (Lai) Expressway and Cheng (Du) Guan (Dujiangyan) Expressway, leading to a decrease of the mileage of vehicles using Chengya Expressway and Chengren Expressway. On 31 December 2015, the East Section of Second Belt was completed and opened to traffic, and the entire Second Belt was completed and opened to traffic, which also affected the toll income of the Group.

Chengle Expressway: In December 2014, Cheng (Du), Mian (Yang), Le (Shan) intercity high-speed railway line (成（都）綿（陽）樂（山）城際高速鐵路客運專線) was open to traffic, causing a reduction in the volume of passenger vehicles using Chengle Expressway. Commencing from August 2014 to February 2015, the section from Xinjin to Pengshan of S103 Provincial Highway was under construction and some passenger vehicles and trucks going to and from Qinglong and Pengshan chose to use Chengle Expressway, leading to an increase in the volume of vehicles using Chengle Expressway during such period.

(II) Operating conditions of the "Construction" segment and "Urban Operations" segment of the Group

"Construction" is a mature business of the Group and "City Operation" is an emerging business established by the Group. By virtue of the professional expertise and experience in the field of construction accumulated over the years and relying on the good cooperation between the Company and the local governments along the Group's highways, the Group will bring into play its advantages in finance, location and brand to vigorously expand its businesses of highway construction, urban infrastructures and property development along the highways, so as to promote the extension into related upstream and downstream industries and achieve overall improvement in the Group's efficiency. At present, the relevant projects invested in and constructed by the Group mainly include:

(1) Suiguang-Suixi Expressways BOT Project

At the general meeting of the Company held on 13 January 2012, the investment in Suiguang-Suixi Expressways BOT Project was considered and approved. According to the preliminary design document of the project, its total length is approximately 164.826 km with an operation period of 29 years and 336 days, and the approved estimated preliminary investment is approximately RMB11,887 million. In July 2012, the Company established Suiguang Suixi Company to be in overall charge of the preparation, construction, operation, management and transfer of Suiguang-Suixi Expressways BOT Project. Suixi Expressway and Suiguang Expressway were opened to traffic on 10 December 2015 and 30 December 2015 respectively for free (section K94+686 to section K102+941 of Suiguang Expressway (approximately 8.255 km) has not yet been opened to traffic).

(2) Renshou Land-linked Pilot BT Project

The proposal in relation to the investment in Renshou Landlinked Pilot BT Project was considered and approved at the 34th meeting of the fourth session of the Board of the Company on 28 January 2011. In July 2011, Shuhong Company was established to take charge of the implementation of this project. The Renshou Landlinked Pilot BT Project, with an estimated total investment of approximately RMB280,270,000, is located at Gaotan village, Wenlin Town (where the county government is located), Renshou County, Sichuan Province which involves a land area of approximately 4,848 mu. The investment includes relocation of farmhouses, settlement of San Tong Yi Ping (三通一平, generally referred to as site clearance and resettlement, connecting temporary water and electricity supply to the site and road connection to the site) as well as construction of ancillary municipal roads, resettlement houses (including preparatory work) (approximately 112,700 sq.m.) and ancillary construction work of the resettlement community. From the date of the commencement of the construction to 31 December 2015, an accumulated completed investment of approximately RMB245 million had been invested in Renshou Land-linked Pilot BT Project, accounting for approximately 87.50% of the estimated total investment of the project.

(3) Shuangliu West Airport Phase VI BT Project

On 13 January 2012, the 41st meeting of the fourth session of the Board of the Company was convened and the proposal in relation to the investment in and construction of Shuangliu West Airport Phase VI BT Project was considered and approved, and Shunan Company was approved to be the project company responsible for the preparation, construction and transfer of the project. On 17 January 2012, the Company won the bid to undertake the project, which involved a total of 4 roads, i.e. south extension line of Aviation Avenue, the road on the east side of Rayspower, Airport Road No. 4 and the west extension line of Industrial Park Avenue, with a total length of approximately 8.84 km. The estimated total investment amount is approximately RMB616,070,000, including land requisition and relocation fees of approximately RMB163,030,000 and expenditure for road construction and installation of relevant facilities of approximately RMB453,040,000. From the date of its commencement of the construction to 31 December 2015, a total of approximately RMB316 million had been invested in Shuangliu West Airport Phase VI BT Project, accounting for approximately 51.30% of the estimated total investment of the project.

(4) Shuangliu Zongbao BT Project

On 28 March 2012, the 42nd meeting of the fourth session of the Board of the Company was convened and the proposal in relation to the investment in Shuangliu Zongbao BT Project was considered and approved, and Shunan Company was approved to be the project company responsible for the preparation, construction and transfer of the project. On 6 April 2012, the Company won the bid to undertake the project, which involved 2 roads, i.e. Qinglan Road and the south extension line of Shuanghuang Road, with a total length of approximately 3.23 km. The estimated total investment amount is approximately RMB279,630,000, including land requisition and relocation fee of approximately RMB79,370,000 and expenditures for road construction and installation of relevant facilities of approximately RMB200,260,000. From the date of its commencement of the construction to 31 December 2015, a total of approximately RMB187 million had been invested in Shuangliu Zongbao BT Project, accounting for approximately 66.87% of the estimated total investment of the project.

(5) Real Estate Projects in Chengbei New Town of Renshou County

On 30 January 2013, a resolution in relation to participation in the bidding for the land use rights of three state-owned construction land parcels in Chengbei New Town, Renshou County, Meishan City, Sichuan Province for the investment and development of real estate projects was approved by the Office of the General Manager of the Company. On 22 February 2013, the Company won the bid for the land use rights of such land parcels (with a total site area of 235,558.10 sq.m.) at a price of RMB920,160,000. In May 2013, Renshou Landmark Company was established to take full charge of the development and construction of the real estate project in Chengbei New Town, Renshou County. On 15 May 2014, Renshou Landmark Company won the bid for the land use rights of five state-owned construction land parcels (with a total site area of 194,810.52 sq.m.) in Chengbei New Town at a price of RMB787,100,000. At present, some realty projects have been completed and the pre-selling of which have commenced. As of 31 December 2015, the receipt in advance for the purchase of realty was approximately RMB31,046,000.

(6) Renshou Gaotan BT Project

On 3 January 2014, the Office of the General Manager of the Company considered and approved the investment in Renshou Gaotan BT Project. On 15 January 2014, the Company won the bid to undertake such projects, and on 28 January 2014, the Company entered into the Investment and Construction Contract in relation to the engineering construction projects including Gaotan Water Park, roads in the area of Gaotan Reservoir, landscape engineering of Central Business Avenue, Tianfu Renshou Avenue, underneath channel of Lingzhou Avenue and Renshou Avenue extension. The total estimated investment in these projects amounted to approximately RMB2,472 million (exclusive of land requisition, demolition costs and upfront fee. Relevant preliminary work and expenses for, inter alia, land requisition and demolition were borne by the tenderee). During the Reporting Period, in order to reduce the investment risks, and speed up the investment return, upon friendly negotiation, the Company and the Urban and Rural Construction Bureau of Renshou County entered into the Supplementary Agreement to Investment and Construction Contract ("**Supplementary Agreement**"), which adjusted and reduced the greening landscape engineering and internal road works of Gaotan Water Park, and the construction engineering from Tianfu Renshou Avenue G213 to Renshou Urban Section, amounting to investment reduction of approximately RMB1.334 billion, and the total investment budget of Renshou Gaotan BT Project reduces from approximately RMB2.472 billion to total approximately RMB1.138 billion (see the Announcement of Sichuan Chengyu Concerning Change in External Investment (Announcement No: L2015–031) published by the Company on Shanghai Securities News, China Securities Journal and the website of SSE on 31 December 2015). The said project is fully in charge by Renshou Shunan Company. The accumulated investment into Renshou Gaotan BT Project from the commencement date to 31 December 2015 was approximately RMB373 million, accounting for approximately 32.78% of the total investment budget after adjustment and reduction.

(7) Renshou Shigao BT Project

On 3 January 2014, the Office of the General Manager of the Company considered and approved the investment in the Renshou Shigao BT Project. On 17 January 2014, the Company won the bid to undertake the project, and on 7 March 2014, the Company entered into the Investment and Construction Contract in relation to the engineering construction projects including Section II of Shigao Avenue in Renshou Shigao Economic Development Zone, Tianfu New District, Gangtie Avenue, Qingshui Road and Ring Road (including road maintenance project of Artery No. 1), south section of Zhanhua Road (including the business street and Quanlong River levee project) and Logistics Avenue (including storm sewage pipe network project of Huahai Avenue). The total estimated investment in these projects amounted to approximately RMB824 million (subject to the final financial review price). Renshou Shunan Company is in full charge of the project. From the date of its commencement of the construction to 31 December 2015, the accumulated investment for the road engineering project of Renshou Shigao BT Project were approximately RMB183 million, accounting for approximately 22.21% of the total investment amount for such project on budgetary estimation basis.

(IV) Operating conditions of the "financial investment" segment of the Group

Financial investment is an emerging business established by the Group in the principle of integration of industry and finance, aiming at turning its credit and product advantages into financial advantages. While securing low-cost capital through diverse means, the Group will deepen the cooperation with professional investment management institutions, give play to the functions of equity investment, adopt the development mode of "driving finance with industry and promoting industry with finance", interactively combine industrial capital and financial capital in multiple ways and at multiple levels, and expand industrial and financial businesses. Currently, the Group's major investment and financing work conditions are as follows:

(1) Medium-term notes

On 18 December 2015, the Company successfully issued the 2015 first tranche of medium-term notes of RMB1.2 billion for a term of 5 years, at a par value of RMB100 and issuance interest rate of 3.65%. The funds raised by the issuance of medium-term notes will be used to replenish the production and operating working capital of the Company and to repay some bank loans.

(2) Offshore bank loans

In March 2015, the Company and Construction Bank of China (Asia) Corporation Limited successfully entered into a renewed offhore Renminbi loan agreement which was the first of the kind in Sichuan Province. Pursuant to the said renewed agreement, the term of the 1 billion offshore Renminbi denominated loan was adjusted from three years to six years and the consolidated financing cost for the said loan was reduced by 0.25 percentage points. As at 31 December 2015, the Company had fully drawn down the said loan.

(3) Medium-long term syndicated loan

In order to secure the timely availability of the construction funds for Suiguang-Suixi Expressways BOT Project, upon approval by the Company, the syndicated loan contract in relation to Suiguang-Suixi Expressways BOT Project with China Development Bank as the leading bank was entered into in December 2013. The total syndicated facilities amounted to RMB8,330 million. The lending banks included China Development Bank, China Construction Bank, Industrial and Commercial Bank of China and Postal Savings Bank of China. As at 31 December 2015, an aggregate of RMB6,676 million of the loan had been drawn down by the Company.

(4) Industrial investment funds

On 24 December 2013, at the 10th meeting of the fifth session of the Board of the Company, a resolution in relation to the cooperation with Development Investment Company in carrying out industrial investment funds related business was considered and approved, pursuant to that, Zhongxin Company was established on 6 January 2014, with a registered capital of RMB10 million. Shuhai Company, a wholly-owned subsidiary of the Company and Development Investment Company each contributed RMB5 million and held 50% equity interest in the company, respectively. On 19 June 2014, the Company, Development Investment Company and Zhongxin Company entered into a partnership agreement in relation to the joint contribution to establish Chengyu Development Fund. The total contribution is RMB610,000,000, of which, the Company, Development Investment Company and Zhongxin Company should contribute RMB300,000,000, RMB300,000,000 and RMB10,000,000 respectively. As at present, the funds which Zhongxin Company has participated in the formation and/or is entrusted to manage are: Chengyu Development Fund, Panxi Fund, Panxi New Material Venture Investment Fund, Sichuan Intellectual Property Right Operation Fund. At present, the financing and investment business of such funds are in good progress.

(5) Establishment of Chengyu Financial Leasing Company

On 15 January 2015, the Office of the General Manager of the Company considered and approved that the Company and CSI SCE Investment Holding Limited (信成香港投資有限公司) would jointly establish Chengyu Financial Leasing Company (成渝融資租賃公司). On 4 February 2015, the Company entered into a joint venture agreement with CSI SCE Investment Holding Limited. In accordance with such joint venture agreement, the registered capital of Chengyu Financial Leasing Company would be RMB300 million and the Company and CSI SCE Investment Holding Limited would contribute RMB180 million and RMB120 million respectively and would own 60% and 40% equity interest in Chengyu Financial Leasing Company, respectively. On 13 April 2015, Chengyu Financial Leasing Company completed business registration with the Market Supervision Administration of Shenzhen Municipality. During the Reporting Period, Chengyu Financial Leasing Company was actively expanding financial leasing services with its foothold on the traffic sector to the extent that the risk is controllable and completed investment of approximately RMB655 million. Meanwhile, Chengyu Financial Leasing Company has independently researched, developed and designed the "Jiaozubao" (交租寶) product for the financial leasing services of the upstream and downstream enterprises in the traffic industry. "Jiaozubao" is an innovative leasing service for the "supply chain finance", and realizes closed-transaction and controllable overall risks for the leasing company based on the advantageous position of the Group in the traffic industry of Sichuan Province.

(6) Proposed issuance of corporate bonds

In order to broaden financing channels and reduce finance costs, as well as to raise funds for the medium and long term development of the Company and to ensure the continuous and stable growth of the operating efficiency of the Company, the Company convened an extraordinary general meeting on 5 February 2015, and with reference to the analysis on the current bond market and the capital needs of the Company, the Company considered and approved the resolution in relation to the issuance of corporate bonds. On 8 July 2015, the Company received the Approval and Reply On Verification of the Public Offering of Corporate Bonds Made by Sichuan Expressway Company Limited to the Public Investors (《關於核准四川成渝高速公路股份有限公司向公眾投資者公開發行公司債券的批復》) from CSRC, whereby the Company was approved to issue corporate bonds to the public investors by installments of which the total face value amounted to not more than RMB1 billion.

(7) Subscription of 9.99% equity interests in Renshou Bank

On 23 March 2015, the Office of the General Manager of the Company considered and approved the investment of Shuhai Company in the project of the conversion of Renshou County Rural Credit Cooperative into Sichuan Renshou Rural Agricultural and Commercial Bank (Renshou Bank) (仁壽農商行). On 10 August 2015, Shuhai Company and the preparation working group of Renshou Bank entered into a share subscription agreement, pursuant to which Shuhai Company would subscribe 49,950,000 shares of Renshou Bank at the price of RMB2.15 per share, representing 9.99% of total equity in Renshou Bank, to become the largest shareholder and the total subscription consideration was RMB107,392,500. On 20 August 2015, the Company injected an amount of approximately RMB107 million into Shuhai Company to meet the capital demand of Shuhai Company for the subscription. Renshou Bank has maintained sound profitability and strong growth. The subscription is in favour of good investment income of the Company, and in accordance with the Company's development strategies and in interest of the Company and its Shareholders as a whole.

(V) Operating conditions of the "energy and cultural media" segment of the Group

Energy and cultural media is a fast-growing business of the Group in recent years and mainly involves the operation of gas stations along the expressways of the Group and management of assets, service zones, advertisement, etc. along the expressways. During the Reporting Period, the Group maintains a growth of revenue through integration of assets along the expressways, improvement of service functions, innovation of business model and vigorous development of sales of oil products, advertising, assets leasing, etc. During the Year, the Group recorded a net revenue of approximately RMB2,931,300,000 (2014: RMB2,302,019,000) from operation of gas stations along the expressways and sales of petrochemicals and oil products, representing an increase of approximately 27.34% over last year; and a net revenue of RMB53,390,000 (2014: RMB50,820,000) from advertising, assets leasing and chain supermarket in the service zones along the expressways, representing an increase of approximately 5.06% over last year.

II. FINANCIAL REVIEW AND ANALYSIS

Summary of the Group's Operating Results

	2015	2014
	RMB'000	*RMB'000*
Revenue, net	**11,493,969**	9,420,153
Including: Toll income, net	**2,745,121**	2,671,233
Construction contract revenue, net	**5,727,655**	4,396,081
Profit before tax	**1,375,341**	1,299,848
Profit attributable to owners of the Company	**1,006,586**	975,999
Earnings per share attributable to owners of the Company *(RMB)*	**0.329**	0.319

Summary of the Group's Financial Position

	As at 31 December 2015	As at 31 December 2014
	RMB'000	*RMB'000*
Total assets	33,458,356	28,803,105
Total liabilities	20,161,708	16,435,703
Non-controlling interests	777,382	601,375
Equity attributable to owners of the Company	12,519,266	11,766,027
Equity per share attributable to owners of the Company *(RMB)*	4.094	3.848

Analysis of Operating Results

Revenue

The Group's net revenue for the Year amounted to RMB11,493,969,000 (2014: RMB9,420,153,000), representing an increase of 22.01% over last year, of which:

(1) The net toll income was RMB2,745,121,000 (2014: RMB2,671,233,000), representing an increase of 2.77% over last year, mainly due to the continuous regional economic development and the significant growth in traffic volume and income resulting from Chengren Expressway implementing the truck charge by-weight preferential policy and the natural increase of traffic volume of the expressway. The above factors partially offset the negative impacts from competitive highways diversion, toll-free holiday policy, road construction and ETC preferential policies. Please refer to pages 23 to 25 of this annual report for details of the main factors influencing the toll income of the Group during the Reporting Period;

(2) Construction revenue (before revenue taxes) recognized under the percentage- of-completion method and relevant measurement data in respect of service concession arrangements was RMB4,167,587,000 (2014:RMB2,995,939,000), representing an increase of 39.11% over last year, which resulting from the Year was the last year of the construction period of Suiguang Suixi Expressways BOT project which mainly included RMB4,142,461,000 of construction revenue (before revenue taxes) (2014: RMB2,881,848,000) from the Suiguang Suixi Expressways BOT project and RMB25,126,000 of construction revenue (before revenue taxes) (2014: RMB34,091,000) from reconstruction projects of gas stations along the expressway during the Year;

(3) Construction revenue (before revenue taxes) in respect of other construction and maintenance works performed amounted to RMB1,687,977,000 (2014:RMB1,505,838,000), which was the construction revenue recognized under the percentage-of-completion method in respect of the Renshou BT project, Baen project and other projects;

(4) Revenue from operation of gas stations along expressways and sales of petrochemicals and other oil products amounted to RMB2,931,300,000 (2014: RMB2,302,019,000), representing an increase of 27.34% over last year.

Other Income and Gains

The Group's other income and gains for the Year amounted to RMB93,259,000 (2014: RMB124,059,000), representing a decline of 24.83% as compared with last year. It was mainly attributable to the interest incomes from construction agreements, bank deposits and income from expressway property compensation, among which, interests from the advance payment in respect of the BT projects of the Group recognized amounted to RMB21,587,000 (2014: RMB45,204,000), interest from bank deposits amounted to RMB24,155,000 (2014: RMB27,736,000) and income from expressway property compensation amounted to RMB15,703,000 (2014: RMB9,229,000).

Operating Expenses

The Group's operating expenses for the Year amounted to RMB9,732,073,000 (2014: RMB7,771,157,000), representing a year-on-year increase of 25.23%, of which:

(1) During the Year, construction contract costs recognized under the percentage- of-completion method in respect of service concession arrangements were RMB3,988,276,000 (2014: RMB2,799,958,000), representing a year-on-year increase of 42.44%. This mainly included construction contract costs of RMB3,963,150,000 (2014: RMB2,686,832,000) from Suiguang Suixi Expressway BOT project and construction contract costs of RMB25,126,000 (2014: RMB33,126,000) from reconstruction projects of gas stations along the expressways during the Year;

(2) During the Year, the construction costs recognized under the percentage-of-completion method in respect of construction contracts amounted to RMB1,428,344,000 (2014: RMB1,373,196,000), which mainly included the construction costs in respect of Renshou BT project, Baen project and maintenance engineering;

(3) Depreciation and amortization expenses increased by 9.20% from RMB550,358,000 in last year to RMB600,966,000 this Year, which was mainly attributable to the fact that the amortization rate used for right of management of highway cannot reflect accurately the economic effects brought by regional economic development and road network changes to expressways of the Group. In order to accurately and fairly reflect the financial position and business performance of the Group, the Group invited independent and professional research institutions in 2015 to estimate traffic flow and vehicle toll income of the future, based on which, proposed a new average annual growth rate of traffic flow, changed amortization rate for right of management of highway and increased the amortization of the service concession arrangements for this Year; meanwhile, this was also attributable to the increase of amortization for right of management of highway by traffic flow year by year.

(4) The cost of sales of refined oil and petrochemical products was RMB2,804,145,000 (2014:RMB2,181,572,000), which represented an increase of 28.54% as compared to last year;

(5) Staff costs increased by 9.75% from RMB532,865,000 in the previous year to RMB591,089,000 this Year. This was mainly due to the increases in total salary, various social insurances and housing accommodation fund paid in the Year to certain extent given the Group's business expansion, the addition of controlled subsidiaries as well as increased average salary for the employees in Chengdu;

(6) Costs of repairs and maintenance increased by 4.67% from RMB216,837,000 in the previous year to RMB226,967,000, representing an increase in the costs for daily maintenance of expressways and subsidiary facilities of the Group.

Finance costs

The Group's finance costs for the Year amounted to RMB498,582,000 representing an increase of 2.84% as compared to last year, principally attributable to (1) the issuance of the new medium-term notes of RMB300,000,000 in July 2014 and only half-year finance costs being recognized in 2014; (2) the issuance of the new medium-term notes of RMB1,200,000,000 in December 2015 to replenish the working capital of the Company; (3) that part of interest originally capitalised was included in the financing costs in the Year due to the completion of the construction project.

Taxation

The corporate income tax expense of the Group for 2015 amounted to RMB270,128,000, representing an increase of 18.49% as compared to 2014. It was mainly attributable to the increase of total profit before tax over last year and the supplementation of corporate income tax in final settlement of this Year.

Profit

The Group's profit for the Year amounted to RMB1,105,213,000, representing an increase of 3.11% as compared with RMB1,071,871,000 in the previous year, of which the profit attributable to owners of the Company was RMB1,006,586,000, representing an increase of 3.13% as compared to last year. This was mainly due to:

(1) Regional economy development, the operation of Chengren Expressway and the growth of traffic flow in expressways resulted in a year-on-year increase of RMB73,888,000 in toll income for the Group's expressways this Year, which partially offset the adverse impact from the increase of RMB20,619,000 in amortization of service concession arrangements caused by amortization rate adjustment, increase of road maintenance costs caused by the increase of minor repair works of pavement, increase of safety facilities maintenance costs caused by renovation project of new expressway guard bar for safety and other negative factors. Segment results for this Year contributed by the toll fee segment increased by approximately RMB38,704,000;

(2) Renshou Trading Landmark Company Limited, a company engaged in real estate development, was still in the development and construction period of real estate this Year. However, the saving of sales expense and finance costs resulted in a loss of approximately RMB13,451,000 for real estate development segment, decreased by RMB3,965,000 over last year;

(3) Segment results of construction contract segment for the Year increased by approximately RMB14,122,000 due to the sharp increase in the established construction contract income and the slight increase in gross profit rate on account of the completion of Suiguang Suixi Expressways BOT Project this year, the new growth point of profit brought by Renshou Gaotan BT project and Renshou Shigao BT project in investment and construction period, and well-controlled costs and expenditures;

(4) Segment results of operation of gas stations along expressways increased by approximately RMB6,037,000 for the gas station business segment for the Year due to the rise of sales volume of oils and gross profit rate;

(5) Segment results of advertisement and leasing business segment increased by approximately RMB25,459,000 for the Year due to the establishment of non- wholly-owned subsidiary Chengyu Financial Leasing Company, self-operated business in service area along expressways changed from external leasing business and the profit compensation received from Zhonglu Energy Company as per related agreement.

Analysis of Financial Position

Non-current Assets

As at 31 December 2015, the Group's non-current assets amounted to RMB26,114,375,000, representing an increase of 21.23% as compared with the end of 2014. The increase was mainly due to:

(1) The addition in property, plant and equipment of RMB103,566,000 for the Year;

(2) An increase of RMB4,167,587,000 in service concession arrangements, including RMB25,126,000 for construction projects of gas stations along the expressways and RMB4,142,461,000 for Suiguang Suixi Expressways BOT projects;

(3) A total of RMB600,966,000 in provision of depreciation and amortization;

(4) An increase of RMB105,452,000 in prepayment mainly due to investment in a company;

(5) An increase of RMB139,126,000 in available-for-sale investments;

(6) an increase of RMB156,643,000 in investment in associates and joint venture; and

(7) An increase of RMB481,108,000 in loan to customers due to the establishment of subsidiary Chengyu Financial Leasing Company by the Group in May of this year.

Current Assets and Current Liabilities

As at 31 December 2015, the current assets of the Group amounted to RMB7,343,982,000, representing an increase of 1.14% as compared with the end of 2014, mainly attributable to:

(1) A decrease of RMB549,366,000 in the closing balance of cash and cash equivalents as compared with the end of 2014 mainly due to the increase of service concession arrangements expenditures (Suiguang Suixi Expressways BOT Project), increase of financial leasing receivables from customers, increase of prepayment for investment to Renshou Bank, increase of investment to Sichuan Jinghao Water Supply and Sewage Equity Investment Center (limited partnership), finance products purchase from Guolian Trust, plus the decrease of net increase of bank loans over last year. Despite the issuance of the new medium- term notes increased the capital inflow, the overall cash and cash equivalents decreased as compared with last year;

(2) An increase of approximately RMB84,048,000 in inventories as compared with the end of 2014 mainly due to an increase of approximately RMB85,937,000 in the spare parts and construction materials, offsetting impacts caused by the decrease of petroleum products reserves;

(3) An increase of approximately RMB237,119,000 in prepayments, margins, receivables and other receivables as compared with the end of 2014, mainly due to a total increase of RMB110,942,000 in construction contract performance bond and tender bond, an increase of RMB130,841,000 in advance payment for materials and subcontract payment, an increase of RMB33,175,000 in toll income to be settled from Expressway Monitoring and Settlement Center of Department of Transportation of Sichuan Province, a decrease of RMB53,013,000 in trade receivables, a decrease of RMB12,327,000 in advanced payment for land appropriation and relocation and accrued interest as compared with last year, and an increase of RMB27,501,000 in other receivables;

(4) An increase of RMB132,248,000 in loan to customers considering that funds of financial leasing receivables recovered within one year shall be categorized as current assets according to financial leasing contract;

(5) Properties under development increased by RMB130,045,000 as compared with the end of 2014, which was mainly attributable to the property development costs in the Year.

As at 31 December 2015, the Group's current liabilities amounted to RMB5,257,490,000, representing a decrease of 1.39% as compared with the end of 2014, mainly attributable to the reclassification of non-current liabilities of RMB355,550,000 to be due within one year, down by RMB1,410,179,000 as compared with last year; an increase of short-term bank and other interest-bearing loans of RMB684,455,000; an increase of RMB28,387,000 for taxes payable; an increase of RMB623,497,000 for trade and other payables.

Non-current Liabilities

As at 31 December 2015, the non-current liabilities of the Group amounted to RMB14,904,218,000, representing an increase of 34.22% as compared to the end of 2014, which was principally attributable to an increase in five-year (or more) bank loan of RMB2,837,688,000, and an increase of RMB1,200,000,000 in medium-term notes for the development demand of the Group. At the same time, repayment of part of the long-term loans resulting in a net increase in long term bank and other interest-bearing loans amounting to RMB3,794,141,000 for the Year.

Equity

As at 31 December 2015, the Group's equity amounted to RMB13,296,648,000, representing an increase of 7.51% as compared with the end of 2014, mainly attributable to (1) profit for the Year of RMB1,105,213,000 which increased the equity; (2) 2014 final dividend of RMB244,645,000 declared in the Year which decreased the equity; (3) an decrease in equity of RMB8,702,000 due to the adjustment on the fair value of available-for-sale financial assets; (4) capital injection from minority shareholders of RMB120,000,000 due to the establishment of non-wholly-owned subsidiaries which increased the equity; (5) dividend payable to non-controlling shareholders of RMB42,620,000 which decreased the equity.

Capital Structure

As at 31 December 2015, the Group had total assets of RMB33,458,356,000 and total liabilities of RMB20,161,708,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 60.26% (2014: 57.06%).

Cash Flow

As at 31 December 2015, the closing balance of the cash and bank balance of the Group amounted to RMB3,067,744,000 including approximately HKD421,000 (equivalent to approximately RMB353,000) deposits in Hong Kong dollars, and approximately RMB3,067,391,000 cash and deposits in Renminbi, representing a decrease of approximately RMB549,366,000 over the end of 2014.

During the Year, net cash flows of the Group used in operating activities amounted to RMB1,506,842,000 (2014: net cash outflow of RMB324,472,000), with an increase of RMB1,182,370,000 over 2014, which was mainly due to an increase of RMB1,074,097,000 in service concession arrangements as compared to last year, a decrease of RMB54,075,000 in governmental subsidy in 2015 as compared to last year, an increase of RMB88,320,000 in building materials and other inventories, a decrease of RMB100,711,000 in trade and other payables, a decrease of RMB84,242,000 in construction contract receivables and an increase of RMB48,234,000 in properties development activities expense as compared to last year.

Net cash outflow from investing activities of the Group amounted to RMB1,093,411,000 (2014: net cash outflow of RMB23,819,000), with an increase of RMB1,069,592,000 over 2014. It was mainly attributable to an increase of RMB613,356,000 in financial leasing funds receivable from customers in this year, an increase of RMB107,393,000 in prepayment for investment to Renshou Bank, an increase of RMB150,000,000 in investment to Chengyu Development Fund, finance products purchase from Guolian Trust of RMB150,000,000 and an increase of RMB40,978,000 in purchase and construction of fixed assets.

Net cash inflow from financing activities was RMB2,050,887,000 (2014: RMB2,173,438,000), representing a decrease of RMB122,551,000 over last year, which was mainly due to the net increase of RMB1,882,008,000 in bank loans, representing a decrease of RMB895,516,000 as compared with last year and an increase of RMB164,367,000 in repayment of loan interests in the Year, while a decrease of RMB60,683,000 in the net increase of other loans over last year, an increase of RMB900,000,000 in new issuance of medium-term notes, and capital injection from non-controlling shareholders of RMB120,000,000.

Capital Commitments

Details of the Group's capital commitments as at 31 December 2015 are set out in note 34 to the financial statements.

Risk of Exchange Fluctuation

Save that the Company needs to purchase Hong Kong dollars to distribute dividends to H Shares Shareholders, the operating income and expenses as well as the capital expenditures of the Group are mainly settled in Renminbi and thus the fluctuation in exchange rate does not have material impact on the Group's results.

In addition, the Group did not use any financial instrument for hedging purposes during the Reporting Period.

Borrowings and Solvency

As at 31 December 2015, the Group's interest-bearing bank and other loans amounted to RMB16,082,444,000, all of which bore fixed interest rates. In particular, the balance of domestic bank loans was RMB11,120,944,000, with annual interest rates ranging from 4.09% to 6.15%; the balance of overseas bank loans was RMB2,023,000,000, with annual interest rates ranging from 4.39% to 5.60%; the balance of other loans amounted to RMB138,500,000, with annual interest rates ranging from 4.75% to 6.51%; and the outstanding medium term notes amounted to RMB2,800,000,000, with annual interest rates ranging from 3.70% to 6.35%. The relevant balances are set out as follows:

Bank Loans and Other Interest-bearing Loans

	Total amount *RMB'000*	**Within 1 year** *RMB'000*	**From 1 year to 5 years** *RMB'000*	**Over 5 years** *RMB'000*
Loans from domestic banks	11,120,944	660,050	2,026,602	8,434,292
Loans from overseas banks	2,023,000	539,000	1,484,000	–
Other loans	138,500	75,500	63,000	–
Medium-term notes	2,800,000	–	2,500,000	300,000
Total (2015–12–31)	**16,082,444**	**1,274,550**	**6,073,602**	**8,734,292**
Total (2014–12–31)	13,014,028	2,000,275	4,967,199	6,046,554

With the Group's steady cash flow, solid capital structure and sound credit records, the Group has established and maintained favorable credit relations with financial institutions and enjoyed most preferential interest rates for its loans. The Group has acquired bank facilities of RMB9,814 million from financial institutions available for use in the following one to two years. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,890 million. Such loan is specially used for construction of Chengren Expressway BOT Project. As at 31 December 2015, the balance of syndicated loan for the project amounted to RMB3,768 million.

In 2013, China Development Bank (Sichuan Branch) as leader and other three banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan totaled RMB8,330 million. Such loan was specially used in Suiguang-Suixi Expressways BOT Project. As at 31 December 2015, the Company has withdrawn RMB6,676 million of such loan in aggregate.

Contingent liabilities and pledge of assets

As at 31 December 2015, the Group's time deposits of RMB11,685,000 and RMB11,219,000, respectively (2014: RMB11,436,000 and RMB10,939,000 respectively) were pledged to secure Chengren Expressway BOT Project and Suiguang Suixi Expressways BOT Project respectively; time deposits of RMB112,150,000 (2014: RMB112,150,000) was pledged for bank loan; the concession rights to collect toll income pertaining to Chengle Expressway with the net carrying values of RMB1,002,934,000 (2014: RMB1,056,545,000) were pledged to secure bank loans amounting to RMB106,400,000 (2014: RMB106,400,000); the concession rights to collect toll income pertaining to Chengren Expressway with net carrying value of RMB7,270,918,000 (2014: RMB7,406,562,000) was pledged to secure the syndicated loan amounting to RMB3,768,445,000 (2014: RMB3,906,436,000); the overseas syndicated loan amounting to RMB750,000,000 (2014: RMB750,000,000) pledged by the concession rights to collect toll income pertaining to Chengya Expressway had been due for repayment in the Reporting Period; the concession rights to collect toll income pertaining to Suiguang Suixi Expressways with net carrying value of RMB10,266,715,000 (2014: RMB6,124,254,000) was pledged to secure the syndicated loan amounting to RMB6,676,100,000 (2014: RMB3,256,100,000).

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

III. BUSINESS DEVELOPMENT PLANS

At the beginning of the "13th Five-Year Plan" and looking forward towards the future, the Group will, on the basis of consolidating and strengthening the principal business of toll roads, continue to implement the diversified development strategies highly related to its principal business, with emphasis on the "financial investment segment" integrating industry and finance, intensify and optimise "city operation, engineering construction, energy and cultural media" segments, improve the development quality and asset efficiency, and realise the stable improvement of the overall profits of the Group.

Based on our analysis and judgment of the business conditions, policy climate and our own development status for 2016, and in line with the overall development plan of "13th Five-Year Plan" and our business targets for the year 2016, we formulated the following business plans:

(1) Keep a foothold on the principal business, and continue consolidating the foundation positioning of toll roads and bridges in the development of the Group. On one hand, we will focus on the daily operation and management of existing expressway assets, optimize and intensify the principal business by means of refined management so as to ensure realization of the operational targets of the Group; continue promoting intelligent transportation construction, hit toll evasion through more technical means and strengthen toll inspection efforts to reduce omission of and increase the toll income; intensify road network marketing efforts, improve the road condition level and service quality, and boost the road access efficiency and ability; make full use of the maintenance data system to maintain scientific management of maintenance works, optimize the materials, improve the maintenance skills, extend the overhauling duration, reduce the maintenance cost, and actively explore new maintenance models. In respect to the newly completed Suiguang-Suixi Expressways Project, the Group will speed up and improve the engineering construction management procedures, address the residual problems in the construction process as soon as possible, and work on engineering data sorting and completion acceptance works so as to prepare for formal operation of roads. On the other hand, we will actively seek for, research and reserve potential high-quality road assets and resources, give play to the capital advantage of the Group, and innovate the investment and acquisition models, so as to ensure healthy and sustainable development of the Group's principal business.

(2) Focus on building up the financial investment segment, so that it will become the driving force for the Group's expansion and business development. We will give full play to the Company's A+H-share capital platform and window, make great efforts to expand various investment channels on the financial market, deepen cooperation with the professional investment management bodies, and stably develop various financial investment business and equity investment business. Meanwhile, the financial leasing business will mainly be positioned on the transportation industry chain to boost and enlarge the financial leasing scale.

(3) Focus on management of city operation segment related projects and ensure stable income growth. We will capture historical opportunities such as urban agglomeration construction and building of an economic highland in the Chengdu- Chongqing region, actively participate in municipal infrastructure construction and land development and consolidation, urban complex and other city operation business, and build up the brand of city operation. On one hand, we will work on the investment construction and return of existing BT projects and the housing construction projects that have been commenced. Furthermore, we will continue strengthening construction management for Renshou Gaotan BT and Tianfu Shigao BT Projects and ensure the project quality so as to realize investment return and establish our brand; and speed up the completion acceptance works for completed projects of Shuangliu West Port Phase VI BT Project, Shuangliu Zongbao BT Project and Renshou Land-linked Pilot BT Pilot Project so as to realize capital return for BT projects in time. In addition, the Company will make orderly progress in the engineering of Real Estate Projects in Chengbei New Town of Renshou County, adjust and optimize real estate development rhythm and manner, and realize sound project rolling development and efficient capital turnover. On the other hand, we will speed up adaption to new financial investment modes and environment, actively explore investment construction and cooperation modes for infrastructure projects under the PPP model, and make efforts to improve project operation efficiency.

(4) Stably develop the construction business and expand the construction market scale. On one hand, we will strengthen cost control and deeply explore the internal potential to realize stable construction income growth through strengthening the construction and management of existing construction business; on the other hand, we will positively expand the upstream of the transportation construction industry chain, gradually expand to the aspects of engineering materials, large- scale maintenance equipment and core technology, and promote the value of the construction industry chain. In addition, we will increase the construction output value and scale by driving development of real estate construction enterprises through the stock land exploitation, upgrade our qualification as soon as possible, and increase the market share in the field of settlement building and affordable housing construction.

(5) Speed up development of energy and cultural media services, and realize new profit growth. On one hand, we will continue expanding distribution of the refined oil product sales outlets to explore the sales potential of oil, gas and non- oil products, positively study and explore the profitability models and schemes of charging stations (pillars) and new energy technology, and intensify the development aftereffect and depth of the energy segment. On the other hand, we will explore the potential and improve the efficiency by continuing innovating the expressway service areas and advertising media operation models, so as to explore the potential, increase the effectiveness and improve the comprehensive operating profitability. Furthermore, we will actively explore the storage and logistics business, expand the advertising business from internally to externally, upgrade traditional media to emerging media and improve the probability; explore the post-market of vehicles and mobile payment services and expand the intelligent transportation business chain.

(6) Intensify financial management and control and actively explore diversified financing modes. We will fully intensify financial budget management and strengthen cost control, and improve the capital utilization efficiency through planning arrangement and reasonable usage; give full play to the Group's low- cost financing advantage, pay close attention to trends of various capital markets, actively explore financing modes of higher efficiency and lower cost such as industry funds, extra-short term financing and extra-long term notes, etc., and commence the issuance of bonds at an appropriate time, optimize the Company's financing structure, and acquire low-cost capital through multiple channels, so as to ensure cash flow support towards liabilities and financial resource support towards the Group's business development.

(7) Deepen structural and mechanism reform, and boost sustainable development of the Group. The Company will continue perfecting and optimizing the establishment of modern corporate system, continue perfecting the corporate governance structure, and improve the corporate governance level. By adhering to addressing outstanding conflicts and problems that restrain development of the Company, the Company will continue deepening labor, personnel and allocation reform based on cohesion of reform force and market-oriented value, stimulate the Company's internal development force and vitality. The Company will improve the Group's mechanism of innovation driven development and further improve the sound corporate management system with definite division between power and obligations, scientific management and high efficiency through strengthening internal management innovation, human resources management innovation, remuneration system innovation, innovation of project investment mode and way of cooperation, promoting development with reform and securing benefits relying on management.

Gan Yongyi
Vice Chairman and General Manager

Chengdu, Sichuan, the PRC
30 March 2016

CORPORATE GOVERNANCE REPORT

I. Corporate Governance

As a listed company with both A Shares and H Shares, in addition to complying with the applicable laws and regulations, the Company is also required to comply with the requirements of the Corporate Governance Code (the "Code") of the Stock Exchange and the Code of Corporate Governance for Listed Companies of the CSRC regarding the practice of corporate governance. As at the date of this report, there was no material difference between the actual situation of the corporate governance of the Company and the requirements under the Code of Corporate Governance for Listed Companies, and the Company has adopted and fully complied with the provisions of the Code, except that Mr. Wu Xinhua was unable to attend the extraordinary general meeting of the Company held on 5 February 2015 in accordance with provision A.6.7 under the Corporate Governance Code due to urgent business engagement, and that Mr. Tang Yong was unable to attend the extraordinary general meetings of the Company held on 5 February 2015 and 27 August 2015 and the annual general meeting of the Company held on 29 May 2015 in accordance with provision A.6.7 under the Corporate Governance Code due to urgent business engagement.

Since establishment, the Company has set up a corporate governance structure comprising the general meeting, the Board, the Supervisory Committee and the management, and has conducted on-going review and improvement of such structure in practice. To date, the Company has successively established special committees under the Board, including the Audit Committee, the Strategic Committee, the Nomination Committee and the Remuneration and Appraisal Committee. The Company has also adopted an independent internal audit system, established a relatively comprehensive internal control system and formulated multi-tier governance rules based on the Articles of Association, aiming at clearly defining the duties, limits of authorities and codes of conducts for all parties. In accordance with laws, regulations and the governance rules, the general meeting, the Board, the Supervisory Committee and the management of the Company discharge their own duties, coordinate with each other, effectively counter-balance each other, and continuously enhance corporate governance standards, thereby laying a solid foundation for driving the Company's development and maximizing value for the Shareholders.

(I) Amendments to and improvements in corporate governance system

During the Reporting Period, the Company has further supplemented and improved the corporate governance rules, and has formulated and revised a number of corporate governance rules including the *Large-amount Funds Utilization Management Measures, Investment Management Implementation Rules* and *Full Budget Management Measures* according to the relevant requirements of the regulatory body.

(II) Sound establishment of internal control system of the Company

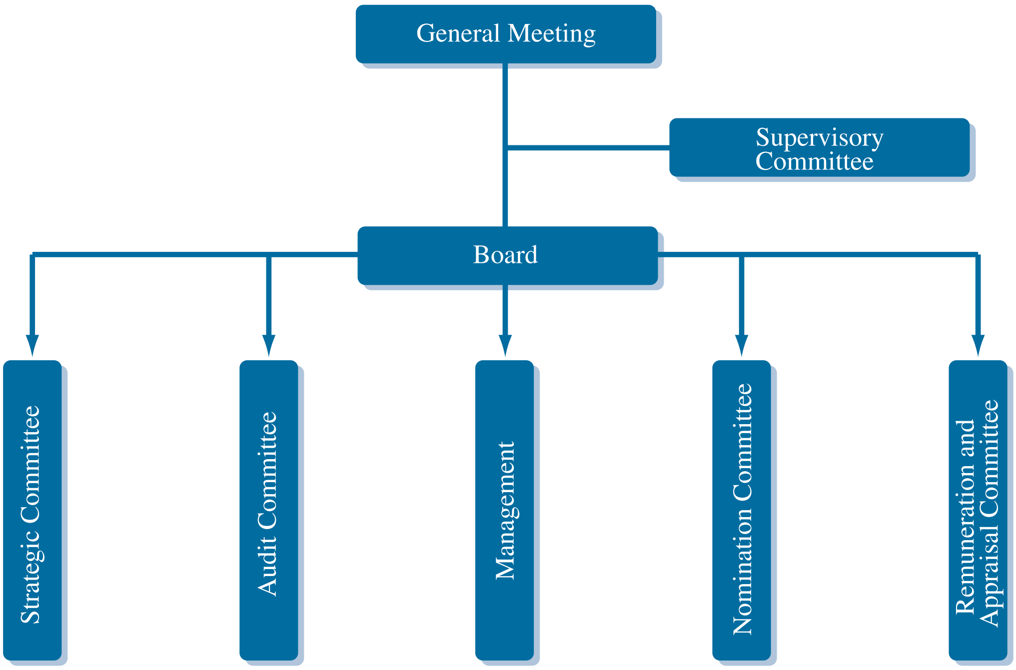
After years of operation and development, the Company has established a relatively comprehensive internal control system, ensuring the normal production and operation of the Company and playing a vital role in controlling operation risks. As the Company further develops, its internal control system needs to be continuously optimized and enhanced. Meanwhile, in order to implement the "Basic Rules for Internal Control of Companies" jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission and the Implementary Guideline for Enterprise Internal Control, and in light of the "Guidelines on Internal Control for Listed Companies" by the SSE and the Code, the Company has launched the construction of the corporate internal control system in an all-around way since the second half of 2010 and promptly completed the preparation and test of the Internal Control Manual as well as self-assessment and audit of internal control for the years 2011, 2012 2013 and 2014. In 2015, the Company has further improved the Internal Control Manual, and formulated the Real Estate Manual and Financial Manual. Meanwhile, the Company has intensified the promotion, training, maintenance (including revision, addition, deletion and improvement) and implementation of the Internal Control Manual, optimized the internal control testing and evaluation standards and methods, and continued promoting standard implementation of internal control in the Company.

The Board is responsible for establishing and effectively implementing a sound internal control system, over which the supervisory committee shall exercise supervision. The management is responsible for organizing and implementing the day to day operation of the Company's internal control. Through making self-assessment of the design and implementation effectiveness of the Company's internal control as at 31 December 2015, the Board considers that, in terms of such businesses and matters as included in the scope of assessment, the Company had put in place internal control which had been implemented effectively with the Company's internal control objectives being accomplished, and there were no significant defects during the Reporting Period. Shinewing Certified Public Accountants (Special General Partnership) has audited the effectiveness of the relevant internal control for financial reporting of the Company and issued auditors' reports with standard unqualified opinions.

In the future, the Company will continue to press ahead with the implementation of the corporate internal control system, and optimize the internal control system based on its existing system, and practically establish and implement a corporate internal control system with definite division between powers and obligations, scientific management and high efficiency.

II. Legal Person Governance Structure of the Company

The current governance structure of the Company is shown in the diagram below:



(I) Shareholders and General Meetings

The Company treats all the Shareholders on an equal footing by ensuring that all Shareholders, especially minority and medium Shareholders, are entitled to enjoy equal status and fully exercise their respective rights, and are entitled to the right to access to and make decisions on material matters of the Company and strictly prohibits any act detrimental to the interests of the Company and the Shareholders. Notice of, authorization from and consideration at general meetings are all in compliance with relevant procedures.

1. Substantial Shareholders

The substantial shareholders of the Company include STI Group (holding 33.87% equity interest) and Huajian Company (holding 21.73% equity interest). The substantial shareholders had acted properly and never exploited their special position to intervene, in ultra vires over the general meetings, the decision-making or the operation of the Company or advance extra interests.

The Company has separate personnel, assets, finance, organization and business from the substantial shareholders. In respect of personnel, there is no interlocking and the Company has the rights of free appointment and removal in terms of labor and personnel; in respect of assets, the Company is strictly separated from its controlling shareholder, possesses full ownership over its operating assets and operates with full independence; in respect of finance, the Company has an independent financial department and independent financial accounts and is able to autonomously make its financial decisions while the application of funds is free from any interference from the controlling shareholders; in respect of organization, there is no question of "one team operating in two companies", mixed operation or work in the same premise, and the office and business premise are separated; in respect of business, the Company has a different scope of business from those of its controlling shareholder and owns entire business independence and independent operation capability.

2. *General Meetings and Rights of Shareholders*

As the highest authority of the Company, the general meeting exercises its power in determining material matters of the Company pursuant to the laws. Shareholders requisitioning extraordinary general meetings of Shareholders or class meetings shall abide by the following procedures: Shareholders individually or collectively holding 10% (inclusive) or more of the Shares of the Company shall sign one or more counterpart requisitions stating the subject of the meeting and requiring the Board to convene a Shareholders' extraordinary general meeting or a class meeting. The Board shall as soon as possible proceed to convene the extraordinary general meeting of Shareholders or a class meeting after receiving the requisition; The Board shall furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten (10) days after receiving such requisition; in the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five (5) days after the passing of the relevant resolution of the Board; in the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten (10) days after receiving such proposal, Shareholders individually or collectively holding 10% or more of the Company's Shares shall be entitled to propose to the Supervisory Committee the convening of the extraordinary general meeting; in the event that the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five (5) days after receiving such request; failure of the Supervisory Committee to issue the notice of the general meeting shall be deemed as failure of the Supervisory Committee to convene and preside over a general meeting, and Shareholders individually or collectively holding 10% or more of the Company's Shares for ninety (90) consecutive days or more may convene and preside over the meeting by themselves.

The annual general meetings or other extraordinary general meetings in each year provide a channel of direct communication between the Board and Shareholders. The Company encourages all Shareholders to attend general meetings and issues the meeting notice within 45 to 50 days prior to the convening of the meetings, and takes appropriate ways of disclosure and expression based on the regulatory regulations of different stock exchanges and reading habits of different investors to provide Shareholders with information or data that is helpful to decision-making. The Company discloses the details of procedures for Shareholders to attend in person or by proxy, contact information for enquiries by Shareholders, etc., in the notices of general meetings. In accordance with the provisions under the Articles of Association, Shareholders individually or collectively holding more than 3% of the Company's Shares can make a temporary motion and submit in writing to the convener ten (10) days before the date of Shareholders' general meeting. The convener shall issue a supplementary notice of the Shareholders' general meeting announcing the contents of the temporary motion within two (2) days upon receipt of the motion. At the general meetings, all Shareholders also have opportunities to make enquiries to the Directors about issues concerning the operation and results of the Group. All Directors and senior management of the Company are required to attend the meetings as far as possible to answer Shareholders' enquiries and discuss directly with Shareholders about the Company's business and prospect.

In 2015, the Company convened three general meetings. The convening of and matters approved at the meetings are summarized as follows:

Session and Number of Meeting	Date of Meeting	Name of Resolutions	Resolutions
The 1st extraordinary general meeting in 2015	5 February 2015	1. Resolution in relation to the Signing of the Construction Project Connected Transaction Framework Agreement between the Company and Trading Construction Company; 2. Resolution in relation to the Signing of the Construction Project Connected Transaction Framework Agreement between Trading Construction Company and STI; 3. Resolution in relation to the Signing of the Materials Purchase Connected Transaction Framework Agreement between the Company and STI; 4. Resolution in relation to the Compliance of the Company with the Corporate Bond Issuing Conditions; 5. Resolution in relation to the Corporate Bond Issuing Scheme.	All the resolutions were duly considered and passed
2014 Annual General Meeting	29 May 2015	1. Resolution in relation to profit appropriations and dividend distribution plan of the Company for the year 2014; 2. Resolution in relation to the financial budget implementation report of the Company for the year 2014; 3. Resolution in relation to the domestic and overseas work report of the Board for the year 2014; 4. Resolution in relation to work report of the Supervisory Committee of the Company for the year 2014; 5. Resolution in relation to the duty performance report of independent Directors for the year 2014; 6. Resolution in relation to the 2014 domestic and overseas annual reports and their summaries; 7. Resolution in relation to the Company's financial budget for the year of 2015; 8. Resolution in relation to the re-appointment of Ernst & Young Certified Public Accountants as the international auditor of the Company for the year 2015; 9. Resolution in relation to the re-appointment of Shinewing Certified Public Accountants (Special General Partnership) as the PRC auditor of the Company for the year 2015;	All the resolutions were duly considered and passed
2nd extraordinary general meeting in 2015	27 August 2015	1. Resolution in relation to the election and appointment of Mr. Ni Shilin ("Mr. Ni") as a Non-executive Director of the fifth session of the Board and determination of his remuneration scheme;	All the resolutions were duly considered and passed

In addition to the said communication with the Board by means of general meetings, Shareholders can also submit their enquiries and questions in writing to the Board through the Secretary to the Board at any time. The contact details of Mr. Zhang Yongnian, the Secretary to the Board, are as follows:

Tel:	(86) 28-8552 7510
Fax:	(86) 28-8553 0753
E-mail:	cygszh@163.com
Contact address:	252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
Postal code:	610041

(II) Board and Directors

Board

1. Responsibilities and division of work

The Board acts on behalf of the interests of Shareholders as a whole and is accountable to the general meetings. Its main duties are to exercise rights of decision-making and management in accordance with laws and regulations and the authorization of general meetings in terms of the Company's development strategies, management framework, financing and investment plans, financial control and human resources, etc, and to exercise supervision and inspection on the development and operating activities of the Company. The Board has established 4 special committees and assigned certain specific powers to each committee to assist the Board in effective performance of duties. The composition, responsibilities and functions of each committee are set out in the section headed "Special committees of the Board" in this chapter. Unless otherwise stipulated in the terms of reference of relevant committees, the Board reserves the final right to make decisions.

The management is accountable to the Board. Its major responsibilities are to implement the resolutions of the Board, manage the Company's day-to-day operations, organize the implementation of the Company's annual business plan and investment plan, and make relevant decisions in accordance with laws and regulations and the authorization of the Board. When the Board delegates powers in respect of management and administrative functions to the management, it has given clear guidance on the powers of the management. In exercise of duties, the management should not exceed the permitted scope of its duties.

In order to ensure that there is an appropriate balance of power between the Board and the management and that there is no undue concentration of power and authority in a single individual, positions of the Chairman and the General Manager of the Company are taken up by different persons. The Chairman takes charge of affairs of the Board, reviews the execution of the resolutions of the Board, formulates the Company's development strategies and capital operation whereas the General Manager, with the support and assistance from other senior management of the Company, is responsible for coordinating and managing the Group's business and operations, implementation of the strategies formulated by the Board and day-to-day decision-making. The reasonable division of work under the laws ensures a definite division of power and obligations with clear-cut and efficient decisions and implementations between the Board and the management.

2. Composition

As at 31 December 2015, the Board consisted of 11 Directors. It was the fifth session of the Board since the establishment of the Company. The term of office of the Directors commenced from 28 March 2013 or from the date on which the Directors were elected. As at the date of this report, the composition of the Board of the Company is set out in Section VIII "Profile of Directors, Supervisors, Senior Management and Employees" in this annual report.

The fifth session of the Board has 4 independent non-executive Directors, representing more than one-third of the total directorship. Independent non-executive Directors are experienced professionals in various industries including business administration, civil engineering, economy and accounting. With a responsible attitude and extensive professional knowledge and experience, the independent non-executive Directors have in good faith performed their independent duties of honesty and diligence in participating in discussion and decision-making on material matters of the Company, reviewing the connected transactions, capital transaction and external guarantee of the Company as well as giving their independent opinions or recommendations, whereby the overall interests of the Company and the lawful interests of the Shareholders as a whole have been effectively safeguarded. Independent non-executive Directors have played an important role in the Board of the Company.

Composition of the Board satisfied the demand of the Company's business for the Board members concerning their skills and experience together with perspectives and diversified angles. Change of the Board members will not bring in unsuited interference. Executive Directors and non-executive Directors (including independent non-executive Directors) of the Board constitute a balance structure with strong independency is capable of making independent judgment. Non-executive Directors possess sufficient caliber and number to put forward influential opinions and thus effectively safeguarding the interest of the Company as a whole and of all its shareholders.

3. Meetings of the Board

During the Year, the Board of the Company convened a total of 7 Board meetings in view of the needs of the operation and business development of the Company. Board meetings and relevant resolutions are published on the websites of the Stock Exchange, the SSE and the Company for inspection by Shareholders and investors.

The Board holds regular meetings on a quarterly basis and extraordinary meetings if necessary. The notice of regular Board meeting shall be sent to all Directors at least 14 days before the meeting, the notice of other extraordinary Board meetings shall be sent to all Directors at least 10 days before the meeting. The Chairman, more than one third of Directors, more than one half of independent non-executive Directors, the Supervisory Committee, General Manager and Shareholders representing more than one tenth of voting rights have rights to propose the convening of an extraordinary Board meeting.

The management of the Company is responsible for provision of relevant statistics and information required for the Board's consideration of various resolutions and arranging for senior executives to report their work at Board meetings. The Board of the Company and its special committees are entitled to appoint independent professional institutions for services according to the needs of corporate businesses, and the reasonable expenses incurred there from shall be borne by the Company.

When a Board meeting considers any transaction, Directors shall declare their interests involved, and shall abstain from voting at the meeting as required. The Company has stated in the Articles of Association that, if a Director has a conflict of interest in any material matter, the connected Director must abstain from voting at the Board meeting.

Directors

1. Appointment

Directors are elected or replaced at general meetings. Shareholders, the Board or the Supervisory Committee of the Company are eligible to nominate candidates for Directors in writing. Directors serve for a term of office of 3 years and, upon expiry of the term. Their appointment is subject to further consideration at general meetings and they may offer themselves for re-election. Independent non-executive Directors shall be the persons not connected with the management and substantial shareholders of the Company.

2. Information support and professional development

As always, the Company has been committed to improving its internal information support system and communication mechanism so as to secure effective functioning of the Board. Through the Secretary to the Board, all Directors during their term of office are able to keep abreast of relevant information and the latest movements in laws, regulations, regulatory ordinances and other continuing obligations that directors of listed companies shall comply with, on a timely basis. Through various means such as statistics provision, work reports, site visits, professional trainings and special conference, etc, all Directors are enabled to keep informed of the business development, competition and regulatory environment of the Company on a timely basis, thus ensuring the Directors understand their duties. This facilitates correct and effective decisions by the Directors and ensures procedures of the Board and the applicable laws and regulations are duly observed.

In 2015, the participation of Directors in continuing professional development activities is as follows:

Name of Director	Type of Activity: Reading materials in respect of traffic and transportation, corporate governance, capital operation and financial accounting	Participation in centralized trainings and attendance in forums, seminars and meetings on regulatory work
Zhou Liming	√	√
Gan Yongyi	√	√
Wu Xinhua	√	√
Tang Yong	√	√
Huang Bin	√	√
Wang Shuanming	√	√
He Zhuqing (resigned)	√	√
Ni Shilin	√	√
Sun Huibi	√	√
Guo Yuanxi	√	√
Chen Weizheng	√	√
Yu Haizong	√	√

In addition, the Secretary to the Board of the Company has also accepted professional training of no less than 15 hours in accordance with Rule 3.29 of the Listing Rules.

3. ***Performance of duties for the Year***

During the Reporting Period, the members of the Board of the Company were jointly responsible for the management and operation of the Company's businesses. Each Director actively cared for the Company's businesses and cautiously and diligently executed their respective responsibilities on the basis of fully understanding the Company's businesses and in good faith in the best interests of the Company.

In 2015, the attendance of the Board meetings and general meetings by the Directors is as follows:

	Attendance of Board Meetings					Attendance of General Meetings
Name of Director	Required attendance in Board meetings during the Year	Attendance in person	Attendance via communications	Attendance by proxy	Attendance in person/required attendance	Number of attendance/ meetings
Zhou Liming	7	7	3	0	7/7	3/3
Gan Yongyi	7	7	3	0	7/7	3/3
Wu Xinhua	7	6	3	1	6/7	2/3
Tang Yong	7	4	3	3	4/7	0/3
Huang Bin	7	7	3	0	7/7	3/3
Wang Shuanming	7	7	3	0	7/7	3/3
He Zhuqing (resigned)	5	5	2	0	5/5	2/3
Ni Shilin	2	2	1	0	2/2	1/3
Sun Huibi	7	7	3	0	7/7	3/3
Guo Yuanxi	7	7	3	0	7/7	3/3
Chen Weizheng	7	7	3	0	7/7	3/3
Yu Haizong	7	7	3	0	7/7	3/3

Note: Details of resignation of Directors, please refer to the section headed "Changes of Directors, Supervisors and Senior Management" of this annual report.

Number of Board meetings held during the Year	7
Of which: Number of physical meetings	4
Number of meetings held via communications	2
Number of meetings held by way of combination of both	1

During the Reporting Period, all Directors of the Company have attended the Board meetings with due care and diligence, and offered professional suggestions and independent judgments in respect of the material issues being discussed at the meetings by virtue of their expertise and experience.

Apart from attendance of Board meetings with due diligence and performance of their duties with honesty, the independent non-executive Directors of the Company also held meetings with external auditors to discuss annual auditing issues in accordance with relevant requirements and guidance and provided independent opinions and recommendations to the Board in respect of material issues and connected transactions of the Group, etc. During 2015, independent non-executive Directors, by means such as joining the Board and special committees, reviewed and provided independent opinions on material issues of the Company such as investment decisions, connected transactions, profit distribution, nomination of directors and senior management and internal control, etc, whereby the overall interest of the Company and the lawful interest of the Shareholders as a whole had been safeguarded and the healthy development of the Company had been promoted.

During the Year, the independent non-executive Directors had neither raised any objections to the resolutions of the Board nor made any proposals to convene a Board meeting.

4. ***Remunerations of Directors and Supervisors***

Until now, remunerations of the Directors, Supervisors and senior management of the Company are determined in accordance with relevant PRC policies or regulations, the Company's actual situation and applicable percentage of per capita income of the working population of Chengdu where the Company is situated. The Board (considering the opinions of the Remuneration and Appraisal Committee) and the Supervisory Committee should make suggestions on the remunerations schemes for Directors and Supervisors which are subject to final consideration and approval at the general meeting. The year-end bonus and welfares for executive Directors should be determined by the Board as authorized by the general meeting, after giving consideration to the opinions of the Remuneration and Appraisal Committee. Information on the remunerations of Directors and Supervisors of the Company for 2015 are set out in note 8 to the financial statements of this annual report.

5. ***Independence of Directors***

The Company has appointed a sufficient number of independent non-executive Directors. The Board has obtained written confirmations from all independent non-executive Directors concerning their independence in accordance with the requirements of Rule 3.13 of the Listing Rules of the Stock Exchange. The Company believes that the incumbent independent non-executive Directors have all complied with such rule and the relevant regulations of the SSE and are still regarded as independent.

6. ***Securities transactions by Directors***

During the Year, the Company has adopted a code of conduct regarding securities transactions by the Directors on terms not less exacting than the required standards set out in the Model Code, and has strictly complied with the relevant requirements of the Listing Rules of the SSE. Having made specific enquiries to all Directors, it was confirmed that the Directors of the Company have complied with the Model Code in relation to securities transactions by the Directors and its standards of code of conduct and there had not been any non-compliance with the relevant requirements of the Model Code and the Listing Rules of the SSE.

7. ***Director's liability insurance***

Purchase of liability insurance for Directors will, on one hand, enable the Company to establish an effective prevention mechanism against the vocational risks associated with the management staff, encourage their innovation, attract more excellent management talents and optimise the corporate governance structure of the Company; and on the other hand, it will enhance the anti-risk ability of the Company and contribute to the protection of the lawful interests of minority and medium Shareholders. Since March 2012, the Company has purchased liability insurance for Directors, Supervisors and senior management members of the Company in relation to their performance of duties.

8. ***Responsibility statement on financial statements by the Directors***

The Directors confirm that they have the responsibility to prepare the financial statements that can give a true and complete view of the Group's financial position. The Board is of the opinion that as the Company's resources are sufficient for its operation in future, the financial statements have been prepared based on the going concern, and that in preparation of such financial statements, applicable accounting policies were adopted.

(III) Special committees of the Board

In order to help the Board to discharge its duties and promote effective operation, 4 special committees have been set up under the Board. These committees review and monitor matters in specific areas of the Company within their designated terms of reference, and make corresponding recommendations to the Board. The detailed implementation rules for each committee has been approved by the Board and published on the websites of the Stock Exchange, the SSE and the Company for inspection by Shareholders and investors.

Members of the committees shall be elected and appointed by the Board in accordance with the provisions under the detailed implementation rules for their respective committees. The term of office of the members is the same with that of the Board, renewable upon re-election.

The composition and duty performance of the committees during the period from 1 January 2015 to 31 December 2015 are set out as follows:

Name of Director	Role of Director	Audit Committee		Strategic Committee		Nomination Committee		Remuneration and Appraisal Committee	
		Member ("✓") Chairman ("*")	Number of attendance/ meeting	Member ("✓") Chairman ("*")	Number of attendance/ meeting	Member ("✓") Chairman ("*")	Number of attendance/ meeting	Member ("✓") Chairman ("*")	Number of attendance/ meeting
Zhou Liming	Executive Director	–	–	*	1/1	✓	2/2	–	–
Gan Yongyi	Executive Director	–	–	✓	1/1	–	–	✓	2/2
Sun Huibi	Independent non-executive Director	–	–	–	–	*	2/2	–	–
Guo Yuanxi	Independent non-executive Director	✓	6/6	–	–	✓	2/2	–	–
Chen Weizheng	Independent non-executive Director	✓	6/6	✓	1/1	–	–	*	2/2
Yu Haizong	Independent non-executive Director	*	6/6	–	–	–	–	✓	2/2

1. Audit Committee

The Company set up the Audit Committee in November 2004. The major terms of reference of the Audit Committee are as follows: to review the Company's financial information and its disclosure; to perform corporate governance functions, and supervise the Company's internal control, financial reporting system and risk management procedures; to make recommendation on the appointment and dismissal of external accountants, review and monitor the external accountant's independence and objectivity and the effectiveness of the audit process; and to work with the Board to formulate policies concerning the Company's engagement of accountants and supervise the implementation of such policies.

In respect of the performance of corporate governance functions by the Audit Committee, the Board has authorized the committee to perform the following functions: to formulate and review the Company's corporate governance policies and practices and make recommendations to the Board in respect thereof; to review and monitor the Company's compliance with the regulatory systems under the laws and regulations (including but not limited to the Listing Rules) and regulatory authorities (including but not limited to the Stock Exchange and the SSE); to formulate, review and monitor the code of conduct and compliance manual (if any) for the Company's staff and Directors; and to review the Company's compliance with the Corporate Governance Code (as amended time from time) set out in the Appendix 14 to the Listing Rules of the Stock Exchange and the disclosure of such compliance in the Corporate Governance Report in its periodical reports as required under the Listing Rules.

The committee hereby presents its work report during 2015 as follows:

Written Report of the Audit Committee

The Audit Committee convened 6 meetings in 2015 and 2 meetings in 2016 (as at the date of this report). Meetings of the Audit Committee were presided over by the chairman of the Audit Committee. All members of the committee attended the meetings in person. The external auditors and Supervisors, Secretary to the Board and Financial Controller of the Company were also invited to attend the meetings except for the 17th meeting of the fifth session of the Audit Committee, which was only attended by members of the Audit Committee and the external auditors. The major work completed by the Audit Committee during the said period is as follows:

– ***Reviewing regular financial reports***

The Audit Committee is responsible for examining and supervising the integrity of the Company financial statements, accounts and periodical reports, and re-viewing significant financial reporting judgments contained in such statements and reports. In accordance with relevant procedures, the management is responsible for preparation of the Group's financial reports including adoption of appropriate accounting policies, the external auditors are responsible for auditing and verifying the Group's financial reports and evaluating the Group's internal control system, while the Audit Committee supervises the work of both the management and the external auditors and confirms the procedures and safeguard measures adopted by the management and external auditors. In reviewing these statements and reports before submission to the Board, the Audit Committee should focus particularly on any changes in accounting policies and practices, matters involving significant judgment, significant adjustments resulting from audit and the going concern assumptions, any qualified opinion and whether it is in compliance with relevant accounting standards and requirements concerning financial reporting under the Listing Rules and laws. The specific work includes:

(1) Reviewing the 2014 annual financial statements and unaudited financial statements for the first half year of 2015 (according to the HK GAAP and the PRC GAAP), unaudited financial statements for the first and third quarters of 2015 (according to the PRC GAAP), and making approval suggestions to the Board.

(2) Before the annual audit of 2015, the Audit Committee convened a meeting to hear the plan for preparation and annual audit of 2015 financial report of the Company and the report on annual audit plan from external auditors, and communicated on the audit scope, method, focus and specific scheduling for the Year.

(3) After completing audit and issuing preliminary audit opinions by external auditors, the Audit Committee convened the 2016 first meeting to discuss and communicate with the external auditors of the Company on relevant issues of the financial and accounting statements of the Company and the preliminary audit opinions of the auditors.

(4) During the audit process for the Year, the Audit Committee maintained continuous communications with external auditors, who submitted this Year's audit report on time after prior and complete communications and prompt supervision during the audit.

(5) The Audit Committee convened the 2016 second meeting to consider the 2015 annual audit report of the Company and considered that the Group's 2015 annual financial statements can truly and correctly reflect the operation results of the Group for the year 2015, and the financial position as of 31 December 2015. It recommended the Board to make approval.

– ***Internal control and corporate governance reviewing***

The Audit Committee is responsible for assisting the Board in reviewing the effectiveness of the Group's internal control. During the Year, the Audit Committee inspected financial control, risk management and the progress of internal control construction. No impropriety in respect of financial reporting, internal control or other aspects that might occur has been brought to the attention of the Audit Committee by any employees of the Company. The Audit Committee earnestly reviewed the Group's financial and accounting policies and practices, the Internal Control Manual in areas such as the corporate-level control and business-level control, focused on the examination of the implementation of rectification for the general defects found in the 2014 Self-Assessment Report of Corporate Internal Control, and reviewed the effectiveness of the Group's internal control (including finance, operation, compliance control and risk management functions), and the resources and qualifications and experience of staff in respect of the Company's accounting and financial reporting functions and the sufficiency of training sessions for staff and relevant budgets. On this basis, the Audit Committee reviewed the 2015 Self-Assessment Report of Corporate Internal Control of the Company and was of the opinion that the report gave a comprehensive and objective view of the establishment and operation of the internal control system of the Company, and that the Company has established a relatively complete internal control system and is continuously optimizing and improving the system, which plays favorable supervision and guiding functions for the standard operation of the Company.

During the Year, the Audit Committee also performed the corporate governance functions delegated by the Board, reviewed the compliance with the regulatory rules under the Code on Corporate Governance Practices and the Corporate Governance Code, and laws and regulations, and reviewed the information disclosed in the Corporate Governance Report of the Company.

– ***Work evaluation and re-appointment of auditors***

The Audit Committee considered that Ernst & Young Certified Public Accountants and Shinewing Certified Public Accountants (Special General Partnership) appointed by the Company as the auditors of the Company for 2015 had good performance in terms of independence and objectivity, professional technical level, audit quality and efficiency of financial information disclosure, communication results with the management and the Audit Committee, etc. The Board was recommended to re-appoint the above institutions as the international and PRC auditors of the Company for the year 2016 respectively.

Yu Haizong, Guo Yuanxi, Chen Weizheng
Members of the Audit Committee

30 March 2016

2. *Strategic Committee*

The Company established the Strategic Committee in March 2012. The major responsibilities of the Strategic Committee include the planning of the long-term development strategies of the Company; conducting research and submit proposals regarding material investment and financing plans, material capital operation and assets operation projects; conducting research and submit proposals regarding other material matters that may affect the Company's development; and carrying out examination on the implementation of the above matters, etc.

During the Year, the Strategic Committee seriously discussed about the Development Strategy and Planning (draft) for the Company during the 13th Five-Year Plan Period and agreed that such Planning conformed to actual situation of the Company and thus was beneficial for the development of the Company.

3. *Nomination Committee*

The Company established the Nomination Committee in March 2012. The major terms of reference of the Nomination Committee were specified to include: to formulate and review the diversified policy for members of the Board and carry out discussions and amendments to the policy concerned where it is needed and to disclose the reviewing conclusion in the Corporate Governance Report of the Company on a yearly basis; to give suggestions to the Board on the structure, composition and change of members of the Board according to the Company's actual situation; to study the selection criteria and procedures for Directors and managers, and give suggestions to the Board; to seek qualified candidates for Directors and managers in a broad scope, and nominate relevant candidates for Directors and management staff after selection, or to give opinions to the Board in this regard; to examine the candidates for Directors, managers and other senior management staff, and give suggestions to the Board; to assess the independence of independent non-executive Directors; to give suggestions to the Board on the appointment or re-appointment of Directors and the succession plan for Directors (especially Chairman of the Board and General Manager), etc.

During the Year, the Nomination Committee discussed and reviewed the Implementation Rules of the Nomination Committee under the Board of Directors; reviewed the relevant candidates based on a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge, and made recommendation for the appointment of Mr. Ni Shilin as Non-executive Director and Mr. Li Wenhu as Financial Controller. Upon discussion, members of the Company's Board of Directors have been diversified in terms of age, cultural and educational background, professional experience, skills and knowledge.

4. *Remuneration and Appraisal Committee*

The Company established the Remuneration and Appraisal Committee in March 2012. The Remuneration and Appraisal Committee has adopted the operation mode of performing the advisory role for the Board and the committee is responsible for reviewing the matters regarding remuneration, formulating remuneration policies and putting forward suggestions to the Board on the remuneration policies, formulating assessment standards for the Directors and senior management of the Company and conducted assessment, and reviewing and monitoring the training and continuing professional development of Directors and senior management members.

During the Year, the Remuneration and Appraisal Committee earnestly reviewed the proposed new service contracts in relation to the appointment of Mr. Ni Shilin as Non-executive Director of the Company and Mr. Li Wenhu as Financial Controller of the Company, and submitted the proposed plan to the Board on the remunerations for him with reference to the market level and based on the actual situation of the Company and candidate. The Remuneration and Appraisal Committee also conducted assessment and evaluation on the operation performance and sustainable professional development of the executive Directors and the management of the Company for 2015.

III. Supervisory Mechanism

(I) Supervisory Committee

As at 31 December 2015, the Supervisory Committee of the Company comprises 6 Supervisors, and is the fifth session of the Supervisory Committee since establishment of the Company. The term of office of Supervisors commenced from 28 March 2013 or the date of election of the Supervisors. Composition of the Supervisory Committee of the Company are set out in Section VIII "Profile of Directors, Supervisors, Senior Management and Employees" of this annual report.

The Supervisory Committee exercises the independent power to supervise the Company pursuant to the laws to protect Shareholders, the Company and employees from violation of their lawful interests.

The size and composition of the Supervisory Committee are in compliance with the requirements of the laws and regulations. During the Year, the Supervisory Committee convened 5 meetings in total. All Supervisors attended each committee meeting, all of whom supervised, on behalf of the Shareholders, the Company's financial affairs as well as the legality and compliance of the duties performed by Directors and senior management, attended the meetings of the Board and general meetings as observers, and honestly performed the duties of the Supervisory Committee. The working details of the Supervisory Committee are set out in "Report of the Supervisory Committee" in this annual report.

(II) Internal control

A comprehensive and practicable internal control system is a foundation for good corporate governance. The Board is responsible for the establishment and improvement of internal control of the Company for the purposes of reviewing the relevant control procedures of finance, operation and regulation so as to protect the Shareholders' interest and the Company' s assets. The Board authorises the management to promote the internal control system and review its effectiveness through the Audit Committee. To more effectively review the operation and management of the Group and the effectiveness of its internal control system, responsibility scope of the Discipline Inspection and Supervision (Audit) Department of the Company covers key internal audit areas such as the Company's operation, investment, corporate governance and financial management, etc. The work results of and opinions from the Discipline Inspection and Supervision (Audit) Department are reported directly to the Supervisory Committee and the Audit Committee by the department manager for consideration, then the Supervisory Committee or the Audit Committee will make recommendations to the management of the Company and report to the Board in respect thereof.

In order to implement the "Basic Rules for Internal Control of Enterprises" jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission and the Implementary Guideline for Enterprise Internal Control, and in light of the "Guidelines on Internal Control for Companies Listed on the SSE" by the SSE and the Code, the Company has launched the construction of corporate internal control system in an all-around way since the second half of 2010, further specifying the tasks and targets for the establishment and improvement of the internal control system, self-assessment and auditing. During the Reporting Period, all the main tasks progressed as scheduled, and the Company's internal control system was further strengthened. For details, please refer to "sound establishment of internal control system of the Company" in this section.

(III) Auditors

The financial statements included in the 2015 Annual Report of the Company were prepared in accordance with the PRC Accounting Standards for Business Enterprises and the Hong Kong Financial Reporting Standards, respectively, and have been audited by Shinewing Certified Public Accountants (Special General Partnership) and Ernst & Young Certified Public Accountants respectively. The statements by the auditors on their reporting and auditing responsibilities for the financial statements are set out in the independent auditors' report contained in this annual report.

The fees paid to the international and PRC auditors this Year are as follows:

Unit: RMB'000

Items	2015 Shinewing Certified Public Accountants (Special General Partnership)	2015 Ernst & Young Certified Public Accountants	2014 Shinewing Certified Public Accountants (Special General Partnership)	2014 Ernst & Young Certified Public Accountants
Fees for audit/review of financial statements	**690**	**1,910**	640	1,810
Audit fee of internal control	**200**	**–**	200	–

Note: Save for the above fees, no other fees were paid by the Company this Year.

The Company appoints its auditors at general meetings and the auditors appointed by the Company shall hold office until conclusion of the next annual general meeting. To dismiss any auditor during its term of office shall be subject to the consideration and approval at general meetings. Currently, the Audit Committee has discussed and assessed the professional qualification of Shinewing Certified Public Accountants (Special General Partnership) and Ernst & Young Certified Public Accountants and the annual audit for 2015 performed by them, and raised opinions and recommendations in respect thereof. The Audit Committee's proposals to re-appoint Ernst & Young Certified Public Accountants and Shinewing Certified Public Accountants (Special General Partnership) as the Company's international and PRC auditors for 2016 respectively were approved by the Board and will be presented at the 2015 AGM for consideration and approval.

(IV) Information disclosure and investor relations

Information disclosure

To disclose information in a true, accurate, timely and complete manner is not only the responsibility and obligation of listed companies, but also a channel of communication and understanding between a company and its investors and the public. On the principle of being open, just and fair, during the Reporting Period, the Company complied with the requirements under relevant laws and the Listing Rules of the SSE and the Stock Exchange and fulfilled its statutory disclosure obligations in an honest manner, so as to ensure that all Shareholders enjoy an equal and sufficient access to information and improve the transparency of the Company.

During the Reporting Period, the Company released 4 periodic reports and 43 announcements concerning A Shares and 64 announcements concerning H Shares pursuant to the Listing Rules of the SSE and the Stock Exchange. Announcements concerning A Shares were published on the websites of the SSE and the Company as well as in China Securities Journal and Shanghai Securities News, while those concerning H Shares were published on the websites of the Stock Exchange and the Company. Details of all these announcements are available for inspection on http://www.sse.com.cn, http://www.hkex.com.hk or the Company's website http://www.cygs.com.

Investor relations

The Company's management has been attaching importance to proactive investor relations management and specifically established the Rules Governing Information Disclosure Matters and Work System of Investor Relations, etc., to regulate and optimize the Company's management of investor relations.

During the Reporting Period, on the basis of strictly discharging its obligations in respect of statutory information disclosure, the Company, on one hand, through various forms of investor relations activities, conveyed information to investors which they are concerned with, increased the transparency of the Company, and enhanced mutual understanding and trust, while on the other hand, in delivering information to investors, the Company listened to their advice and collected feedback from them, aiming to form an interactive and mutual beneficial relation between the Company and investors. When the Company conducts its investor relations work, the Board Office and Office of Supervisory Committee of the Company undertake the specific responsibility for investor relations management mainly through: the investor hotline, e-mail and network interactive platform, responding to investors' inquiries in a timely manner; reception of investors and institutions engaged in securities analysis for field research; participating in large-scale investor presentations; hosting results presentations as well as domestic and overseas road shows; publishing information related to the Company's assets, traffic flow, toll income, information disclosure and corporate governance on the Company's website, etc.

IV. Conclusion

Sound corporate governance goes beyond merely meeting the regulatory authorities' basic requirements for listed companies' operation. More importantly, it fulfils the Company's internal development needs. The Company is committed to continuously enhancing its corporate governance standard. As a listed company with both A Shares and H Shares, we will continue to review and improve the Company's corporate governance practice from time to time in accordance with the regulatory systems in Shanghai and Hong Kong, market trend and feedback from investors to ensure steady development of the Company and continuous increase in Shareholders' value.

REPORT OF THE DIRECTORS

The Board hereby present its report and the audited financial statements for the year ended 31 December 2015.

Principal activities

The principal activities of the Company are investment in, construction, operation and management of Chengyu Expressway, Chengya Expressway and Chengren Expressway. Details of the principal activities of the subsidiaries of the Company are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Year.

Particulars of the expressways managed and operated by the Group as at 31 December 2015 are as follows:

	Origin/ destination	Approximate length	Date of commencement of operations of the entire toll expressway
Chengyu Expressway	Chengdu/Shangjiapo	226km	7 October 1997
Chengya Expressway	Chengdu/Duiyan	144km	1 January 2000
Chengren Expressway	Jiangjia/Zhichanggou	106.613km	18 September 2012
Chengle Expressway	Qinglongchang/Guliba	86.4km	1 January 2000
Chengbei Exit Expressway	Qinglongchang/Baihelin	10.35km	21 December 1998
Suiguang Expressway	Jixiang Town/Taiping Town, Xichong County	102.941km	
Suixi Expressway	Guojunba inter change hub/Hongtudi interchange	67.644km	

Notes:

(1) Chengren Expressway is presently in the stage of trial of charge.

(2) On 10 December 2015, Suixi Expressway opened to traffic for free.

(3) On 30 December 2015, section K0+000 to section K94+686 of Suiguang Expressway (approximately 94.686km) opened to traffic for free; section K94+686 to section K102+941 (approximately 8.255km) had not yet been opened to traffic.

Business Review

The business review conducted in accordance with the specified items in Schedule 5 of Hong Kong Company Ordinance includes detailed descriptions of group business, major risks and uncertainties, major events that produced significant influences on the Group after the close of the financial year of 2015, revelation of the possible trend of development of the Group business, the analysis on key financial performance indicators, the compliance of the Group with influential laws and regulations as well as the introduction of the relationships between the Group and its employees, customers and suppliers, which were respectively included in the following sections of the Annual Report: "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Profile of Directors, Supervisors, Senior Management and Employees" as well as note 37 to Financial Statements – "Financial Risk Management Objectives and Policies". The aforesaid discussions and analyses shall constitute an integral part of Report of the Directors.

Environmental policies and performances

The Group has set up a leading group for comprehensive environmental improvement led by the Chairman and established and completed relevant organizational structures and evaluation and examination systems for environmental improvement, energy saving and emission reduction, under which detailed rules were given in terms of specific work arrangement and requirements in each phase of environmental improvement, energy saving and emission reduction.

In 2015, the Company enhanced management and maintenance of roadside landscaping facilities along expressways, regular clearing of culvert ditches and emergency treatment for slope retaining walls to effectively purify air, reduce noise, beatify the surroundings and prevent loss of water and soil. The Company strengthened management and supervision over wastewater and rubbish in the service area, with blowdown equipment adopting biological fermentation agents gradually provided to effectively improve blowdown efficiency. In curing of asphalt pavements of expressways, the Company extensively adopted the method of preventive overlaying pavement to reduce excavation volume. In construction, removed materials from the old pavement were stored at a designated site before being transported to villages, where they would be used for the sub-base or for future recycling. The Company promoted cyclic utilization of road construction materials for the purpose of reducing consumption of resources and pollution caused by wastes. In construction of projects, the Company properly decided the location, time and equipment for construction so as to minimize the disturbance of construction activities on residents in the neighborhood. The Company strengthened material management and waste materials monitoring, including proper concentration of soils, rocks and sand before transport as well as covering transport vehicles with paulins to avoid spillage and leakage, etc. The Company took proper measures such as sprinkling water on construction roads to minimize the adverse impact of flying dust on the atmosphere, monitoring solid wastes, wastewater and noise level of each construction site to prevent pollution on surroundings and groundwater, etc.

During the Reporting Period, the Group further completed the Office Automation System and promoted economical and paperless office to ensure the efforts for environmental protection, energy saving and emission reduction were exerted in every aspect of daily work.

Results and dividends

The Group's profit for the year ended 31 December 2015 and the state of affairs of the Company and the Group as at the same date are set out in the audited financial statements on pages 92 to 172 herein.

Pursuant to the Articles of Association of the Company, if the Company distributes cash dividend, the Company shall distribute cash dividend in an amount not less than 30% of the distributable profit earned by the Company for the period concerned, based on the lower of the Company's profits determined under the following generally accepted accounting principles:

- the accounting principles and the relevant financial regulations applicable to joint-stock companies with limited liability to enterprises established in the PRC ("PRC GAAP"); and

- Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong ("HK GAAP")and the disclosure requirements of the Hong Kong Companies Ordinance.

The Board has recommended a final cash dividend for the year 2015 of RMB0.08 per Share (tax inclusive), aggregating to approximately RMB244,645,000, representing 42.58% of the distributable profit of the Company determined under PRC GAAP for the Year and 24.57% of the profit attributable to owners of the Company as shown in the consolidated financial statements (determined under PRC GAAP). The proposed dividend distribution is subject to the approval of the Shareholders at the Company's forthcoming 2015 AGM. If approved, the final dividend is expected to be paid on or around Friday, 24 June 2016 to the Shareholders whose names appear on the H Shares register of members of the Company on Monday, 13 June 2016 (the "Dividend Entitlement Date"). In respect of the arrangement in relation to the closures of H Shares register of members for the purposes of determining the Shareholders' entitlement to attend the 2015 AGM and to receive the 2015 final dividend, please refer to the paragraph headed "CLOSURES OF REGISTER OF MEMBERS OF H SHARES" below.

This proposed final dividend has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position.

According to the Law on Corporate Income Tax of the People's Republic of China and its implementing rules which has came into effect on 1 January 2008 and other relevant rules, a PRC domestic enterprise which pays dividend to a non-resident enterprise Shareholder in respect of accounting period beginning from 1 January 2008 shall withhold and pay corporate income tax at the rate of 10%. As such, the Company, as a PRC domestic enterprise, is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise Shareholders as appearing on the H Shares register of members of the Company. Any Shares registered in the name of the non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise Shareholders and therefore will be subject to the withholding of the corporate income tax by the Company.

Should the holders of H Shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and other countries (regions) on the possession and disposal of the H Shares.

Shareholders of the Company should read the information herein carefully. If anyone would like to change the identity of Shareholder, please enquire about the relevant procedures with the nominees or trustees. The Company is neither obligated nor responsible for ascertaining the identities of the Shareholders. In addition, the Company will withhold the corporate income tax in strict compliance with the relevant laws or regulations and strictly based on what has been registered on the Company's H Shares register of members as at the Dividend Entitlement Date. The Company will disregard and assume no liabilities for any requests or claims in relation to any delay or inaccuracy in ascertaining the identities of the Shareholders or any disputes over the mechanism of withholding of corporate income tax.

Distribution of dividends to investors under Southbound Trading Link

According to relevant requirements in the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》 (Cai Shui [2014] No. 81), individual income tax (tax rate of 20%) shall be deducted by H Share companies from dividends received from investments in H Shares listed in the Stock Exchange through Shanghai-Hong Kong Stock Connect by individuals and securities investment funds from Mainland China (excluding enterprise investors from Mainland China, which shall be declared by themselves).

An agreement has been entered into between the Company and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited regarding the aforementioned dividend distribution arrangements to the investors under Southbound Trading Link, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominal holder of H Shares for Southbound Trading Link, will receive cash dividend declared by the Company and distribute them to relevant investors under Southbound Trading Link through its registration and settlement system. Cash dividend received by investors under Southbound Trading Link shall be settled in RMB. The Dividend Entitlement Date, cash dividend payment date and other time arrangements for investors under Southbound Trading Link shall be in line with that of Shareholders of H Shares of the Company.

Shareholders are advised that the aforesaid arrangements are not applicable in relation to the time and the arrangements for distribution of the final dividend in respect of A Shares, which however will be published in a separate announcement at the SSE by the Company.

Summary financial information

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, and restated/reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Profit before tax	**1,375,341**	1,299,848	1,309,936	1,439,828	1,565,020
Income tax expense	**(270,128)**	(227,977)	(229,226)	(228,917)	(245,978)
PROFIT FOR THE YEAR	**1,105,213**	1,071,871	1,080,710	1,210,911	1,319,042
Other comprehensive income for the year, net of tax	**(8,702)**	30,170	(5,656)	2,361	(12,592)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,096,511**	1,102,041	1,075,054	1,213,272	1,306,450
Profit attributable to:					
Owners of the Company	**1,006,586**	975,999	1,015,142	1,180,931	1,304,163
Non-controlling interests	**98,627**	95,872	65,568	29,980	14,879
	1,105,213	1,071,871	1,080,710	1,210,911	1,319,042
Total comprehensive income attributable to:					
Owners of the Company	**997,884**	1,006,169	1,009,486	1,183,291	1,291,576
Non-controlling interests	**98,627**	95,872	65,568	29,981	14,874
	1,096,511	1,102,041	1,075,054	1,213,272	1,306,450

Assets, liabilities and non-controlling interests

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
TOTAL ASSETS	**33,458,356**	28,803,105	23,989,082	19,336,400	16,754,726
TOTAL LIABILITIES	**(20,161,708)**	(16,435,703)	(12,458,441)	(8,889,974)	(7,247,450)
NON-CONTROLLING INTERESTS	**(777,382)**	(601,375)	(526,138)	(193,200)	(162,116)
ATTRIBUTABLE TO OWNERS OF THE COMPANY	**12,519,266**	11,766,027	11,004,503	10,253,226	9,345,160

Property, plant and equipment

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 12 to the financial statements, which constitutes part of the Report of the Directors.

Share capital

There were no movements in either the Company's authorised or issued share capital during the Year.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

Repurchase, redemption or sale of listed securities of the Company

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

Reserves

Details of movements in the reserves of the Company and the Group during the Year are set out in note 38 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

As at 31 December 2015, the Company's reserves available for distribution, calculated in accordance with HK GAAP amounted to RMB3,293,642,000, The Company's distributable reserves as at 31 December 2015 determined under HK GAAP were lower than those determined under PRC GAAP. In addition, in accordance with the Company Law of the PRC, the Company's share premium account, in the amount of RMB2,654,601,000 may be distributed in the form of fully paid bonus shares.

Major customers

The combined revenue attributable to the five largest customers of the Group accounted for less than 30% of the total revenue of the Group during the Year.

Service vendors

Sound relationships with key service vendors of the Group are important in supply chain, premises management and meeting business needs, which can derive cost effectiveness and foster long term business benefits. The key service vendors comprise equipment vendors, construction material vendors, oil products vendors, external consultants which provide professional services and other business partners which provide value-added services to the Group.

Total purchases attributable to the top five vendors and the proportion over total purchases for the Year is listed as below:

No.	Name	Purchase	Percentage over the annual total purchase
		RMB'000	*(%)*
1	Shaanxi Yanchang Petroleum (Group) Company Limited	1,470,535	15
2	PetroChina Company Limited	742,255	8
3	Sichuan Road and Bridge Construction Group Company Limited	530,660	6
4	The STI Group	151,287	2
5	Yuanjie Trading Company	126,033	1
Total		3,020,770	32

Mr. Zhou Liming, Mr. Tang Yong, Mr. Huang Bin and Mr. Wang Shuanming, Directors, and Mr. Dan Yong and Mr. Ouyang Huajie, Supervisors, being directors or senior management in the STI Group, are deemed to be having interests in the STI Group.

Save as disclosed above, during the Year, none of the Directors and Supervisors or their close associates, or Shareholders who, to the best knowledge of the Directors and Supervisors own more than 5% of the issued share capital of the Company, have any actual interests in the top five service vendors of the Group.

Directors and Supervisors

The Directors and the Supervisors of the Company during the Year were:

Executive Directors:
Mr. Zhou Liming *(Chairman)*
Mr. Gan Yongyi *(Vice Chairman)*
Mr. He Zhuqing (resigned on 27 August 2015)

Non-executive Directors:
Mr. Wu Xinhua *(Vice Chairman)*
Mr. Tang Yong
Mr. Huang Bin
Mr. Wang Shuanming
Mr. Ni Shilin (appointed on 27 August 2015)

Independent non-executive Directors:
Mr. Sun Huibi
Mr. Guo Yuanxi
Mr. Chen Weizheng
Mr. Yu Haizong

Supervisors:
Mr. Feng Bing
Mr. Dan Yong
Mr. Ouyang Huajie
Madam He Kun
Mr. Jian Shixi
Madam Yang Jingfan

All the members of the Board and Supervisory Committee of the Company are appointed for a 3-year term from the date of approval at the 2013 first extraordinary meeting where such appointments were considered and approved until expiry of the term of the fifth session of the Board and the Supervisory Committee on 28 March 2016.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Directors', Supervisors' and senior management's biographies

Biographical details of the Directors and the Supervisors of the Company and the senior management of the Group are set out under the section of "Profile of Directors, Supervisors, Senior Management and Employees" of the annual report, which constitutes part of the Report of the Directors.

Directors' service contracts

Each of the Directors of the Company has entered into a service contract with the Company from their respective date of appointment for a term of three years.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' and Supervisors' interests in major contracts

None of the Directors and 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 during the Year.

Directors', Supervisors' and chief executives' interests in Shares and underlying shares

As at 31 December 2015, interests and short positions held by Directors, Supervisors and chief executives of the Company in Shares, underlying shares or bonds of the Company or its associated corporation (as defined in Part XV of the SFO) that, by virtue of Parts 7 and 8 of the SFO, which shall be reported to the Company and the Stock Exchange (including interests and short positions, by virtue of the SFO or other regulations, deemed to be or treated as held by these directors, supervisors and chief executives); or any interests or short positions that shall be recorded in the register required to be kept under Section 352 of the SFO; or interests or short positions that, by virtue of Model Code as set out in Appendix 10 to the Listing Rules, shall be notified to the Company and the Stock Exchange, are as follows:

Name	Class of Shares	Long position/ Short position	Number of the Company's Shares held	Approximate percentage in the total share capital of the Company	Approximate percentage in A/H Shares	Capacity
Zhou Liming	A Shares	Long position	50,000	0.0016%	0.0023%	Beneficial owner
Gan Yongyi	A Shares	Long position	50,000	0.0016%	0.0023%	Beneficial owner
Wang Shuanming	A Shares	Long position	5,100	0.0002%	0.0002%	Beneficial owner

Management Contracts

Save for service contracts, no other contracts, relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisting during the Year.

Directors' Remuneration

The remuneration of the Directors of the Company (including Executive Directors and Independent Non-executive Directors) on a named basis are set out in note 8 to the financial statements during the Year, which constitutes part of the Report of the Directors.

Indemnity Provision

Since March 2012, the Company has purchased liability insurance for Directors, Supervisors and senior management of the Company in relation to their performance of duties.

Substantial Shareholders' and other persons' interests in Shares and underlying shares

As at 31 December 2015, the following interests and short position of the Shares and underlying shares of the Company held by substantial Shareholders or other persons (other than the Directors, Supervisors and chief executives of the Company) were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange are set out below:

Name	Class of Shares	Long position/ Short position	Number of the Company's Shares held	Approximate percentage in the total share capital of the Company	Approximate percentage in A/H Shares	Capacity
STI	A Shares	Long Position	975,060,078	31.88%	45.08%	Beneficial owner
	H Shares	Long Position	60,854,200	1.99%	6.80%	Beneficial owner
		Total:	1,035,914,278	33.87%	–	Beneficial owner
Huajian Company	A Shares	Long Position	664,487,376	21.73%	30.72%	Beneficial owner

Save as disclosed above, as at 31 December 2015, no person had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

Directors' and Supervisors' interests in competing businesses

During the Year and up to the date of this report, none of the Directors or Supervisors of the Company were considered to have any interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

Continuing connected transactions

During the Year, the Company and the Group had the following continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules:

(a) On 1 February 2004, Chengle Company entered into a five year tenancy agreement (the "First Tenancy Agreement") with Sichuan Highway Development, whereby Sichuan Highway Development leased out a certain part of its office buildings to Chengle Company at an annual rental of RMB1,195,000. The tenancy agreement was extended for another five years when the First Tenancy Agreement expired on 31 January 2009 at an annual rental of RMB1,138,000. On 1 April 2013, the third tenancy agreement was signed between two parties for a lease term of five years expiring on 31 March 2018 at an annual rental of RMB799,000. During the Year, the rental paid to Sichuan Highway Development amounted to RMB799,000 (2014: RMB799,000).

(b) On 24 December 2010, the Company and Sichuan Zhineng Transportation System Management Company Limited ("Zhineng Company") entered into a service agreement, in relation to provision of a computer system on expressways network toll fee collection and technological services to the expressways of the Company, with a service charge of 0.4% of toll income for a term of 3 years from 1 January 2011 to 31 December 2013. On 11 December 2013, the Company renewed the service agreement for a term of 3 years from 1 January 2014 to 31 December 2016, with a service charge of 0.4% of toll income or RMB15,000,000 per annum, whichever is lower. During the Year, the Group paid a total of approximately RMB11,313,000 (2014: RMB11,005,000) to Zhineng Company as service fee.

(c) On 1 October 2010, the Company entered into a one year tenancy agreement with STI Group whereby the Company leased out a certain part of its office buildings to STI Group at an annual rental of RMB2,035,000. The tenancy agreement was extended at the same annual rental for another one year when the first tenancy agreement expired on 1 October 2011, and was extended at RMB2,442,000 per annum to 1 October 2016 since 1 October 2012. During the Year, the rental received from STI Group amounted to RMB2,442,000 (2014: RMB2,442,000).

(d) On 31 October 2014, the Company, Trading Construction Company and STI entered into continuing connected transaction framework agreement, and had the following continuing connected transactions:

During the Year, Trading Construction Company was engaged by the Group to undertake various construction work of expressways and ancillary facilities; daily maintenance work of expressways and ancillary facilities; emergency or rescue works of expressways and ancillary and municipal construction works. Construction revenue recognised during the Year amounted to RMB243,540,000, which was below the cap amount of RMB980,000,000.

During the Year, Trading Construction Company was engaged by the subsidiaries of STI Group to various construction work of expressways and ancillary facilities; daily maintenance work of expressways and ancillary facilities; emergency or rescue works of expressways. Construction revenue recognised during the Year amounted to RMB923,643,000, which was below the cap amount of RMB2,900,000,000.

During the Year, the Group purchased materials from STI Group, which included raw materials, machinery and electronic equipment for various infrastructure construction projects. Purchase amount recognised during the Year amounted to RMB147,768,000, which was below the cap amount of RMB156,000,000.

(e) On 5 February 2015, the Company and PetroChina Sichuan Sales Branch, Zhonglu Energy (a subsidiary of the Company) and CNPCT Sichuan Branch, Zhonglu Energy and Trading Construction Company entered into the agreements regarding the Refined Oil Agreement, the Refined Oil Carriage Agreement and the Material Purchase Agreement, respectively. Connected transactions during the Year are as below:

Pursuant to the Refined Oil Agreement entered into between the Company and PetroChina Sichuan Sales Branch, the Company agreed to purchase refined oil from PetroChina Sichuan Sales Branch for the period from 1 January 2015 to 31 December 2015. Purchase amount during the Year amounted to approximately RMB711,986,000 in aggregate, which was below the annual cap amount of RMB1,273,000,000.

Pursuant to the Refined Oil Carriage Agreement entered into between Zhonglu Energy and CNPCT Sichuan Branch, CNPCT Sichuan Branch agreed to provide refined oil carriage service to Zhonglu Energy for the period from 1 January 2015 to 31 December 2015. Purchase amount during the Year was approximately RMB5,414,000 in aggregate, which was below the annual cap amount of RMB6,500,000.

Pursuant to the Materials Purchase Agreement entered into between Zhonglu Energy and Trading Construction Company, Zhonglu Energy agreed to sell petrochemicals such as asphalt and refined oil and other raw materials to Trading Construction Company Group for the period from 1 January 2015 to 31 December 2015. Sales amount during the Year was approximately RMB21,094,000 in aggregate, which exceeded the annual cap amount of RMB20,000,000, due to the construction of Suiguang-Suixi Expressway. In order to avoid exceeding the annual caps again in the future, the Company would review all continuing connected transactions at least twice a year and report to the Secretary of the Board and Financial Controller if the transaction amount under any continuing connected transaction is about to exceed its annual cap amount. Internal trainings will also be arranged for relevant departmental staff to be more familiarized with the relevant compliance requirements.

Further details of the Group's connected transactions during the Year are included in note 35 to the financial statements.

The independent non-executive Directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of businesses of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Ernst & Young, the Company's auditor, has been appointed to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 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 Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued their qualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Events after the reporting period

Details of significant events after the reporting period of the Group are set out in note 39 to the financial statements, which constitutes part of the Report of the Directors..

Auditors

Shine Wing Accountants (LLP) and Ernst & Young will retire and a resolution for their reappointment as domestic and international auditors of the Company will be proposed at the forthcoming 2015 AGM. Auditors' remunerations are set out in note 7 to the financial statements.

Closures of register of members of H Shares

For the purposes of determining the shareholders' entitlement to attend the 2015 AGM and to receive the 2015 final dividend, the H Shares register of members of the Company will be closed during the following periods:

(a) In respect of attending and voting at the 2015 AGM

Deadline for lodging transfer documents	4:30 p.m. on 29 April 2016 (Friday)
Closure period of the H Shares register of members	From 30 April 2016 (Saturday) to 31 May 2016 (Tuesday) (both days inclusive)
Record date	31 May 2016 (Tuesday)
Date of the 2015 AGM	31 May 2016 (Tuesday)

(b) In respect of the entitlement to 2015 final dividend

Deadline for lodging transfer documents	4:30 p.m. on 7 June 2016 (Tuesday)
Closure period of the H Shares register	From 8 June 2016 (Wednesday) to 13 June 2016 (Monday) (both days inclusive)
Dividend Entitlement Date	13 June 2016 (Monday)

In order to be entitled to attend and vote at the 2015 AGM, and to receive the 2015 final dividend of the Company, the holders of H Shares should ensure that all transfer documents, accompanied by the relevant share certificates are lodged with the Company's H Shares Registrar, Hong Kong Registrars Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before the time above designated for lodging transfer documents.

Shareholders are advised that the Company will make separate announcement on the SSE in respect of details of the arrangements regarding (i) the distribution of 2015 final dividend to the holders of A Shares and (ii) eligibility of the holders of A Shares for attending the 2015 AGM.

BY ORDER OF THE BOARD

Zhou Liming
Chairman

Chengdu, Sichuan Province, the PRC
30 March 2016

PROFILE OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

I. Basic Information of Directors, Supervisors, Senior Management and Employees for the Year

Name	Gender	Age	Length of services with the Company	Position during the Reporting Period	Total remuneration received from the Company for the Year *(RMB0'000)* *(before tax)*
Zhou Liming	Male	52	From September 2002 to present	Chairman and Executive Director	0.00
Gan Yongyi	Male	52	From March 2001 to present	Vice Chairman, Executive director and General Man-ager	41.49
Wu Xinhua	Male	49	From May 2013 to present	Vice Chairman and Non-executive Di-rector	0.00
Tang Yong	Male	51	From March 2007 to present	Non-executive Di-rector	0.00
Huang Bin	Male	48	From March 2013 to present	Non-executive Di-rector	0.00
Wang Shuanming	Male	56	From March 2007 to present	Non-executive Di-rector	0.00
He Zhuqing	Male	39	From December 2013 to August 2015	Executive Director	0.00
Ni Shilin	Male	49	From August 2015 to present	Non-executive Di-rector	0.00
Sun Huibi	Male	71	From March 2013 to present	Independent Non-executive Di-rector	8.00
Guo Yuanxi	Male	65	From March 2013 to present	Independent Non-executive Di-rector	8.00
Chen Weizheng	Male	65	From May 2014 to present	Independent Non-executive Di-rector	8.00
Yu Haizong	Male	52	From March 2013 to present	Independent Non-executive Di-rector	8.00
Feng Bing	Male	53	From June 2005 to present	Chairman of Supervisory Committee	41.49
Dan Yong	Male	46	From March 2013 to present	Supervisor	0.00
Ouyang Huajie	Male	47	From March 2007 to present	Supervisor	0.00
He Kun	Female	39	From May 2014 to present	Supervisor	0.00
Jian Shixi	Male	59	From August 1997 to present	Supervisor and Chairman of Labor Union	33.19
Yang Jingfan	Female	54	From March 2007 to present	Supervisor	28.20
Luo Maoquan	Male	50	From December 2006 to present	Deputy General Manager	33.19
Lin Binhai	Male	56	From August 2002 to present	Deputy Party Secretary	33.19
Liu Junjie	Male	51	From February 2009 to present	Deputy General Manager	33.19
He Zhuqing	Male	39	From December 2013 to present	Deputy General Manager	32.94
Zhang Yongnian	Male	53	From August 1997 to present	Secretary to the Board	33.19
Pan Feng	Male	42	From October 2013 to July 2015	Financial Controller	16.60
Tian Yi	Male	48	From December 2014 to present	Secretary of Discipline Inspection Commission	30.71
Li Wenhu	Male	39	From July 2015 to present	Financial Controller	16.60

The remuneration of each Director, Supervisor and senior management was below HK$1,000,000 during the Year.

II. Changes of Directors, Supervisors and Senior Management

In April 2015, Mr. Tian Yi was appointed as the Secretary of Discipline Inspection Commission of the Company and Mr. Lin Binhai no longer held the position said above.

Mr. Pan Feng resigned as Financial Controller of the Company with effect from 6 July 2015 due to adjustment of his personal career commitments.

At the Board Meeting held on 9 July 2015, Mr. Li Wenhu was appointed as the Financial Controller of the Company.

Mr. He Zhuqing resigned as Executive Director of the Company with effect from 27 August 2015 due to adjustment of his personal career commitments.

At the 2015 second extraordinary general meeting of the Company held on 27 August 2015, Mr. Ni Shilin was appointed as the non-executive Director of the fifth session of the Board of the Company.

III. Biographies of Directors, Supervisors and Senior Management

(I) Biographies of incumbent Directors for the Year are as follows:

Mr. Zhou Liming: aged 52, graduated from Southwest Jiaotong University and obtained a bachelor degree in engineering from Southwest Jiaotong University, a master degree in economics from Sichuan University and a doctor degree in management from Southwest Jiaotong University. He was a lecturer at Southwest Jiaotong University, and worked as the head of Research Department of the Sichuan Provincial People's Government, secretary of the Department of General Office of Sichuan Provincial People's Government, deputy director of Road Administration Bureau of Sichuan Provincial Department of Transportation ("SPDT"), assistant to the Mayor of the Neijiang Municipal People's Government in Sichuan Province, Chairman of the Company and the General Manager of Sichuan Highway Development. Mr. Zhou is currently a director of STI, an adjunct professor of Southwest Jiaotong University, and an executive Director and the Chairman of the fifth session of the Board of the Company.

Mr. Gan Yongyi: aged 52, graduated from Chongqing Jiaotong College with a bachelor degree majoring in civil engineering of road and bridge transportation. He is a senior engineer. He once worked in Division I and Division VI of Sichuan Bridge Engineering Company Limited (四川省橋樑工程公司) as deputy chief, chief of Division VI as well as the deputy manager of Sichuan Bridge Engineering Company Limited. He also served as the manager of the Bridge Branch of Sichuan Road and Bridge Group (四川路橋集團橋樑分公司), deputy general manager of Sichuan Road & Bridge Co., Ltd. and deputy general manager of the Company. Mr. Gan is currently a vice chairman of Airport Expressway Company and an executive Director and Vice Chairman of the fifth session of the Board and the general manager of the Company.

Mr. Wu Xinhua: aged 49, graduated from Renmin University of China majoring in National Economic Management. He was the manager of the securities department of CSG Holding Co., Ltd. (formerly known as "China Southern Glass Co., Ltd.", listed on the Shenzhen Stock Exchange), and an executive director and the general manager of the investment banking division of China Merchants Securities Co., Ltd. (listed on the SSE). Mr. Wu had also served as a director or vice chairman of Fujian Expressway Development Co., Ltd. (listed on the SSE), Jiangsu Yangtze Bridge Co., Ltd. and Jiangsu Guangjing Xicheng Expressway Co., Ltd. He is an executive director and chief operating officer of China Merchants Holdings (Pacific) Limited (listed on the Singapore Exchange). He is currently the deputy general managers of Huajian Company and China Merchants Holdings (Pacific) Limited, and a director and vice chairman of Anhui Expressway Company Limited (listed on the Stock Exchange and the SSE), and concurrently serves as the executive vice-president of Expressway Operations Management Branch of the China Highway and Transportation Society, and a non-executive Director and Vice Chairman of the fifth session of the Board of the Company.

Mr. Tang Yong: aged 51, graduated from Sichuan Transportation School and Highway College of Chang'an University with a master's degree in engineering. He is a professor-level senior engineer. He was a technician, assistant engineer, deputy section head, and section head of Road Maintenance Section of Dazhu County, Sichuan, deputy director of the Communications Department of Dazhu County, deputy director of the Communications Department of Dachuan District, Sichuan, a director and the general manager of Sichuan Road & Bridge Co., Ltd., general manager of Sichuan Dayu Expressway Construction Development Co., Ltd., head of the Construction Management Division of the SPDT, head of Comprehensive Planning Division of Sichuan Province, and Chairman of the Company. Currently, he is a director of STI, chairman of Sichuan Highway Development and a non-executive Director of the fifth session of the Board of the Company.

Mr. Huang Bin: aged 48, graduated from Southwest Jiaotong University with a bachelor degree in industrial and civil construction and from Southwest Finance University with a master's degree in business administration. He was deputy head of the Investment Division of Sichuan Development and Planning Committee; deputy head of the Division of Foreign Affairs and Foreign Economic Relations of Sichuan Development and Planning Committee; deputy head and head of the Division of Project Management and Coordination and head of the Division of Development Planning and Industrial Policy of Sichuan Development and Reform Committee; he is currently a director of STI and a non-executive Director of the fifth session of the Board of the Company.

Mr. Wang Shuanming: aged 56, successively graduated from Dongbei University of Finance and Economics and Military Economics Academy with a master degree, holds the title of senior accountant and certified public valuer. He was an assistant in the Finance Division of the Logistics Department of Chengdu Military Area, assistant accountant in the Second Military Warehouse of Chengdu Military Area, assistant accountant and accountant in the 38th Division of the Logistics Department of Chengdu Military Area, assistant researcher and deputy head of the Finance Division of SPDT, chief of the Management on Vehicle Purchase Surcharges Collection in Sichuan Province, and director and deputy general manager of Sichuan Highway Development. He is currently the chief economist of STI, and a non-executive Director of the fifth session of the Board of the Company.

Mr. Ni Shilin: aged 49, graduated from Tsinghua University and Delft IHE College, Netherlands with Graduate Degree and Master's Degree. He was the deputy general manager of China Merchants International Qingdao Company Limited*, he served as a deputy general manager in the joint venture, Qingdao Bay Container Terminal*, as an assistant general manager of the China Merchants International Headquarters Project Management Division*, as the general manager of Anhui Commission*, as a senior project manager of China Merchants International Port Management Division*; as a deputy manager (audit) of China Merchants Shekou Port Company*; as a chief engineer assistant manager and manager of China Merchants Shekou Ports Corporation Engineering Department*, and as an assistant engineer of the No. 3 Shipping Bureau under the Ministry of Transport. Mr. Ni Shilin is currently the overseas business director, GM assistant and general manager of China Merchants Huajian Road Investment Co., Ltd., a non-executive director of Anhui Expressway Co., Ltd. (listed on the Stock Exchange and the SSE), director and deputy general manager of zhejiang Shangsan Expressway Co., Ltd. and the Non-executive Director of the fifth session of the Board of the Company.

Mr. Sun Huibi: aged 71, graduated from the Department of Electrical Engineering of Chongqing University majoring in electric power, holds the title of professor level senior engineer and is an expert entitled to government allowance from the State Council. He has successively served as a deputy head, head and other positions at the Electricity Bureau of Sichuan Province, the Economic Committee of Sichuan Province and the Planning Commission of Sichuan Province. He was the deputy general manager, general manager and president of Sichuan Engineering Consulting and Research Institute (formerly known as Sichuan International Engineering Consulting Company), head of Sichuan Engineering Consulting Association, member of Sichuan Advisory Group on Science and Technology and Chengdu Advisory Group on Science and Technology, and an independent non-executive director of Sichuan Xichang Electric Power Co., Ltd. (四川西昌電力股份有限公司) (a company listed on the Shanghai Stock Exchange). Mr. Sun is currently an independent non-executive Director of the fifth session of the Board of the Company.

Mr. Guo Yuanxi: aged 65, graduated from the Department of Economics of Sichuan University, an expert entitled to special government allowance from the State Council, an excellent expert with outstanding contributions, an academic and technology pioneer in Sichuan province, professor and doctoral supervisor. He was an assistant researcher, associate researcher, and researcher in the Institute of Economics under Sichuan Academy of Social Sciences, the deputy director and director of the Research Society for Economic System Reform (經濟體制改革研究所), managing deputy editor and director of the magazine "Reform of Economic System", advisor to the leading group for the enterprises reform pilot program of the provincial Party Committee and provincial government of Sichuan, a member of the steering group for PhD candidates in the College of Business Administration of Southwestern University of Finance and Economics, a member of the fifth standing committee of the Sichuan Association for Science and Technology, and deputy mayor of the Deyang Municipal People's Government of Deyang, Sichuan. He once served as an independent non-executive director of Chengdu People's Department (Group) Store Co., Ltd. (a company listed on the SSE), Xinjiang Hops Co., Ltd. (a company listed on the Shanghai Stock Exchange) and Wuliangye Yibin Co., Ltd. (a company listed on the SSE). Currently he is a professor, researcher and a doctoral supervisor of Southwestern University of Finance and Economics, and an independent non-executive director of Chengdu Laoken Technology Co., Ltd. (成都老肯科技股份有限公司), an independent director of Guizhou Senrui Advanced Material Co., Ltd. and an independent non-executive Director of the fifth session of the Board of the Company.

Mr. Chen Weizheng: aged 65, graduated from University of Toronto, Canada, with a master's degree in business administration. He is an academic and technical leader in Sichuan Province. Mr. Chen has long been engaged in education and scientific research in respect of human resources management, organizational behavior, enterprise shareholding reform and corporate governance. He has undertaken various research projects in National Natural Science Funds, National Social Science Funds and Humanities and Social Sciences Funds of the Ministry of Education. Mr. Chen has published more than 30 kinds of monographs, translations and textbooks, as well as more than 100 theses. He had concurrently served as a distinguished professor in the training department of the State Economic and Trade Commission, guest researcher in the Asia Research Centre of York University, Canada, guest professor in the PRC MBA teaching school of the University of Wales, guest professor in the PRC MBA teaching school of the College of Business and Economics in the Australian National University, guest professor in the EMBA project of the Huazhong University of Science and Technology, guest professor in the EMBA project of Dalian University of Technology, guest professor in Ericsson (China) Management Academy, member of The International Institute of Management, founding member of the International Association for Chinese Management Research, committee member of First Advisory Committee for Policy Decision of the government of Sichuan Province and advisor in the science and technology advisory group of the government of Sichuan Province. He is currently a professor and doctoral supervisor of Business School of Sichuan University and an independent non-executive Director of the fifth session of the Board of the Company.

Mr. Yu Haizong: aged 52, graduated from Southwestern University of Finance and Economics with a bachelor degree, a master degree in economics (accounting) and a doctoral degree in management (accounting). He is a certified public accountant in the PRC, a senior member of the Accounting Society of China, vice-president of Chengdu Real Estate and Accounting Association (成都房地產會計學會) and a member of the education committee under the Sichuan Institute of Certified Public Accountants. He once worked at the finance department of Sichuan Tranvic Iron & Steel Group (四川川威鋼鐵集團) and served as an independent non-executive director of Guoxing Rongda Real Estate Co., Ltd. (a company listed on the Shenzhen Stock Exchange), Sichuan Jinyu Automobile City (Group) Co., Ltd. (a company listed on the Shenzhen Stock Exchange), Chengdu Tianxing Instrument and Meter Co., Ltd. (a company listed on the Shenzhen Stock Exchange) and Chengdu Hongqi Chain Co., Ltd. (a company listed on the Shenzhen Stock Exchange). He has been teaching in Southwestern University of Finance and Economics since 1993, and is currently a professor in the School of Accounting therein, as well as an independent non-executive director of Sichuan Jiuzhou Electronic Co., Ltd. (a company listed on the Shenzhen Stock Exchange), China Vanadium Titano-Magnetite Mining Company Limited (a company listed on the Stock Exchange) and the fifth session of the Board of the Company.

(II) Biographies of incumbent Supervisors for the Year are as follows:

Mr. Feng Bing: aged 53, graduated from Xi'an Road College and obtained a bachelor degree majoring in automatic control in traffic engineering and from Chang'an University majoring in traffic and transportation planning and management with a master degree. He is a senior engineer. He had been the Party Secretary of the direct body under the SPDT, senior staff member and principal staff member of the Planning Division of the SPDT, and deputy head, investigator and head of the Overall Planning Division of the SPDT. He is currently an independent non-executive director of Jilin Expressway Company Limited (a company listed on the SSE) and the Chairman of the fifth session of the Supervisory Committee of the Company.

Mr. Dan Yong: aged 46, holder of bachelor degree of laws of the Department of Politics of Southwest Normal University and master degree in executive management of the University of Electronic Science and Technology of China. He had been the deputy head of the office of Highway Transport Management Bureau (during the term thereof he had been appointed deputy head of the Transportation Bureau of Muchuan County and vice-president of Muchuan Vocational Middle School), deputy head of Education Division, head of Science Education Division, head of Policy and Regulation Division, member of the bureau Sub-group of Party Committee, head of Disciplinary Section, deputy party secretary of the bureau, secretary to Discipline Committee of SPDT; office chief of Sichuan Transportation Investment Group Corporation, and the assistant to the general manager and head of the Party Community Working Department (Discipline Inspection and Supervision Office) of STI. He is currently the assistant to the general manager and head of the Investment and Development Department of STI and a Supervisor of the fifth session of the Supervisory Committee of the Company.

Mr. Ouyang Huajie: aged 47, graduated from the Accounting Department of Southwest Finance University majoring in accounting with a bachelor degree, and Sichuan University with a master degree in economics. He is a senior accountant. He had worked in state-owned Hongguang Electronic Tube Factory, Sichuan Tongya Industries Development Company, Sichuan Shuhai Communications Investment Company Limited and Sichuan Highway Development. He had been the deputy manager of the Fund and Finance Division, manager of the Fund and Finance Division, manager of the Finance Division and chief economist of Sichuan Highway Development. He is currently the deputy chief accountant and head of Financial Management Department of STI and a Supervisor of the fifth session of the Supervisory Committee of the Company.

Ms. He Kun: aged 39, holds a bachelor's degree in accounting and a master's degree in economics from Renmin University of China. She is a certified public accountant (non-practicing). She has served as the project manager of the securities management department, planning and finance department and national capital trusteeship department of Huajian Transportation Economic Development Center* (華建交通經濟開發中心) (now known as China Merchants Huajian Highway Investment Co., Ltd.* (招商局華建公路投資有限公司)), project manager of the shareholding management No. 2 department of China Merchants Huajian Highway Investment Co., Ltd.* (招商局華建公路投資有限公司). Ms. He had concurrently served as directors in Shangdong Expressway Company Limited* (山東高速公路股份有限公司) (listed on the Shanghai Stock Exchange) and Zhejiang Shangsan Expressway Co. Ltd.* (浙江上三高速公路有限公司), and supervisors in Anhui Expressway Company Limited* (安徽皖通高速公路股份有限公司) (listed on the Shanghai Stock Exchange and the Stock Exchange), Sichuan Expressway Company Limited* (listed on the Shanghai Stock Exchange and the Stock Exchange), Hubei Chutian Expressway Company Limited* (湖北楚天高速公路股份有限公司) (listed on the Shanghai Stock Exchange), Fujian Expressway Development Co., Ltd.* (福建發展高速公路股份有限公司) (listed on the Shanghai Stock Exchange) and Jiangsu Ningjingyan Expressway Co., Ltd. (江蘇寧靖鹽高速公路股份有限公司). At present, she serves as the assistant to general manager in the corporate management department of China Merchants Huajian Highway Investment Co., Ltd.* (招商局華建公路投資有限公司), a supervisor of Anhui Expressway Company Limited, Jiangsu Guangjing Xicheng Expressway Company Limited and the fifth session of the Supervisory Committee of the Company.

Mr. Jian Shixi: aged 59, graduated from Sichuan Provincial Party School majoring in economics and administration and is a senior economist. From 1986, he has been a principal staff member of the Policy Research Office of SPDT, deputy chief of Sichuan Major Highway Construction Directorate, office chief of the Expressway Administration Bureau of the SPDT. He is currently a director of Chengbei Company and a Supervisor of the fifth session of the Supervisory Committee and the chairman of Labour Union of the Company.

Ms. Yang Jingfan: aged 54, graduated from Business School of Sichuan University with an MBA degree and is a political worker (政工師). From 1991, she had been the deputy office chief of the Management Division of Sichuan Dajian Road, senior staff member of Sichuan Major Highway Construction Directorate, head of the Human Resources Division of the Expressway Administration Bureau of the SPDT, and manager of the human resource department of the Company. She is currently a Supervisor of the fifth session of the Supervisory Committee and the manager of Discipline Inspection and Supervision (Audit) Department of the Company.

(III) Biographies of other incumbent senior management for the Year are as follows:

Mr. Gan Yongyi, please refer to the biographies of Directors.

Mr. Luo Maoquan: aged 50, graduated from the Faculty of Law of Sichuan University. He was an officer of the Policy Research Office of the SPDT, deputy office chief, chief, head of the human resources division, member of the sub-group of party committee, deputy director, secretary of the sub-group of party committee, commander of the Sichuan Chengmian (le) Expressway Construction Directorate. He is currently a director of Chengya Oil Company and Trading Construction Company and a Deputy General Manager of the Company.

Mr. Lin Binhai: aged 56, graduated from the Research Centre of Renmin University of China with an MBA degree and obtained an MBA degree from Burlington Commerce College by distance education. He holds the title of a senior political worker (高級政工師). He was a political commissar and party secretary of an arsenal factory of the People's Liberation Army. He is currently a supervisor of Trading Construction Company and the deputy party secretary of the Company.

Mr. Liu Junjie: aged 51, graduated from Sichuan Suining Normal School, Northern Sichuan Education College (majoring in Biology) and the Department of Industrial Economics of Graduate School of Chinese Academy of Social Science. He holds a master's degree and the title of a senior political worker (高級政工師). He served as the deputy chief of the general section of the Committee Office of Ganzi Prefecture, deputy secretary, principal staff member and deputy director of the Committee Office of Aba Prefecture, director of the inspection division of the Committee of Aba Prefecture, deputy mayor of Xiangtang County, deputy secretary of the County Committee of Lixang County, deputy head of the Bureau of Water Resources of Aba Prefecture and deputy director of the Safety Supervision and Management Office of the SPDT. He is currently a director of Trading Landmark and Trading Construction Company and the deputy general manager of the Company.

Mr. He Zhuqing: aged 39, was graduated from Xi'an Jiaotong University with a doctoral degree in Management and was an associated researcher. Mr. He served in Changqing Petroleum Exploration Bureau (長慶石油勘探局) and Post-Doctoral Research Center of China Merchants Group (招商局集團博士後工作站). He served as the general manager of Investment and Development Department of Huajian Company. He is currently a director of Hubei Chutian Expressway Company Limited (湖北楚天高速公路股份有限公司) (a company listed on the Shanghai Stock Exchange), chairman of Chengyu Financial Leasing Company and the Deputy General Manager of the Company.

Mr. Zhang Yongnian: aged 53, graduated from the Faculty of Law of Sichuan University. He served as judicial officer of the People's Court of Emeishan City, Sichuan Province, deputy chief of the Criminal Judicial Tribunal, deputy chief of the former Chengyu Expressway's Long Quan Management Office, deputy head of Road Section of Chengyu Expressway Management Office, deputy head of the Policy and Regulation Division of the Expressway Administration Bureau of the SPDT, the office chief of the board of directors of the Company, and a Director of the Company. He is currently a director of Airport Expressway Company and the Secretary to the Board of the Company.

Mr. Tian Yi: aged 48, graduated from Kunming Army College and Macau University of Science and Technology with MBA Degree. Mr. Tian Yi was the Guard Platoon Leader of a frontline command of Chengdu Military Command, Secondary Battalion Grade Secretary of a materials purchasing and supply station of the Logistics Department of Chengdu Military Command, deputy section chief and section chief of the Department of Finance of Sichuan Province, and section chief and deputy head of the State-owned Assets Supervision and Administration Commission of Sichuan Province. He is currently a supervisor of Chengyu Financial Leasing Company, a supervisor of Airport Expressway Company and the Secretary of Discipline Inspection Commission of the Company.

Mr. Li Wenhu: aged 39, graduated from Southwestern University of Finance and Economics with the Financial Management and Capital Operation Master Degree. He is an accountant, a senior economist and a certified public accountant. He was the workshop technician, cost estimator, chief accountant and financial department manager of Xitieshan Mining Bureau of China National Non Ferrous Metal Corporation, Hubei Hanjiang Branch of Western Mining, Guangdong Branch of Western Mining and Qinghai Western Lead Co., Ltd. respectively; the financial controller of Sichuan Branch of Western Mining; the Financial Principal of Sichuan Huidong Mining Co., Ltd. of Western Mining; the financial Controller of Inner Mongolia Co., of Western Mining; and the deputy director of financial management department (fund management center) of Sichuan Tranportation Investment Group Co., Ltd. Mr. Li Wenhu is currently the supervisor of Airport Expressway Company, the director of Trading Construction Company, the director of Chengyu Financial Leasing Company, and the financial controller of the Company.

(IV) Biographies of Directors, Supervisors and other senior management retired or resigned during the Year are as follows:

Mr. He Zhuqing: See the biographies of senior management. (Mr. He Zhuqing resigned as the executive Director with effect from 27 August 2015 due to adjustment of his personal career commitments.)

Mr. Pan Feng: aged 42, graduated from the School of Mechanical Engineering of Nanjing University of Science and Technology with a degree of bachelor of engineering in machinery design and manufacture and the School of Economics and Management of Sichuan University with a degree of master of economics in national economics; a senior economist. Mr. Pan Feng was the deputy manager and manager of the financial department of Sichuan Expressway Construction Development Corporation, the deputy director of the finance and assets division of STI, and the manager and financial controller of the financial department of the Company. He is currently the head of the HR department of STI.

IV. Employees

As at 31 December 2015, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	3,231
Number of in-service employees of major subsidiaries	1,777
Total number of in-service employees	5,008
Number of retired or resigned employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	Nil

Composition by Expertise

Type of Expertise	Number of people
Production	3,610
Sales	75
Technical	546
Financial	152
Administrative	625
Total	5,008

Educational Level

Type of Education Level	Number of people
Postgraduate	143
University graduate	1,092
Junior college graduate	2,152
Technical secondary school and below	1,621
Total	5,008

1. *Employee's Remuneration*

The total remuneration of the Company's employees is correlated with the operating results of the Company. The wages of the employees are comprised of fixed wages (including basic salary, and salaries determined by the position and period of service) and performance incentive bonus. Employee's salary is determined with reference to his position (i.e. the salary changes in accordance with the position of service) and performance. For the Year ended 31 December 2015, the employees' salary of the Group totaled approximately RMB372,886,000 of which approximately RMB197,534,000 for the employees of the Company (including its branches).

2. *Employee's Insurance and Welfare*

The Company cherishes employees and protects their lawful interests. The Company has improved various types of social insurance for employees in strict compliance with all applicable PRC labour security policies. Expenses for various types of social insurances for retirement, healthcare, unemployment, work related injury, childbirth, catastrophic illness and accident have been paid in full by the Company for the employees. Meanwhile, the Company has made contributions to the housing accumulation fund and enterprise annuity fund for the employees in compliance with the requirements under applicable laws and policies.

3. *Staff Training*

The Company highly values staff training and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company had organised various centralized and specific trainings such as job-specific skills for technicians and continuing education for professional technical staff. A total of 5,671 attendances of the Company's employees (including its branches) was recorded for the above training courses.

REPORT OF THE SUPERVISORY COMMITTEE

During the Reporting Period, all members of the Supervisory Committee have strictly complied with the requirements of the Company Law of the People's Republic of China, the Listing Rules of the SSE and the Stock Exchange, the Articles of Association and the Rules of Procedure of the Supervisory Committee. Based on the principle of good faith, they performed their duties prudently and actively with an aim to safeguard the interest of the Shareholders, the Company and the employees.

I. Work of the Supervisory Committee

During the Year, the Supervisory Committee held 5 meetings in total. The notices, convening, holding and resolutions of the meetings were in compliance with the requirements of the relevant laws and regulations and the Articles of Association. Details of the meetings are as follows:

Meeting of the Supervisory Committee	Meeting Date	Topics
The 12th Meeting of the fifth session of the Supervisory Committee	5 February 2015	1. The resolution in relation to the signing of Refined Oil Product Sales Contract be-tween the Company and CNPC Sichuan; 2. The resolution in relation to the signing of the Refined Oil Product Road Transportation Contract between the Zhonglu Energy Companyand CNPC Transport Sichuan; 3. The resolution in relation to the signing of the Petrochemical and Other Materials Purchase Connected Transaction Framework Agreement between Zhonglu Energy Company and Trading Construction Company.
The 13th Meeting of the fifth session of the Supervisory Committee	26 March 2015	1. The resolution in relation to the 2014 Work Report of the Supervisory Committee; 2. Examining the resolution in relation to the Scheme of Profit Distribution and Dividend Payment for 2014; 3. Examining the resolution in relation to the 2014 Implementation Report of Financial Budget; 4. Examining the resolution in relation to the 2014 domestic and overseas annual reports and their summaries, etc.; 5. Examining the resolution in relation to the 2014 Internal Control Evaluation Report; 6. Examining the resolution in relation to the 2014 Social Responsibility Report; 7. Examining the resolution in relation to the 2015 Annual Financial Budget; 8. Examining the resolution in relation to the re-appointment of ShineWing Certified Public Accountants as the domestic auditor of the Company for the year 2015; 9. Examining the resolution in relation to the re-appointment of Ernst & Young Certified Public Accountants as the international auditor of the Company for the year 2015; 10. Examining the resolution in relation to implementation of New Accounting Standards and Change in Accounting Policies
The 14th Meeting of the fifth session of the Supervisory Committee	29 April 2015	1. Examining the resolution in relation to the 2015 First Quarterly Report.

Meeting of the Supervisory Committee	Meeting Date	Topics
The 15th Meeting of the fifth session of the Supervisory Committee	28 August 2015	1. Examining the resolution in relation to the unaudited financial statements for the 6 months ended 30 June 2015, the 2015 interim report and its summary, etc.; 2. The resolution in relation to the non-distribution of any interim dividend and not transferring capital reserve into share capital;
The 16th Meeting of the fifth session of the Supervisory Committee	29 October 2015	1. The resolution in relation to the 2015 Third Quarterly Report; 2. The resolution in relation to the Construction Framework Agreement entered into between Trading Construction Company and STI; 3. The resolution in relation to the Construction Framework Agreement entered into between the Company and Trading Construction Company; 4. Examining the resolution in relation to the Purchase Framework Agreement entered into between the Company and STI;

During the Reporting Period, the members of the Supervisory Committee of the Company jointly implemented the function of supervision over the Company, actively cared for the Company's businesses and cautiously and diligently executed their respective responsibilities on the basis of guaranteeing the overall profits of the Company and safeguarding the interests of Shareholders, the Company and employees in a honest and kind manner.

In 2015, the attendance of the meetings of the fifth session of the Supervisory Committee and general meetings by the Supervisors is as follows:

Name of Supervisor	Attendance of meetings of the Supervisory Committee					Attendance of general meetings
	Required attendance in the meetings of the Supervisory Committee during the Year	Attendance in person	Attendance via communications	Attendance by proxy	Number of meeting/required attendance in the meetings	Number of attendance/ number of meeting
Feng Bing	5	5	2	0	5/5	3/3
Dan Yong	5	5	2	0	5/5	3/3
Ouyang Huajie	5	5	2	0	5/5	3/3
He Kun	5	5	2	0	5/5	3/3
Jian Shixi	5	5	2	0	5/5	3/3
Yang Jingfan	5	5	2	0	5/5	3/3

Number of meetings of the Supervisory Committee held during the Year		5
Of which:	Number of physical meetings	3
	Number of meetings held via communications	2
	Number of meetings held by way of combination of both	0

During the Reporting Period, all Supervisors have attended the meetings of the Supervisory Committee with due care and diligence, and offered professional suggestions and independent judgments in respect of the material issues being discussed at the meetings by virtue of their expertise and experience.

II. Independent opinions from the Supervisory Committee on compliance of the Company's operations with legal requirements

During the Reporting Period, the Supervisors of the Company attended all general meetings and Board meetings as observers and cautiously supervised and checked the convening procedures of the meetings, resolutions and execution of the written resolutions of aforesaid meetings, and effectively supervised the whole process of the Directors and senior management members' operation and management and the implementation of the Company's decisions.

The Supervisory Committee is of the opinion that the Company conducted its operations and made decisions strictly in accordance with relevant rules and regulations, continuously improved its internal control system and further enhanced its corporate governance. The Directors and senior management of the Company are able to perform their own duties and execute the resolutions and authorizations of the general meetings in compliance with relevant laws and regulations and with the attitude of fidelity and due diligence and from the perspective of safeguarding the interests of the Company and Shareholders as a whole, with no breach of laws and regulations, or conducts of misusing authority or damaging the interests of the Company, its Shareholders and employees.

III. Independent opinions from the Supervisory Committee on the Company's financial position

Having cautiously reviewed the Company's 2015 First Quarterly Results Report, Interim Results Report, Third Quarterly Results Reports, Annual Results Report and other accounting information, etc, the Supervisory Committee is of the opinion that the Company's financial income and expenditure accounts are clear and the accounting, auditing and financial management are all in line with relevant regulations without doubts. The Company's PRC and international auditors, Shinewing Certified Public Accountants (Special General Partnership) and Ernst & Young Certified Public Accountants have respectively audited the 2015 Annual Financial Reports of the Company under the PRC Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards, and have issued audit reports with standard unreserved opinions. The Supervisory Committee is of the view that the audit reports have reflected the actual situations of the Company's financial income and expenditure, operating results and cash flows.

IV. Opinions from the Supervisory Committee on the Board's Self-assessment Report on Internal Control

In order to implement the "Basic Rules for Internal Control of Enterprises" jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission and the implementary guidelines for corporate internal control, the Company fully and practically launched the construction of corporate internal control system since the second half of 2010. During the Reporting Period, all internal control tasks were carried out as scheduled and the internal control system of the Company was further improved. Through making self-assessment of the effectiveness of the design and implementation of the Company's internal control as at 31 December 2015, the Board had issued the 2015 Assessment Report on Internal Control.

The Supervisory Committee seriously considered and approved the 2015 Assessment Report on Internal Control issued by the Board, and considered that the report comprehensively and objectively reflected the establishment and operation of the Company's internal control system. The Company has established a relatively comprehensive internal control system and is continuously optimizing and enhancing it, and has kept the standard operation of the Company under good supervision and guidance.

V. Independent opinions from the Supervisory Committee on the Company's connected transactions

Save for the connected transactions disclosed in note 35 to the financial statements, the Company had no other connected transactions during the Reporting Period. In the opinion of the Supervisory Committee, the Company's connected transactions during the Reporting Period were conducted on a just, fair and open basis and at reasonable considerations, and no circumstances were discovered in which insider transactions were involved or the Board breached the principle of good faith in decision-making, execution of agreements or information disclosure, etc.

The Supervisory Committee will continue to abide by its prudent and diligent practice, conscientiously implement the duties of the Supervisory Committee and protect the legal interests of Shareholders.

By Order of the Supervisory Committee

Feng Bing
Chairman of the Supervisory Committee

Chengdu, Sichuan, the PRC
30 March 2016

INDEPENDENT AUDITORS' REPORT

Ernst & Young
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To the shareholders of Sichuan Expressway Company Limited
(Established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Sichuan Expressway Company Limited (the "Company") and its subsidiaries set out on pages 92 to 172, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, 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 auditors' judgement, 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 auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

30 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2015 *RMB'000*	2014 *RMB'000*
REVENUE	4, 5	**11,493,969**	9,420,153
Cost of sales and other direct operating costs		**(9,496,371)**	(7,555,189)
Gross profit		**1,997,598**	1,864,964
Other income and gains	5	**93,259**	124,059
Administrative expenses		**(216,823)**	(203,112)
Other expenses		**(18,879)**	(12,856)
Finance costs	6	**(498,582)**	(484,800)
Share of profits and losses of:			
Joint ventures		**(2,191)**	(1,586)
Associates		**20,959**	13,179
PROFIT BEFORE TAX	7	**1,375,341**	1,299,848
Income tax expense	9	**(270,128)**	(227,977)
PROFIT FOR THE YEAR		**1,105,213**	1,071,871
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale investments		**(10,684)**	37,061
Reclassification adjustments for gains included in profit or loss		**–**	(17)
Income tax effect		**1,982**	(6,874)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(8,702)**	30,170
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,096,511**	1,102,041

	Notes	2015 RMB'000	2014 RMB'000
Profit attributable to:			
Owners of the Company		**1,006,586**	975,999
Non-controlling interests		**98,627**	95,872
		1,105,213	1,071,871
Total comprehensive income attributable to:			
Owners of the Company		**997,884**	1,006,169
Non-controlling interests		**98,627**	95,872
		1,096,511	1,102,041
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted	11	**RMB0.329**	RMB0.319

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**628,300**	609,414
Service concession arrangements	13	**23,133,239**	19,453,600
Prepaid land lease payments	14	**396,189**	410,664
Other intangible assets	15	**1,331**	1,830
Investments in joint ventures	16	**151,223**	3,414
Investments in associates	17	**77,337**	68,503
Available-for-sale investments	18	**297,950**	158,824
Loan to customers	19	**481,108**	–
Other receivable	27	**7,830**	–
Long term compensation receivables	20	**52,197**	57,230
Payments in advance	21	**113,736**	8,284
Deferred tax assets	22	**9,532**	5,468
Interests in land held for property development	23	**708,703**	708,703
Pledged deposits	28	**55,700**	55,700
Total non-current assets		**26,114,375**	21,541,634
CURRENT ASSETS			
Properties under development	24	**1,190,749**	1,060,704
Inventories	25	**162,387**	78,340
Due from customers for contract works	26	**251,969**	203,640
Trade and other receivables	27	**2,591,777**	2,222,410
Pledged deposits	28	**79,355**	79,267
Cash and cash equivalents	28	**3,067,744**	3,617,110
Total current assets		**7,343,981**	7,261,471
CURRENT LIABILITIES			
Tax payable		**169,874**	141,485
Trade and other payables	29	**3,813,066**	3,189,569
Interest-bearing bank and other loans	30	**1,274,550**	2,000,275
Total current liabilities		**5,257,490**	5,331,329
NET CURRENT ASSETS		**2,086,491**	1,930,142
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,200,866**	23,471,776

	Notes	**2015** **RMB'000**	2014 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	30	**14,807,894**	11,013,753
Deferred tax liabilities	22	**7,064**	8,401
Deferred income	29	**89,260**	82,220
Total non-current liabilities		**14,904,218**	11,104,374
Net assets		**13,296,648**	12,367,402
EQUITY			
Equity attributable to owners of the Company			
Issued capital	31	**3,058,060**	3,058,060
Reserves	32	**9,461,206**	8,707,967
		12,519,266	11,766,027
Non-controlling interests		**777,382**	601,375
Total equity		**13,296,648**	12,367,402

Zhou Liming
Director

Gan Yongyi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Issued capital RMB'000 (note 31)	Share premium account RMB'000	Statutory surplus reserve RMB'000 (note 32(a))	Difference arising from changes in non-controlling interests RMB'000	Available-for-sale investment valuation reserve RMB'000 (note 32(b))	Merger difference RMB'000 (note 32(c))	Safety fund reserve RMB'000	Capital reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	3,058,060	2,654,601	3,030,757	(262,034)	12,077	(533,123)	4,862	32,820	3,006,483	11,004,503	526,138	11,530,641
Profit for the year	–	–	–	–	–	–	–	–	975,999	975,999	95,872	1,071,871
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	30,170	–	–	–	–	30,170	–	30,170
Total comprehensive income for the year	–	–	–	–	30,170	–	–	–	975,999	1,006,169	95,872	1,102,041
Transfer from/(to) reserves	–	–	405,856	–	–	–	–	–	(405,856)	–	–	–
Establishment for safety fund surplus reserve	–	–	–	–	–	–	25,271	–	(25,271)	–	–	–
Utilisation of safety fund surplus reserve	–	–	–	–	–	–	(18,486)	–	18,486	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(20,635)	(20,635)
Final 2013 dividend declared	–	–	–	–	–	–	–	–	(244,645)	(244,645)	–	(244,645)
At 31 December 2014	3,058,060	2,654,601	3,436,613	(262,034)	42,247	(533,123)	11,647	32,820	3,325,196**	11,766,027	601,375	12,367,402

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

	Attributable to owners of the Company											
	Issued capital *RMB'000* *(note 31)*	Share premium account *RMB'000*	Statutory surplus reserve *RMB'000* *(note 32(a))*	Difference arising from changes in non-controlling interests *RMB'000*	Available-for-sale investment valuation reserve *RMB'000* *(note 32(b))*	Merger difference *RMB'000* *(note 32(c))*	Safety fund reserve *RMB'000*	Capital reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2015	3,058,060	2,654,601	3,436,613	(262,034)	42,247	(533,123)	11,647	32,820	3,325,196**	11,766,027	601,375	12,367,402
Profit for the year	–	–	–	–	–	–	–	–	1,006,586	1,006,586	98,627	1,105,213
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	(8,702)	–	–	–	–	(8,702)	–	(8,702)
Total comprehensive income for the year	–	–	–	–	(8,702)	–	–	–	1,006,586	997,884	98,627	1,096,511
Transfer from/(to) reserves	–	–	426,761	–	–	–	–	–	(426,761)	–	–	–
Establishment for safety fund surplus reserve	–	–	–	–	–	–	32,518	–	(32,518)	–	–	–
Utilisation of safety fund surplus reserve	–	–	–	–	–	–	(21,613)	–	21,613	–	–	–
Capital contribution by a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	120,000	120,000
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(42,620)	(42,620)
Final 2014 dividend declared	–	–	–	–	–	–	–	–	(244,645)	(244,645)	–	(244,645)
At 31 December 2015	3,058,060	2,654,601*	3,863,374*	(262,034)*	33,545*	(533,123)*	22,552*	32,820*	3,649,471*	12,519,266	777,382	13,296,648

* These reserve accounts comprise the consolidated reserves of RMB9,461,206,000 (2014: RMB8,707,967,000) in the consolidated statement of financial position.

** Retained profits have been adjusted for the proposed final 2014 dividend in accordance with the current year's presentation, which is described in note 2.4 to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,375,341**	1,299,848
Adjustments for:			
Finance costs	6	**498,582**	484,800
Share of profits and losses of joint ventures and associates		**(18,768)**	(11,593)
Depreciation	12	**80,429**	67,720
Amortisation of service concession arrangements	13	**487,948**	450,086
Amortisation of prepaid land lease payments	14	**32,090**	32,053
Amortisation of other intangible assets	15	**499**	499
Loss on disposal and write-off of items of property, plant and equipment	7	**3,178**	3,645
Loss on disposal (2014: deemed disposal) of available-for-sale investments	7	**188**	42
Gain on disposal of items of service concession arrangements	5	**–**	(41)
Interest income	5	**(54,323)**	(90,900)
Dividend income from available-for-sale investments	5	**(7,024)**	(13,122)
		2,398,140	2,223,037
Additions to service concession arrangements		**(3,836,094)**	(2,761,997)
Additions to properties under development		**(125,887)**	(77,653)
Proceeds from disposal of items of service concession arrangements		**–**	145
Decrease in payments in advance		**5,929**	16,767
Increase in deferred income		**13,279**	67,354
Increase in amounts due from customers for contract works		**(48,329)**	(132,571)
Increase in trade and other receivables		**(230,841)**	(252,908)
Decrease/(increase) in inventories		**(84,047)**	4,273
Increase in trade and other payables		**633,289**	734,000
Cash used in operations		**(1,274,561)**	(179,553)
Interest received		**12,877**	75,161
Income tax paid		**(245,158)**	(220,080)
Net cash flows used in operating activities		**(1,506,842)**	(324,472)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(107,909)**	(66,931)
Investment in a joint venture		**(150,000)**	–
Loan to customers		**(613,356)**	–
Acquisition of other intangible assets		**–**	(2,235)
Payment in advance in respect of investment in an associate		**(107,393)**	–
Purchase of available-for-sale investments		**(150,000)**	(5,857)
Proceeds from disposal of items of property, plant and equipment		**1,073**	1,127
Purchase of land use rights		**(17,284)**	–
Interest received		**32,395**	22,813
Dividend received from an associate		**12,125**	10,646
Dividend received from available-for-sale investments		**7,024**	13,122
Loss on disposal of available-for-sale investments		**2**	–
Decrease/(increase) of pledged deposits		**(88)**	3,496
Net cash flows used in investing activities		**(1,093,411)**	(23,819)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(850,264)**	(685,897)
Proceeds from bank loans		**3,890,000**	4,716,210
Repayment of bank loans		**(2,007,992)**	(1,938,686)
Proceeds from medium term notes		**1,200,000**	300,000
Proceeds from other loans		**–**	63,000
Repayment of other loans		**(13,592)**	(15,909)
Dividends paid to owners of the Company		**(244,645)**	(244,645)
Dividends paid to non-controlling shareholders		**(42,620)**	(20,635)
Capital injection by a non-controlling shareholder		**120,000**	–
Net cash flows from financing activities		**2,050,887**	2,173,438

CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

	Notes	2015 RMB'000	2014 RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(549,366)**	1,825,147
Cash and cash equivalents at beginning of year		**3,617,110**	1,791,963
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,067,744**	3,617,110
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	28		
Cash and bank balances		**3,067,744**	3,566,552
Non-pledged time deposits		**–**	50,558
Cash and cash equivalents as stated in the consolidated statement of financial position		**3,067,744**	3,617,110

1. CORPORATE AND GROUP INFORMATION

Sichuan Expressway Company Limited (the "Company") is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Company is located at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.

During the year, the Group was involved in the following principal activities:

- investment holding;
- construction;
- management and operation of expressways and a high-grade toll bridge;
- operation of gas stations along expressways;
- property development; and
- financial lease business.

In the opinion of the directors, Sichuan Transport Industry Investment Group Company Limited ("STI Group") is the parent and the ultimate holding company of the Company, which is incorporated the PRC.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Nominal value of issued/ registered capital	Percentage of equity attributable to the Company		Principal activities
		Direct	Indirect	
	RMB'000			
Chengle Company	560,790	100	–	Construction and operation of Chengle Expressway
Chengbei Company	220,000	60	–	Construction and operation of Chengbei Exit Expressway and Qinglongchang Bridge
Shuhai Company	200,000	100	–	Investment holding
Trading Construction Company	500,000	51	–	Repair and maintenance of expressways and construction of roads and expressways
Shuxia Company	30,000	100	–	Provision of ancillary services and property development

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Nominal value of issued/ registered capital	Percentage of equity attributable to the Company		Principal activities
		Direct	Indirect	
	RMB'000			
Shunan Company	200,000	100	–	Construction project management
Suiguang Suixi Company	180,000	100	–	Construction and operation of Suiguang-Suixi Expressways
Chengya Oil Company	27,200	51	–	Management of gas stations along expressways
Renshou Landmark Company	200,000	91	–	Property development
Shurui Company	20,000	100	–	Construction of properties
Chengyu Advertising Company	1,000	–	60	Design and production of advertisements
Shugong Testing Company Limited	30,000	–	100	Provision of road, bridge and tunnel inspection services
Zhonglu Energy Company	52,000	–	51	Management of gas stations along expressways
Shuhong Company	100,000	–	100	Construction project management
Renshou Shunan Company	100,000	–	100	Construction project management
Chengyu Financial Leasing Company	300,000	60	–	Finance lease

Except for Chengyu Financial Leasing Company, which is established as a foreign investment enterprise, other subsidiaries are established in the PRC as domestic enterprises under the PRC law.

None of the subsidiaries has material non-controlling interests.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong ("HK GAAP") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain available-for-sale equity investments, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are 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. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investments retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*

Annual Improvements to HKFRSs 2010–2012 Cycle

Annual Improvements to HKFRSs 2011–2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

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

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date yet determined but is available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During 2015, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

Classification and measurement

The Group expects that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to measure equity investments at fair value. All equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables (add any other debt instruments as applicable). The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables (add any other debt instruments as applicable) upon the adoption of HKFRS 9.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) introduce minor clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Impairment *(Continued)*

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that the entities have flexibility as to the order in which they present the notes to the financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Impairment *(Continued)*

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The amendments to HKAS 27 (2011) allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying HKFRSs and electing to change to the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements are required to apply the change retrospectively. The amendments are not expected to have a significant financial impact on the Group.

The *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in September 2014 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2016. None of the amendments are expected to have a significant financial impact on the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates/joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Merger accounting for business combinations under common control

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

Fair value measurement

Certain available-for-sale investments of the Group are measured at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Safety equipment	10 years
Communication and signalling systems	10 years
Toll collection equipment	8 years
Buildings	15–30 years
Machinery and equipment	5–10 years
Motor vehicles	8 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents items of property, plant and equipment under construction which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the purchase price of equipment and direct costs of construction, installation and testing incurred during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Service concession arrangements

Service concession arrangements represent the rights to charge users of the public service, that the Group obtained under the service concession arrangements. Service concession arrangements are stated at cost, that is, the fair value of the consideration received or receivable in exchange for the construction services provided under the service concession arrangements, less accumulated amortisation and any impairment losses.

Subsequent expenditures such as repairs and maintenance are charged to profit or loss in the period in which they are incurred. In situations where the recognition criteria are satisfied, the expenditures are capitalised as an additional cost of service concession arrangements.

Amortisation of service concession arrangements, other than gas stations, is provided on a unit-of-usage basis to write off the costs of these arrangements, based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate those service concession arrangements.

Amortisation of gas stations that recognised as part of the underlying infrastructure of the service concession arrangements is provided on the straight-line basis to write off the costs of gas stations over the periods for which the Group is granted the rights to charge users under the service concession arrangements.

It is the Group's policy to review regularly the projected total traffic volume throughout the concession periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume.

Costs incurred during the period of construction of underlying assets of a service concession arrangement are recorded in the service concession arrangement and will be amortised upon the commencement of operation of the service concession arrangement.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. Where the Group is a lessor under finance lease, an amount representing the minimum lease payment receivables and initial direct costs is included in the statement of financial position as loans and accounts receivable. Any unguaranteed residual value is also recognised at the inception of the lease. The difference between the sum of the minimum lease receivables, initial direct costs, the unguaranteed residual value and their present value is recognised as unearned finance income. Unearned finance income is recognised over the period of the lease using the effective interest rate method.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Licence

Purchased licence is stated at cost less any impairment losses and are amortised on the straight-line basis over its estimated useful life of five years.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in “Other income and gains” in profit or loss. The loss arising from impairment is recognised in profit or loss in “Finance costs” for loans and in “Other expenses” for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in "Other income and gains", or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in "Other expenses". Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as "Other income and gains" in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to "Other expenses" in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing bank and other loans.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Finance costs" in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated cost to be incurred to completion and disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "Finance costs" in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) toll income from operation of expressways and a high-grade toll bridge, net of related revenue taxes, on a receipt basis;

(b) revenue from construction and upgrade services provided under the service concession arrangements, on the percentage of completion method, as further explained in the accounting policy for "Construction and upgrade services under service concession arrangements" below;

(c) revenue from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(d) rental income, on a time proportion basis over the lease terms;

(e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;

(f) interest income from the sale-leaseback principal of finance lease, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of the finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease; and

(g) dividend income, when the shareholders' right to receive payment has been established.

Construction and upgrade services under service concession arrangements

The Group recognises income and expenses associated with construction and upgrade services provided under the service concession arrangements in accordance with HKAS 11 Construction Contracts.

Revenue generated by construction and upgrade services rendered by the Group is measured at fair value of the consideration received or receivable. The consideration represents the rights to attain an intangible asset.

The Group uses the percentage of completion method to determine the appropriate amount of income and expenses to be recognised in a given period, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The stage of completion is measured by reference to the construction costs of the related infrastructure incurred up to the end of the reporting period as a percentage of the total estimated costs for each contract. Provision is made for foreseeable losses as soon as they are anticipated by management.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised using the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract, as appropriate.

Revenue from cost plus construction contracts is recognised using the percentage of completion method, measured by reference to the recoverable costs incurred during the period plus a percentage of costs.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Employee benefits

Defined contribution pension scheme

In accordance with the state regulations of the PRC, the Group participates in a defined contribution pension scheme. All retired employees are entitled to an annual pension equivalent to a fixed proportion of the average basic salary amount within the geographical area of their last employment at their retirement date. During the year, the Group was required to make contributions to a local social security bureau at a rate of 20% of the employees' salaries or wages of the current year, up to an amount equivalent to three times the employees' average salaries of the prior year within the geographical area where the employees are employed. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Supplementary defined contribution pension scheme

In addition, on 1 January 2007, a supplementary defined contribution pension scheme managed by an independent financial institution was established. Under the plan, the Group makes a monthly defined contribution to certain qualified employees at a rate of 8.3% of the qualified employees' salaries or wages of the prior year. There were no vested benefits attributable to past service upon the adoption of the plan. The contributions under the supplementary defined contribution pension scheme are charged to profit or loss as incurred.

Housing fund

According to the relevant rules and regulations of the Sichuan Province, the Group and its employees are each required to make contributions, which are in proportion to the employees' salaries or wages of the prior year, to a housing fund. Contributions to a housing fund administered by the Public Accumulation Funds Administration Centre are charged to profit or loss as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

Estimation uncertainty

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

(a) Impairment of receivables

Impairment of receivables is made based on an assessment of the recoverability of receivables. The assessment of impairment of receivables involves the use of estimates and judgements. An estimate for doubtful debts is made when collection of the full amount is no longer probable, as supported by objective evidence using available contemporary and historical information to evaluate the exposure. Bad debts are written off as incurred. Where the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amount of receivables and thus the impairment loss in the period in which such estimate is changed.

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Impairment of available-for-sale financial investments

The Group classifies certain assets as available for sale and recognises movements in their fair values in equity. When the fair value declines, management makes assumption about the decline in value to determine whether there is an impairment that should be recognised to profit or loss. There was no impairment loss for available-for-sale investments during the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(d) Percentage of completion of construction and upgrade services provided under service concession arrangements and construction contracts

The Group recognises income and expenses associated with construction and upgrade services provided under service concession arrangements and construction contracts in accordance with HKAS 11 *Construction Contracts*. The Group recognises construction revenue under service concession arrangements and construction contracts according to the percentage of completion of individual contract of construction and upgrade service work, which requires estimation to be made by management. The stage of completion and the corresponding contract revenue are estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contracts costs are more than expected, an impairment loss may arise.

During the year, the construction revenue and construction costs under service concession arrangements and construction contracts recognised by the Group amounted to RMB5,855,564,000 and RMB5,416,620,000 (2014: RMB4,501,777,000 and RMB4,174,154,000), respectively.

(e) Amortisation of costs of service concession arrangements

Amortisation of costs of service concession arrangements is calculated under the unit-of-usage method, whereby the amortisation is provided based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate those service concession arrangements. The projected total traffic volume over the respective concession periods could change significantly. The Group reviews regularly the projected total traffic volume throughout the operating periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume. The carrying amount of service concession arrangements at 31 December 2015 was RMB23,133,239,000 (2014: RMB19,453,600,000).

During the year, the Group appointed professional traffic consultants to perform independent professional traffic studies on the projected total traffic volume of Chengyu Expressway, Chengya Expressway, Chengren Expressway, Chengle Expressway and Chengbei Exit Expressway. The Group provided amortisation of the expressways for the year based on the adjusted projected total traffic volume according to the results of the traffic studies. This change in estimate has been accounted for from 1 January 2015 and has resulted in an increase in amortisation of service concession arrangements by approximately RMB20,619,000 and a decrease in profit for the year by approximately RMB17,526,000.

3. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(f) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. The Group will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. The carrying amount of property, plant and equipment at 31 December 2015 was RMB628,300,000 (2014: RMB609,414,000).

(g) Discounted value of long term compensation receivables

The discounted value of long term compensation receivables in the future have been discounted using an imputed rate of interest of 13.92% after taking into account the risk premium associated with the credit risk incurred. The use of the discounted rate requires the Group to make estimates about the imputed rate of interest, and hence it is subject to uncertainty. The net present value of long term receivables at 31 December 2015 was RMB57,230,000 (2014: RMB61,649,000). Further details are included in note 20 to the financial statements.

(h) PRC corporate income tax ("CIT")

The Group is subject to CIT in Mainland China. As a result of the fact that certain matters relating to CIT have not been confirmed by the relevant local tax authorities, objective estimates based on currently enacted tax laws, regulations and other related policies are required in determining the provision of CIT to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will have an impact on the income tax expenses and tax provisions in the period in which the differences are realised. The carrying amount of the PRC CIT payable at 31 December 2015 was RMB169,874,000 (2014: RMB141,485,000).

(i) Provision for maintenance and resurfacing obligations

The Group has contractual obligations under the service concessions to maintain the toll road infrastructure to a specified level of serviceability. The expenditures expected to incur in order to settle the obligations are determined based on the frequency of major maintenance and resurfacing activities throughout the operating periods of toll roads operated by the Group under the service concessions and the expected costs to be incurred for each event. The expected costs for maintenance and resurfacing and the timing of such events involve estimates. Such estimates are developed based on the Group's resurfacing plan and historical costs incurred for similar activities. The costs are then discounted to the present value based on the market rate which can reflect the time value of money and the risks specific to the obligation.

There was no provision for maintenance and resurfacing obligations at 31 December 2015 (2014: Nil).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and products and has five (2014: five) reportable operating segments as follows:

(a) the toll operation segment comprises the operation of expressways and a high-grade toll bridge in Mainland China;

(b) the construction contracts segment comprises the provisional of construction and upgrade services under the service concession arrangements and construction contracts;

(c) the gas station and oil operation segment comprises the operation of gas stations along expressways, sales of petrochemicals and other oil products;

(d) the property development segment comprises the investment and development of properties located in Mainland China; and

(e) the "others" segment mainly comprises advertising, the rental of properties along expressways, and finance lease operation.

The board of directors (the "Board") monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, dividend income and other unallocated income and gains, as well as head office, corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents and available-for-sale investments as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2015

	Toll operation *RMB'000*	Construction contracts *RMB'000*	Gas station and oil operation *RMB'000*	Property development *RMB'000*	Others *RMB'000*	Total *RMB'000*
SEGMENT REVENUE	2,745,121	5,727,655	2,931,300	–	89,893	11,493,969
SEGMENT RESULTS	1,101,389	282,509	97,982	(13,451)	42,954	1,511,383
Reconciliation:						
Interest income on bank deposits						24,155
Dividend income and unallocated income and gains						38,936
Corporate and other unallocated expenses						(199,133)
Profit before tax						1,375,341
SEGMENT ASSETS	24,561,616	2,574,819	148,666	1,897,917	765,057	29,948,075
Reconciliation:						
Available-for-sale investments						297,950
Deferred tax assets						9,532
Pledged deposits						135,055
Cash and cash equivalents						3,067,744
Total assets						33,458,356
SEGMENT LIABILITIES	15,982,002	3,295,384	33,425	252,131	421,828	19,984,770
Reconciliation:						
Tax payable						169,874
Deferred tax liabilities						7,064
Total liabilities						20,161,708
OTHER SEGMENT INFORMATION						
Share of profits and losses of associates	20,959	–	–	–	–	20,959
Share of profits and losses of joint ventures	(1,157)	–	–	–	(1,034)	(2,191)
Interest expenses	442,439	50,113	105	4,855	1,070	498,582
Depreciation and amortisation	569,818	21,003	7,102	466	2,577	600,966
Investments in associates	72,887	–	–	–	4,450	77,337
Investments in joint ventures	148,843	–	–	–	2,380	151,223
Capital expenditure*	4,221,005	17,089	39,645	271	10,782	4,288,792

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2014

	Toll operation *RMB'000*	Construction contracts *RMB'000*	Gas station and oil operation *RMB'000*	Property development *RMB'000*	Others *RMB'000*	Total *RMB'000*
SEGMENT REVENUE	2,671,233	4,396,081	2,302,019	–	50,820	9,420,153
SEGMENT RESULTS	1,062,685	268,387	91,945	(17,416)	17,495	1,423,096
Reconciliation:						
Interest income on bank deposits						27,736
Dividend income and unallocated income and gains						33,159
Corporate and other unallocated expenses						(184,143)
Profit before tax						1,299,848
SEGMENT ASSETS	20,570,107	2,383,723	124,184	1,774,642	34,080	24,886,736
Reconciliation:						
Available-for-sale investments						158,824
Deferred tax assets						5,468
Pledged deposits						134,967
Cash and cash equivalents						3,617,110
Total assets						28,803,105
SEGMENT LIABILITIES	13,338,844	2,714,923	23,420	177,993	30,637	16,285,817
Reconciliation:						
Tax payable						141,485
Deferred tax liabilities						8,401
Total liabilities						16,435,703
OTHER SEGMENT INFORMATION						
Share of profits and losses of associates		–	–	–	–	13,179
Share of profits and losses of a joint venture	–	–	–	–	(1,586)	(1,586)
Interest expenses	427,277	36,612	12,438	8,473	–	484,800
Depreciation and amortisation	531,615	11,964	4,457	427	1,895	550,358
Investments in associates	64,053	–	–	–	4,450	68,503
Investments in a joint venture	–	–	–	–	3,414	3,414
Capital expenditure*	3,009,398	25,092	25,823	716	4,612	3,065,641

* Capital expenditure consists of additions to service concession arrangements, property, plant and equipment and prepaid land lease payments.

4. OPERATING SEGMENT INFORMATION *(Continued)*

Entity-wide disclosures

Geographical information

The Group is domiciled in Mainland China. All external revenues of the Group are generated in Mainland China. The Group's non-current assets are all located in Mainland China. Thus, no geographic information is presented.

Information about major customers

During the year ended 31 December 2015, no revenue derived from a customer amounted to 10% or more of the Group's total revenue. During the year ended 31 December 2014, revenue of approximately RMB1,084,581,000 which accounted for more than 10% of the Group's revenue was derived from providing construction services to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Revenue		
Toll income		
– Chengyu Expressway	**875,026**	835,794
– Chengya Expressway	**767,937**	788,160
– Chengle Expressway	**453,834**	464,233
– Chengren Expressway	**659,535**	585,988
– Chengbei Exit Expressway and Qinglongchang Bridge	**86,026**	91,693
	2,842,358	2,765,868
Less: Revenue taxes	**(97,237)**	(94,635)
Sub-total	**2,745,121**	2,671,233

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

	2015 *RMB'000*	2014 *RMB'000*
Construction revenue in respect of:		
– Service concession arrangements	**4,167,587**	2,995,939
– Construction and maintenance works performed for other parties	**1,687,977**	1,505,838
	5,855,564	4,501,777
Less: Revenue taxes	**(127,910)**	(105,696)
Sub-total	**5,727,654**	4,396,081
Revenue from operation of gas stations and petrochemicals and other oil products	**2,931,300**	2,302,019
Others (including income from rental and advertising, and finance lease)	**89,894**	50,820
Total revenue	**11,493,969**	9,420,153
Other income and gains		
Interest income from bank deposits	**24,155**	27,736
Interest income from discounting long-term compensation receivables *(note 20)*	**8,581**	9,121
Interest income from construction contracts	**21,587**	45,204
Interest income from overdue trade receivables and bidding deposits	**–**	8,839
Gain on disposal of item of service concession arrangements	**–**	41
Rental income	**4,352**	4,176
Government grants*	**6,721**	452
Dividend income from available-for-sale investments	**7,024**	13,122
Compensation income	**15,703**	9,229
Reversal of bad debt provision	**2,447**	2,334
Miscellaneous	**2,689**	3,805
	93,259	124,059
Total revenue, other income and gains	**11,587,228**	9,544,212

* There were no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Interest on bank and other loans	**743,947**	645,634
Interest on medium term notes	**90,286**	73,803
	834,233	719,437
Less: Interest capitalised in respect of:		
– Service concession arrangements *(note 13(c))*	**(331,493)**	(233,942)
– Properties under development *(note 24)*	**(4,158)**	(695)
	498,582	484,800
Interest rate of borrowing costs capitalised	**5.60%–6.55%**	5.24%–6.55%

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2015 RMB'000	2014 RMB'000
Employee benefit expenses (including directors', chief executive's and supervisors' remuneration *(note 8)*):			
Wages and salaries		**372,886**	334,667
Pension scheme contributions			
– Defined contribution fund		**61,167**	54,750
Housing fund			
– Defined contribution fund		**37,535**	33,101
Supplementary pension scheme			
– Defined contribution fund		**14,414**	24,816
Other staff benefits		**105,087**	85,531
Employee benefit expense		**591,089**	532,865
Depreciation	12	**80,429**	67,720
Amortisation of service concession arrangements	13	**487,948**	450,086
Amortisation of prepaid land lease payments	14	**32,090**	32,053
Amortisation of other intangible assets	15	**499**	499
Depreciation and amortisation expenses		**600,966**	550,358
Construction costs in respect of:			
– Service concession arrangements*		**3,988,276**	2,799,958
– Construction works performed for other parties*		**1,428,344**	1,374,196
Construction costs		**5,416,620**	4,174,154
Cost of sales of refined oil and petrochemical products		**2,804,145**	2,181,572
Repairs and maintenance		**226,967**	216,837
Minimum lease payments under operating leases:			
– Land and buildings		**23,851**	28,036
Auditors' remuneration		**2,800**	2,650
Loss on disposal and write-off of items of property, plant and equipment		**3,178**	3,645
Gain on disposal of items of service concession arrangements		**–**	(41)
Loss on disposal (2014: deemed disposal) of available-for-sale investments		**188**	42
Reversal of provision for impairment of other receivables *(note 27(b))*		**(2,447)**	(2,334)

* During the year, employee costs of RMB105,531,000 (2014: RMB87,188,000) and depreciation and amortisation charges of RMB18,846,000 (2014: RMB9,385,000) were included in those construction costs.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' and chief executives' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Fees	**320**	320
Other emoluments:		
Salaries, allowances and benefits in kind	**1,773**	1,801
Pension scheme contributions	**128**	116
Supplementary pension scheme contributions	**71**	71
	1,972	1,988
	2,292	2,308

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015	2014
	RMB'000	*RMB'000*
Mr. Sun Huibi	**80**	80
Mr. Guo Yuanxi	**80**	80
Mr. Fang Guijin	**–**	33
Mr. Yu Haizong	**80**	80
Mr. Chen Weizheng	**80**	47
	320	320

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(b) Executive and non-executive directors

	Salaries, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Supplementary pension scheme contributions *RMB'000*	Total *RMB'000*
2015				
Executive directors:				
Mr. Zhou Liming	–	–	–	–
Mr. Gan Yongyi*	415	32	20	467
Mr. He Zhuqing	329	–	–	329
	744	32	20	796
Non-executive directors:				
Mr. Wu Xinhua	–	–	–	–
Mr. Tang Yong	–	–	–	–
Mr. Huang Bin	–	–	–	–
Mr. Wang Shuanming	–	–	–	–
Mr. Ni Shilin	–	–	–	–
	–	–	–	–
	744	32	20	796

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(b) Executive and non-executive directors *(Continued)*

	Salaries, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Supplementary pension scheme contributions *RMB'000*	Total *RMB'000*
2014				
Executive directors:				
Mr. Zhou Liming	–	–	–	–
Mr. Gan Yongyi	404	29	20	453
Mr. He Zhuqing	329	–	–	329
	733	29	20	782
Non-executive directors:				
Mr. Tang Yong	–	–	–	–
Mr. Wu Xinhua	–	–	–	–
Mr. Huang Bin	–	–	–	–
Mr. Wang Shuanming	–	–	–	–
	–	–	–	–
	733	29	20	782

* Mr. Gan Yongyi is also the chief executive of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(c) Supervisors

	Salaries, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Supplementary pension scheme contributions *RMB'000*	Total *RMB'000*
2015				
Mr. Feng Bing	**415**	**32**	**20**	**467**
Mr. Ouyang Huajie	**–**	**–**	**–**	**–**
Mr. Jian Shixi	**332**	**32**	**16**	**380**
Madam Yang Jingfan	**282**	**32**	**15**	**329**
Madam He Kun	**–**	**–**	**–**	**–**
Mr. Dan Yong	**–**	**–**	**–**	**–**
	1,029	**96**	**51**	**1,176**
2014				
Mr. Feng Bing	397	29	20	446
Mr. Ouyang Huajie	–	–	–	–
Mr. Jian Shixi	334	29	16	379
Madam Yang Jingfan	337	29	15	381
Madam He Kun	–	–	–	–
Mr. Lv Ning	–	–	–	–
Mr. Dan Yong	–	–	–	–
	1,068	87	51	1,206

There was no arrangement under which a supervisor waived or agreed to waive any remuneration during the year.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(d) The five highest paid employees during the year included one director (2014: one) and two supervisors (2014: two), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining two (2014: two) highest paid employees who are not director, chief executive, or supervisor of the Company are as follows.

	2015	2014
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**664**	668
Pension scheme contributions	**96**	92
	760	760

Remuneration of the above non-director, non-chief executive and non-supervisor highest paid employees during the year and the prior year was below HK$1,000,000.

During the year, several directors and supervisors resigned and several new directors and supervisors were appointed, details of which are set out in Section "Directors and Supervisors" in the directors' report of the Company.

In addition to the amounts disclosed above, one executive director (2014: one), five non-executive directors (2014: four) and three supervisors (2014: four) did not receive any remuneration from the Company in 2015. They are respectively the senior executives and directors of STI Group, Sichuan Highway Development Company Limited ("Sichuan Highway Development") which is also controlled by STI Group, and China Merchants Huajian Highway Investment Co., Ltd., which holds a 21.73% interest in the Company. In the opinion of the directors, it is not practicable to apportion these amounts between their services as directors and supervisors of the Company and their services as senior executives and directors of the above companies.

9. INCOME TAX

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the two years ended 31 December 2015.

Except for the companies discussed below that are entitled to a preferential tax rate, other subsidiaries, associates and joint ventures of the Company are required to pay CIT at the standard rate of 25%.

9. INCOME TAX *(Continued)*

Pursuant to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs (Cai Shui [2011] No. 58), the tax preferential treatments for the Western Region Development are valid until 2020. According to the Circular, "from 1 January 2011 to 31 December 2020, corporate income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the Catalogue of Encouraged Industries in the Western Region (the "Catalogue"), the income of which accounts for more than 70% of the total income of such enterprises. The Catalogue of Encouraged Industries in the Western Region shall be issued separately." At present, the Catalogue of Encouraged industries in the Western Region has been approved by the State Council, and shall be implemented as of 1 October 2014.

For entities within the scope of the transportation industry, i.e., the Company, Chengle Company and Chengbei Company and Chengdu Airport Expressway Company Limited, an associate of the Company, which have been approved to enjoy the preferential tax rate of 15% before 2012 and have not changed their business operations, income tax of these entities for the year ended 31 December 2015 continued to be calculated at a tax rate of 15%.

On 21 May 2014, TCC obtained the approval from the local tax bureau, which confirmed it was eligible to enjoy the preferential tax rate of 15% under the Western Development Policy by reference to the Catalogue as its eligible revenue exceeded 70% of its total revenue during 2013. During the year, the directors of the Company considered the eligible revenue derived by TCC has not exceeded 70% of its total revenue, and the provision of income tax expenses of TCC during the year was calculated at the CIT rate of 25%.

The major components of tax expenses for the year are as follows:

	2015	2014
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**268,227**	247,882
Underprovision/(overprovision) in prior years	**5,320**	(9,534)
Deferred *(note 22)*	**(3,419)**	(10,371)
Total tax charge for the year	**270,128**	227,977

9. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the applicable tax rates for companies within the Group to the tax expense at the Group's effective tax rate, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**1,375,341**	1,299,848
Tax at applicable tax rates of:		
25%	**58,764**	41,623
15%	**171,043**	170,003
Sub-total	**229,807**	211,626
Income not subject to tax	**(1,181)**	(889)
Expenses not deductible for tax	**1,714**	484
Underprovision/(overprovision) in prior years	**5,320**	(9,534)
Profit attributable to associates and joint ventures	**(2,596)**	(1,580)
Benefit of tax losses not recognised *(note 22)*	**16,501**	15,518
Tax arising from intra-group borrowings	**22,381**	15,090
Others	**(1,818)**	(2,738)
Tax charge at the Group's effective tax rate	**270,128**	227,977

The share of tax attributable to associates amounting to RMB3,756,000 (2014: RMB2,379,000) is included in "Share of profits and losses of associates" on the face of the consolidated statement of profit or loss and other comprehensive income.

10 DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Proposed final – RMB0.080 (2014: RMB0.080) per ordinary share	**244,645**	244,645

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 3,058,060,000 (2014: 3,058,060,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

12. PROPERTY, PLANT AND EQUIPMENT

	Safety equipment *RMB'000*	Communication and signalling systems *RMB'000*	Toll collection equipment *RMB'000*	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2015								
Cost:								
At 1 January 2015	669,794	189,338	201,207	526,535	217,761	118,265	1,690	1,924,590
Additions during the year	8,577	1,096	8,151	14,315	30,260	4,810	36,357	103,566
Disposals and write-offs	(151)	(2,299)	(11,524)	–	(3,791)	(2,069)	(1,115)	(20,949)
Transfer	381	1,922	29,105	–	513	–	(31,921)	–
At 31 December 2015	678,601	190,057	226,939	540,850	244,743	121,006	5,011	2,007,207
Accumulated depreciation:								
At 1 January 2015	628,582	160,416	141,543	206,816	123,076	54,743	–	1,315,176
Provided during the year	3,723	4,520	11,002	25,218	23,876	12,090	–	80,429
Disposals and write-offs	(147)	(2,229)	(11,178)	–	(1,194)	(1,950)	–	(16,698)
At 31 December 2015	632,158	162,707	141,367	232,034	145,758	64,883	–	1,378,907
Net carrying amount:								
At 1 January 2015	41,212	28,922	59,664	319,719	94,685	63,522	1,690	609,414
At 31 December 2015	46,443	27,350	85,572	308,816	98,985	56,123	5,011	628,300

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Safety equipment *RMB'000*	Communication and signalling systems *RMB'000*	Toll collection equipment *RMB'000*	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2014								
Cost:								
At 1 January 2014	668,377	189,029	176,035	526,229	195,144	111,841	4,775	1,871,430
Additions during the year	6,027	450	22,752	2,080	22,273	11,306	4,814	69,702
Disposals and write-offs	(4,610)	(141)	(1,812)	(1,774)	(1,099)	(4,882)	(2,224)	(16,542)
Transfer	–	–	4,232	–	1,443	–	(5,675)	–
At 31 December 2014	669,794	189,338	201,207	526,535	217,761	118,265	1,690	1,924,590
Accumulated depreciation:								
At 1 January 2014	630,062	155,655	132,397	184,461	108,532	48,119	–	1,259,226
Provided during the year	2,990	4,901	10,797	23,420	15,294	10,318	–	67,720
Disposals and write-offs	(4,470)	(140)	(1,651)	(1,065)	(750)	(3,694)	–	(11,770)
At 31 December 2014	628,582	160,416	141,543	206,816	123,076	54,743	–	1,315,176
Net carrying amount:								
At 1 January 2014	38,315	33,374	43,638	341,768	86,612	63,722	4,775	612,204
At 31 December 2014	41,212	28,922	59,664	319,719	94,685	63,522	1,690	609,414

13. SERVICE CONCESSION ARRANGEMENTS

	2015 *RMB'000*	2014 *RMB'000*
Cost:		
At 1 January	**23,090,237**	20,094,441
Additions	**4,167,587**	2,995,939
Disposals	**–**	(143)
At 31 December	**27,257,824**	23,090,237
Accumulated amortisation:		
At 1 January	**3,636,637**	3,186,590
Charged for the year	**487,948**	450,086
Disposals	**–**	(39)
At 31 December	**4,124,585**	3,636,637
Net carrying amount:		
At 1 January	**19,453,600**	16,907,851
At 31 December	**23,133,239**	19,453,600

(a) At 31 December 2015, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (note 30(a)):

	2015 *RMB'000*	2014 *RMB'000*
Chengren Expressway	**7,270,918**	7,406,562
Chengle Expressway	**1,002,934**	1,056,545
Chengya Expressway	**–**	2,253,127
Suiguang-Suixi Expressways	**10,266,715**	6,124,254
	18,540,567	16,840,488

(b) During the year, the Group was in the construction of Suiguang-Suixi Expressways BOT Project in the form of Build-Operate-Transfer ("BOT") mode. Total construction costs of RMB3,963,150,000 (2014: RMB2,686,832,000) were incurred, among which RMB1,800,898,000 (2014: RMB1,253,462,000) was sub-contracted to third party subcontractors.

In addition, construction revenue of Suiguang-Suixi Expressways BOT Project amounting to RMB4,142,461,000 (2014:RMB2,881,848,000) was recognised in respect of the construction service provided by the Group using the percentage of completion method during the year. Construction revenue was included in the additions to service concession arrangements which will be amortised upon the commencement of operation of the respective expressways.

(c) Additions to service concession arrangements during the year included interest capitalised in respect of bank loans amounting to RMB331,493,000 (2014: RMB233,942,000) (note 6).

14. PREPAID LAND LEASE PAYMENTS

	2015 *RMB'000*	2014 *RMB'000*
Carrying amount at 1 January	**442,738**	474,791
Additions	**17,639**	–
Recognised during the year	**(32,090)**	(32,053)
Carrying amount at 31 December	**428,287**	442,738
Portion classified as current assets *(note 27(d))*	**(32,098)**	(32,074)
Non-current portion	**396,189**	410,664

15. OTHER INTANGIBLE ASSETS

	Licence	
	2015 *RMB'000*	2014 *RMB'000*
Cost:		
At 1 January and 31 December	**2,495**	2,495
Accumulated amortisation:		
At 1 January	**665**	166
Provided for the year	**499**	499
At 31 December	**1,164**	665
Net carrying amount:		
At 1 January	**1,830**	2,329
At 31 December	**1,331**	1,830

16. INVESTMENTS IN JOINT VENTURES

	2015	2014
	RMB'000	*RMB'000*
Share of net assets	**151,223**	3,414

Particulars of the Group's joint ventures of the Group, which was established and operate in Mainland China, are as follows:

Name	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Sichuan Zhongxin Assets Management Company Limited	50	Assets management
Sichuan Chengyu Development Equity Investment Fund Center	49	Assets management

The above investment in the joint ventures is indirectly held by the Company, through a subsidiary of the Company.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2015	2014
	RMB'000	*RMB'000*
Share of the joint ventures' loss and total comprehensive loss for the year	**(2,191)**	(1,586)
Aggregate carrying amount of the Group's investments in the joint ventures	**151,223**	3,414

17. INVESTMENTS IN ASSOCIATES

	2015 *RMB'000*	2014 *RMB'000*
Share of net assets	**86,500**	77,666
Provision for impairment	**(9,163)**	(9,163)
	77,337	68,503

Particulars of the associates of the Group, which were established and operate in Mainland China, are as follows:

Name	Percentage of ownership interest attributable to the Group	Principal activities
Chengdu Airport Expressway Company Limited	25	Operation of Chengdu Airport Expressway
Sichuan Chuanda Scientific Technology Result Transfer Centre Company Limited	20	Development and sale of high-tech products
Chengdu Stone Elephant Lake Communication Restaurant Company Limited	32.4	Provision of accommodation, meeting reception and entertainment services

The Group's shareholdings in the associates all comprise equity shares held by the Company, except for Chengdu Airport Expressway Company Limited, the shareholding in which is held through a subsidiary of the Company.

None of the above associates is individually material.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2015 *RMB'000*	2014 *RMB'000*
Share of the associates' profit and losses, and total comprehensive income for the year	**20,959**	13,179
Aggregate carrying amount of the Group's investments in the associates	**77,337**	68,503

18. AVAILABLE-FOR-SALE INVESTMENTS

	2015 *RMB'000*	2014 *RMB'000*
Listed equity investment, at fair value	**70,783**	81,467
Unlisted equity investments, at cost	**77,167**	77,357
Investments in trust products	**150,000**	–
	297,950	158,824

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB10,684,000 (2014: gross profit of RMB37,061,000), and there was no other comprehensive income or loss reclassified to profit or loss for the year (2014: RMB17,000).

The above investments consisted of investments in equity securities and trust products which are designated as available-for-sale financial assets and have no fixed maturity date or coupon rate. The unlisted equity investments represent the Group's investments in enterprises domiciled in Mainland China. They are stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

19. LOAN TO CUSTOMERS

The Group's loan to customers, represented net investments in fixed assets leased to third party customers under finance lease contracts. The contracts run for initial periods of five months to four years, with options for acquiring by the respective lessee the leased assets at nominal values at the end of the lease period. The total minimum lease payment receivables and their present values at the year end are as follows:

31 December 2015

	Net lease receivable *RMB'000*	**Unearned finance income** *RMB'000*	**Total gross lease receivable** *RMB'000*
Amounts receivable:			
– Within one year	**132,248**	**33,031**	**165,279**
– In the second year	**380,079**	**17,756**	**397,835**
– In the third to fifth years, inclusive	**101,029**	**1,935**	**102,964**
Total	**613,356**	**52,722**	**666,078**
Portion classified as current assets *(note 27(b))*	**(132,248)**		
Non-current portion	**481,108**		

At 31 December 2015, the Group has pledged lease receivables of approximately RMB313,100,000 to secure bank loans granted to the Group (note 30(a)). The loan to customers was secured by the collateral provided by the lessees including specific equipment or assets.

20. LONG TERM COMPENSATION RECEIVABLES

Pursuant to a compensation agreement dated 29 December 2006 entered into among the Xindu District Finance Bureau and the Communications Bureau (collectively Xindu District Government, "XDG"), Chengdu Municipal Committee of Communication ("CMCC") and Chengbei Company, a subsidiary of the Company, on 30 December 2006, Chengbei Company disposed of the operating rights of Dajian Road to XDG for a compensation of RMB211,802,000.

The compensation is satisfied by cash on the following salient terms:

(a) An annual instalment of RMB13 million is paid by XDG to Chengbei Company by 30 June of every year for 16 years from 2007 till 2022 and a final instalment of RMB3,802,100 by 30 June 2023;

(b) CMCC, an authorised representative of the Chengdu Municipal Government responsible for the financing of XDG, guaranteed the payment of annual instalments. In the event of default in payment, CMCC agrees that it will deduct the default amount from the annual finance funds allocated to XDG and pay it to Chengbei Company directly; and

(c) Additional compound interest at a rate of 0.021% per day should be levied on the delay in payment.

The compensation can be analysed as follows:

	2015			2014		
	Compensation *RMB'000*	**Imputed interest** *RMB'000*	**Net present value** *RMB'000*	Compensation *RMB'000*	Imputed interest *RMB'000*	Net present value *RMB'000*
Receivables:						
Within one year	**13,000**	**7,967**	**5,033**	13,000	8,581	4,419
In the second to fifth years, inclusive	**52,000**	**23,813**	**28,187**	52,000	27,258	24,742
Beyond five years	**29,802**	**5,792**	**24,010**	42,802	10,314	32,488
	94,802	**37,572**	**57,230**	107,802	46,153	61,649
Portion classified as current assets *(note 27 (b))*			**(5,033)**			(4,419)
Non-current portion			**52,197**			57,230

As the compensation is paid by instalments over 17 years, the Group calculated the discounted value of the compensation receivables in future using an imputed rate of interest of 13.92% per annum. The imputed rate of interest adopted reflects risk premium accounted for after considering the credit risk incurred due to the fact that the compensation is paid over 17 years.

21. PAYMENTS IN ADVANCE

	2015 RMB'000	2014 RMB'000
In respect of:		
Suiguang-Suixi Expressways BOT Project	–	5,929
Purchase of land use rights	**2,000**	2,355
Purchase of property, plant and equipment	**4,343**	–
Investment in an unlisted company	**107,393**	–
	113,736	8,284

22. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Deferred income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014	166	252	418
Deferred tax credited to profit or loss during the year *(note 9)*	9,978	92	10,070
At 31 December 2014 and 1 January 2015	**10,144**	**344**	**10,488**
Deferred tax credited to profit or loss during the year *(note 9)*	**2,202**	**828**	**3,030**
At 31 December 2015	**12,346**	**1,172**	**13,518**

The Group has tax losses arising in Mainland China of RMB217,952,000 (2014: RMB151,949,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

22. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	Fair value adjustment arising from available-for-sale investments *RMB'000*	Accelerated amortisation for tax purpose *RMB'000*	Total *RMB'000*
At 1 January 2014	2,751	4,097	6,848
Deferred tax credited to profit or loss during the year *(note 9)*	(3)	(298)	(301)
Deferred tax credited to reserves during the year	6,874	–	6,874
At 31 December 2014 and 1 January 2015	**9,622**	**3,799**	**13,421**
Deferred tax credited to profit or loss during the year *(note 9)*	**–**	**(389)**	**(389)**
Deferred tax charged to reserves during the year	**(1,982)**	**–**	**(1,982)**
At 31 December 2015	**7,640**	**3,410**	**11,050**

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

	2015 *RMB'000*	2014 *RMB'000*
Gross deferred tax assets	**13,518**	10,488
Gross deferred tax liabilities	**(3,986)**	(5,020)
Net deferred tax assets	**9,532**	5,468
Gross deferred tax assets	**–**	–
Gross deferred tax liabilities	**7,064**	8,401
Net deferred tax liabilities	**7,064**	8,401

22. DEFERRED TAX *(Continued)*

Withholding Tax ("WHT") for dividends paid to foreign investors

Pursuant to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation, where the Company declares a dividend in or after 2008 and beyond out of the cumulative retained profits as of 31 December 2007 (i.e., 2007 retained profits), these dividends earned by the foreign shareholders are exempted from WHT; For a dividend which arises from the Company's profit earned after 1 January 2008, WHT is levied on the foreign shareholders. Pursuant to the new CIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from 1 January 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. The Company has fulfilled the obligation of WHT for dividends related to 2014 which was paid to foreign shareholders before 31 December 2015.

23. INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT

The Group's interests in land use rights for property development were in respect of prepayments for the rights to use certain land situated in Mainland China over fixed periods and held under medium leases. As at 31 December 2015, the legal titles of the land use rights with a carrying amount of approximately RMB700,740,000 (2014: RMB700,740,000) that the Group acquired have not been transferred to the Group and the relevant title transfer is still under application. The directors of the Company do not foresee any major obstacles to complete the title transfer of the legal title of above mentioned land use rights to the Group.

24. PROPERTIES UNDER DEVELOPMENT

	2015 ***RMB'000***	2014 *RMB'000*
Land costs	**966,630**	966,630
Development costs	**224,119**	94,074
	1,190,749	1,060,704

The Group's properties under development are situated on leasehold land in Mainland China. As at 31 December 2015, properties under development were expected to be completed within normal operating cycle and recovered after one year. Interest expenses capitalised by the Group during the year amounted to RMB4,158,000 (2014: RMB695,000) (note 6).

25. INVENTORIES

	2015 *RMB'000*	2014 *RMB'000*
Refined oil products	**17,706**	19,595
Spare parts and construction materials	**144,681**	58,745
	162,387	78,340

26. CONSTRUCTION CONTRACTS IN PROGRESS

	2015 *RMB'000*	2014 *RMB'000*
Contract costs incurred plus recognised profits less recognised losses to date	**1,637,253**	1,264,527
Less: Progress billings	**(1,385,284)**	(1,060,887)
Construction contracts in progress	**251,969**	203,640
Representing:		
Amount due from customers for contract works	**297,331**	210,149
Amount due to a customer for contract works	**(45,362)**	(6,509)
	251,969	203,640

At 31 December 2015, retentions held by customers for contract works included in the Group's trade receivables amounted to approximately RMB109,010,000 (2014: RMB86,493,000).

At 31 December 2015, advances received from customers for contract works included in trade and other payables amounted to RMB54,116,000 (2014: RMB8,273,000).

27. TRADE AND OTHER RECEIVABLES

	Notes	2015 RMB'000	2014 RMB'000
Trade receivables			
Trade receivables		**1,688,996**	1,742,008
Impairment		**–**	–
Trade receivables, net	(a)	**1,688,996**	1,742,008
Other receivables			
Other receivables	(b)	**470,160**	344,644
Impairment		**(107,990)**	(110,437)
		362,170	234,207
Deposits	(c)	**278,349**	161,199
Prepayments	(d)	**262,262**	84,996
Other receivables, net		**902,781**	480,402
Total trade and other receivables		**2,591,777**	2,222,410

Notes:

(a) The Group's trade receivables which arose from construction contracts are settled in accordance with the terms specified in the contracts governing the relevant construction works. The Group does not have a standardised and universal credit period granted to its construction contract customers. The credit period of an individual construction contract customer is considered on a case-by-case basis and is set out in the respective construction contracts, as appropriate.

According to the contracts governing the relevant construction works, trade receivables of RMB1,187,726,000 as at 31 December 2015 (2014: RMB1,097,372,000) were to be settled by instalments within two to three years upon completion of the relevant construction works and bore interest at rates ranging from 5.60% to 14.98% (2014: 5.60% to 14.98%) per annum. The remaining trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015 RMB'000	2014 RMB'000
Within 3 months	**477,106**	819,778
3 to 6 months	**74,677**	4,550
6 to 12 months	**411,561**	86,932
Over one year	**725,652**	830,748
	1,688,996	1,742,008

27. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(a) *(Continued)*

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**1,684,864**	1,524,326
Past due but not impaired:		
Over one year	**4,132**	217,682
	1,688,996	1,742,008

Receivables that were neither past due nor impaired relate to government agencies and a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have good payment records with the Group. Based on past experience, in the opinion of the directors, no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(b) The Group's other receivables at 31 December 2015 are analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
Temporary advances	**20,000**	50,000
Interest receivables on temporary advances and construction revenue	**50,594**	41,884
Long-term compensation receivables to be received within one year *(note 20)*	**5,033**	4,419
Toll income receivables	**104,706**	71,531
Interest income from pledged deposits current portion	**9,356**	12,426
Loan to customers *(note 19)*	**132,248**	–
Miscellaneous	**148,223**	164,384
	470,160	344,644
Interest income from pledged deposits – non-current portion	**7,830**	–
	477,990	344,644

As stipulated in the contracts entered into between the Group and the respective government agencies, other than the provisional of construction works under the "Build-Transfer" mode (collectively referred as "BT Projects"), the Group is required to provide temporary advances to the government agencies for the resettlement of residents and removal of obstacles performed by the relevant government agencies. The advance bears interest at a rate of 14.98% per annum (2014: 14.98% to 16% per annum).

27. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(b) *(Continued)*

The movements in provision for individually impaired other receivables are as follows:

	2015 *RMB'000*	2014 *RMB'000*
At 1 January	**110,437**	112,771
Reversal of bad debt provision *(note 7)*	**(2,447)**	(2,334)
At 31 December	**107,990**	110,437

The individually impaired other receivables relate to debtors that were in financial difficulties and only a portion of the receivables is expected to be recovered.

At the end of the reporting period, except for those impaired receivables, other receivables were neither past due nor impaired.

Receivables that were neither past due nor impaired related to a large number of diversified debtors for whom there was no recent history of default.

(c) Deposits of the Group at the end of the reporting period mainly include the following items:

	2015 *RMB'000*	2014 *RMB'000*
Performance guarantee deposits in respect of:		
– BT Projects	**65,330**	65,330
– Suiguang-Suixi Expressways BOT Project	**10,000**	10,000
– Construction contracts	**162,398**	55,821
Bidding deposits in respect of:		
– Chengren Expressway BOT Project	**–**	10,000
– Construction contracts	**11,100**	5,000
Others	**29,521**	15,048
	278,349	161,199

(d) Prepayments at 31 December 2015 included prepaid land lease payments to be recognised within one year of RMB32,098,000 (2014: RMB32,074,000) (note 14).

27. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(e) Amounts due from related parties, which are repayable on similar credit terms to those offered to the independent major customers of the Group, included in trade and other receivables as at the end of the reporting period are as follows:

	2015	2014
	RMB'000	*RMB'000*
Fellow subsidiaries under common control of STI Group		
– Trade receivables	**148,136**	544,964
– Other receivables	**157,509**	2,539
– Prepayments	**15,403**	–
– Deposits	**80,846**	54,025
	401,894	601,528

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2015	2014
	RMB'000	*RMB'000*
Cash and bank balances	**3,067,744**	3,566,552
Time deposits	**135,055**	185,525
	3,202,799	3,752,077
Less: Pledged time deposits for:		
– Bidding Chengren Expressway BOT Project	**11,685**	11,436
– Performance guarantee under Suiguang-Suixi Expressways BOT Project	**11,220**	10,939
– Bank loans *(note 30)*	**112,150**	112,150
– Others	**–**	442
Total pledged time deposits	**135,055**	134,967
Cash and cash equivalents	**3,067,744**	3,617,110

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three months and six months, and earn interest at the respective deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(Continued)*

At the end of the reporting period, cash and bank balances were denominated in the following currencies:

	2015	2014
	RMB'000	*RMB'000*
RMB	**3,202,446**	3,712,433
Hong Kong dollars	**353**	87
United States dollars	**–**	39,557
	3,202,799	3,752,077

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

29. TRADE AND OTHER PAYABLES

		2015	2014
	Notes	***RMB'000***	*RMB'000*
Current portion:			
Trade payables	(a)	**1,211,546**	1,081,741
Other payables	(b)	**2,499,613**	1,996,129
Accruals	(c)	**93,116**	109,147
Deferred income	(d)	**8,791**	2,552
		3,813,066	3,189,569
Non-current portion:			
Deferred income	(d)	**89,260**	82,220
		3,902,326	3,271,789

29. TRADE AND OTHER PAYABLES *(Continued)*

Notes:

(a) An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Within 3 months	**741,362**	584,008
3 to 6 months	**179,073**	190,130
6 to 12 months	**206,973**	241,413
Over 1 year	**84,138**	66,190
	1,211,546	1,081,741

The trade payables are non-interest-bearing and are normally settled within one to twelve months, except for retention payables from construction projects of RMB105,952,000 (2014: RMB89,607,000) which are normally settled within two years.

(b) Other payables at the end of the reporting period mainly include the following balances:

	Notes	2015 *RMB'000*	2014 *RMB'000*
Advances		**110,620**	30,410
Payroll and welfare payables		**82,601**	58,424
Taxes and surcharge payables		**137,990**	144,253
Progress billing payables	(i)	**1,519,013**	1,181,021
Retention payables	(ii)	**214,350**	193,750
Deposits	(ii)	**258,451**	250,202
Others		**176,588**	138,069
		2,499,613	1,996,129

(i) Representing progress billing payables of RMB982,361,000 (2014: RMB689,622,000) in respect of the construction of the Suiguang-Suixi Expressways BOT Project;

(ii) Retention payables and deposits in aggregate of RMB299,053,000 (2014: RMB314,352,000) in respect of the construction of the Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project, including a performance guarantee deposit of approximately RMB103,167,000 (2014: RMB121,438,000) received from subcontractors, bear interest at a rate of 0.35% (2014: 0.35%) per annum.

29. TRADE AND OTHER PAYABLES *(Continued)*

Notes: (Continued)

(c) The balance as at 31 December 2015 consisted of interest accrued in respect of medium term notes and interest-bearing bank loans of RMB48,565,000 (2014: RMB43,908,000) and RMB44,551,000 (2014: RMB65,239,000), respectively.

(d) Deferred income at the end of the reporting period mainly include the following items:

	2015	2014
	RMB'000	*RMB'000*
Leasing income received in advance	**15,205**	15,587
Management fee received in advance for operation of a bridge	**65,952**	50,000
Various deferred compensation income received in advance	**14,346**	16,552
Miscellaneous	**2,548**	2,633
	98,051	84,772

Deferred income of the Group to be released to profit or loss after twelve months from 31 December 2015 with an amount of RMB89,260,000 (2014: RMB82,200,000) has been recorded as a non-current liability.

(e) Amounts due to related parties included in trade and other payables as at the end of the reporting period, which were on credit terms similar to those offered to their independent major suppliers of the Group, are as follows:

	2015	2014
	RMB'000	*RMB'000*
Fellow subsidiaries under common control of STI Group		
– Trade payables	**183,522**	80,720
– Other payables	**87,432**	104,773
	270,954	185,493

Except for the performance guarantee deposits and retention payables which have a longer repayment term of approximately two years, other payables are non-interest-bearing and have an average term of three month.

30. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	2015 RMB'000	2014 RMB'000
Bank loans:			
Secured and guaranteed	(a)	**1,106,400**	2,106,400
Secured	(a)	**10,544,544**	7,912,536
Unsecured		**1,493,000**	1,243,000
Medium term notes	(b)	**2,800,000**	1,600,000
Other loans, unsecured	(c)	**138,500**	152,092
		16,082,444	13,014,028
Analysed into:			
Bank loans repayable:			
Within one year		**1,199,050**	1,995,730
In the second year		**740,050**	1,809,050
In the third to fifth years, inclusive		**2,770,551**	1,860,551
Beyond five years		**8,434,293**	5,596,605
		13,143,944	11,261,936
Medium term notes repayable:			
In the second year		**700,000**	–
In the third to fifth years, inclusive		**2,100,000**	1,600,000
		2,800,000	1,600,000
Other loans repayable:			
Within one year		**75,500**	4,545
In the second year		**63,000**	84,547
In the third to fifth years, inclusive		**–**	63,000
		138,500	152,092
Total bank and other loans		**16,082,444**	13,014,028
Portion classified as current liabilities		**(1,274,550)**	(2,000,275)
Non-current portion		**14,807,894**	11,013,753

At the end of the reporting period, all interest-bearing bank and other loans of the Group were denominated in RMB.

30. INTEREST-BEARING BANK AND OTHER LOANS *(Continued)*

(a) Bank loans were secured and guaranteed by:

	Notes	**2015** **RMB'000**	2014 *RMB'000*
		(Bank loans amount)	
Secured by concession rights of:			
Chengle Expressway	(i)	**106,400**	106,400
Chengren Expressway		**3,768,444**	3,906,436
Chengya Expressway		**–**	750,000
Suiguang-Suixi Expressways		**6,676,100**	3,256,100
	13(a)	**10,550,944**	8,018,936
Secured by time deposits	(ii)	**1,000,000**	2,000,000
Secured by loan to customers	19	**100,000**	–
		11,650,944	10,018,936

(i) The bank loans were also guaranteed by Sichuan Highway Development for nil consideration (note 35(d)).

(ii) As at 31 December 2015, time deposits of RMB112,150,000 (2014: RMB112,150,000) were pledged to China Construction Bank Chengdu Xinhua Branch to counter guarantee the Group's bank loan of RMB1,000,000,000 (2014: RMB2,000,000,000) granted by China Construction Bank (Asia) Branch. The time deposit of RMB56,450,000 as at 31 December 2015 has been released from charge in January 2016 after the repayment of RMB1,000,000,000 bank loan in December 2015.

The bank loans bear interest at the respective fixed rates ranging from 4.00% to 6.55% (2014: from 5.00% to 6.55%) per annum.

(b) At 31 December 2015, the Company has five (2014: four) tranches of outstanding medium term notes totalled RMB2,800,000 (2014: RMB1,600,000) issued to domestic institutional investors participating in the PRC interbank debt market. The effective interest rates for the medium term notes ranging from 3.65% to 6.30% (2014: 4.75% to 6.3%). The medium term notes were all issued at a par value of RMB100 per unit, and will be repaid between June 2017 and December 2020, with an original maturity period of five years.

(c) Other loans as at 31 December 2015 represent the unsecured shareholder loan of RMB138,500,000 (2014: RMB147,547,000) granted to the Group by a non-controlling shareholder (note 35(h)) bearing interest at annual interest rates ranging from 6.00% to 6.51% (2014: from 6.00% to 6.51%).

31. ISSUED CAPITAL

	2015 *RMB'000*	2014 *RMB'000*
Issued and fully paid:		
A Shares of 2,162,740,000 (2014: 2,162,740,000) of RMB1.00 each	**2,162,740**	2,162,740
H Shares of 895,320,000 (2014: 895,320,000) of RMB1.00 each	**895,320**	895,320
	3,058,060	3,058,060

The H Shares have been issued and listed on the main board of the Hong Kong Stock Exchange since October 1997 and the A Shares have been listed on the Shanghai Stock Exchange since July 2009.

All A and H Shares rank pari passu with each other in terms of dividend and voting rights.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the Company, its subsidiaries and associates, the Company, its subsidiaries and associates are required to allocate 10% of their profits after tax, as determined in accordance with Generally Accepted Accounting Principles of People's Republic of China ("PRC GAAP") applicable to the Company, its subsidiaries and associates, to the statutory surplus reserve (the "SSR") until this reserve reaches 50% of the registered capital of the Company, its subsidiaries and associates. Subject to certain restrictions set out in the Company Law of the PRC and the respective articles of association of the Company, its subsidiaries and associates, part of the SSR may be converted to increase the share capital of the Company, its subsidiaries and associates, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(b) Merger difference

The merger difference of the Group is resulted from the preparation of the Group's consolidated financial statements. It represents the difference between the consideration paid for the acquisition of Chengle Company, after netting off the nominal value of the issued capital of Chengle Company attributable to the then owners of Chengle Company. Prior to the acquisition of Chengle Company, the merger difference represents the nominal value of the issued capital of Chengle Company attributable to the then owners of Chengle Company.

32. RESERVES *(Continued)*

(c) Safety fund reserve

Pursuant to the Notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC, the Group is required to establish for safety fund surplus reserve based on construction revenue recognised. The safety fund can only be transferred to retained profits to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

33. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its office buildings and service zones under operating lease arrangements, with leases negotiated for terms ranging from 1 to 16 years. The term of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015	2014
	RMB'000	*RMB'000*
Within one year	**2,442**	2,552
In the second to fifth years, inclusive	**3,725**	3,725
After five years	**6,868**	9,310
	13,035	15,587

(b) As lessee

The Group has entered into commercial leases on certain land and office buildings as it is not in the best interest of the Group to purchase these assets. These leases have an average life of 1 to 22.5 years.

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015	2014
	RMB'000	*RMB'000*
Within one year	**29,790**	24,777
In the second to fifth years, inclusive	**74,444**	55,309
After five years	**138,598**	151,274
	242,832	231,360

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33 above, the Group had the following commitments at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Service concession arrangements	**1,653,160**	2,037,903
Capital contributions payable to a joint venture	**150,000**	300,000
	1,803,160	2,337,903

35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

(a) In previous years, the Group obtained state loans amounting to RMB250,000,000 in aggregate pursuant to the loan repayment agreements (the "Loan Repayment Agreements") entered into between the Company and Sichuan Highway Development. Both the Company and Sichuan Highway Development are controlled by STI Group. The state loans were originally made to the Sichuan Provincial Government through the Ministry of Finance for infrastructure development of the Sichuan Province. For the purpose of financing the construction of Chengya Expressway, Sichuan Highway Development had initially obtained the state loans, and pursuant to the Loan Repayment Agreements, the state loans were then transferred to the Group. During the year, the Group fully repaid the rest of the state loans amounting to RMB4,545,000 (2014: RMB15,909,000).

(b) During the year, the aggregate service fee payable to Sichuan Zhineng Transportation System Management Company Limited, a subsidiary of Sichuan Highway Development, in relation to the provision of a computer system of the highway toll fee collection networks and the supportive technological services to the Group amounted to RMB11,313,000 (2014: RMB11,005,000).

(c) During the year, the rental payable to Sichuan Highway Development for leasing out certain part of its office buildings by Chengle Company amounted to RMB799,000 (2014: RMB799,000). The directors consider that the office rental expenses paid by the Group to Sichuan Highway Development as determined under the tenancy agreement are based on the market rate for similar premises in similar locations.

(d) Guarantee of bank loans

At 31 December 2015, bank loans of Chengle Company aggregating RMB106,400,000 (2014: RMB106,400,000) were guaranteed by Sichuan Highway Development (note 30(a)(i)) for nil consideration.

(e) During the year, the Group leased out a certain part of its office buildings to STI Group for annual rental of RMB2,442,000 (2014: RMB2,442,000). The directors consider that the office rental income received by the Group from STI Group as determined under the tenancy agreement is based on the market rate for similar premises in similar location.

35. RELATED PARTY TRANSACTIONS *(Continued)*

(f) During the year, TCC was engaged by fellow subsidiaries under common control of STI Group to provide construction works including daily maintenance works and emergency or rescue works of expressways and ancillary facilities. Construction revenue recognised by TCC from providing such services amounted to RMB923,643,000 (2014: RMB1,084,581,000).

(g) During the year, the Group purchased raw materials, machinery and electronic equipment for various infrastructure construction projects from subsidiaries of STI Group with an aggregate amount of RMB151,287,000 (2014: RMB90,154,000), which included service charge by a subsidiary of STI Group for providing financing for material purchase amounting to RMB3,519,000.

(h) At 31 December 2015, Renshou Landmark had an outstanding loan due to its non-controlling shareholder, Sichuan Trading Landmark Co., Ltd. ("Trading Landmark"), totalled RMB138,500,000, of which RMB75,500,000 and RMB63,000,000 will be repaid within one year and in the second year, respectively, from the end of the reporting period. These balances are unsecured, with interest rates ranging from 4.75% to 6.51%. In addition, Renshou Landmark had outstanding interest expenses payable to Trading Landing totalled RMB9,013,000 (2014: RMB9,168,000).

(i) During the year, a fellow subsidiary under common control of STI engaged the Group to provide construction works of Suiguang-Suixi Expressways. Construction costs recognised by the Group for such services amounted to RMB46,482,000 (2014: Nil).

(j) Compensation of key management personnel of the Group:

	2015	2014
	RMB'000	*RMB'000*
Fees	**320**	320
Other emoluments:		
Salaries, allowances and benefits in kind	**3,740**	3,188
Pension scheme contributions	**320**	263
Supplementary pension scheme contributions	**167**	153
	4,227	3,604
Total compensation paid to key management personnel	**4,547**	3,924

Further details of directors' emoluments are included in note 8 to the financial statements.

These transactions were carried out in accordance with the terms of agreements governing such transactions.

The related party transactions in respect of items (b), (c), (e), (f) and (g) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values due to short term to maturity, are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Pledged deposits, non-current portion	**55,700**	55,700	**55,700**	55,700
Long term compensation receivables, non-current portion	**52,197**	57,230	**52,197**	57,230
Available-for-sale investments, listed equity investments	**70,783**	81,467	**70,783**	81,467
Loan to customers	**613,356**	–	**613,356**	–
	792,036	194,397	**792,036**	194,397
Financial liabilities				
Interest-bearing bank and other loans, non-current portion:				
– Bank loans	**11,944,894**	9,266,206	**11,279,958**	8,465,528
– Medium term notes	**2,800,000**	1,600,000	**2,636,449**	1,480,742
– Other loans	**63,000**	147,547	**55,745**	135,650
	14,807,894	11,013,753	**13,972,152**	10,081,920

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from subsidiaries (current portion) approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of the Group's long-term compensation receivable, loan to customers, and interest-bearing bank and other loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, adjusted by the Group's or the subsidiaries' own non-performance risk where appropriate.

The fair values of listed equity investments are based on quoted market prices.

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	**Significant observable inputs (Level 2)** *RMB'000*	**Significant unobservable inputs (Level 3)** *RMB'000*	**Total** *RMB'000*
As at 31 December 2015				
Financial assets				
Available-for-sale investments, listed equity investments	**70,783**	**–**	**–**	**70,783**

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
As at 31 December 2014				
Financial assets				
Available-for-sale investments, listed equity investments	81,467	–	–	81,467

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: Nil).

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2015				
Pledged deposits, non-current portion	–	55,700	–	55,700
Long term compensation receivables, non-current portion	–	–	52,197	52,197
Loan to customers	–	–	481,108	481,108
	–	55,700	533,305	589,005

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2014				
Pledged deposits, non-current portion	–	55,700	–	55,700
Long term compensation receivables, non-current portion	–	–	57,230	57,230
	–	55,700	57,230	112,930

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	**Significant observable inputs (Level 2)** *RMB'000*	**Significant unobservable inputs (Level 3)** *RMB'000*	**Total** *RMB'000*
As at 31 December 2015				
Interest-bearing bank and other loans	**–**	**–**	**13,972,152**	**13,972,152**

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
As at 31 December 2014				
Interest-bearing bank and other loans	–	–	10,081,920	10,081,920

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other loans, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. It is the Group's policy that no trading in financial instruments shall be undertaken.

Risk management is carried out by the finance department which is led by the Group's executive directors. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The interest rates and terms of repayment of interest-bearing bank and other loans are disclosed in note 30. The Group does not have any significant exposure to the risk of changes in market interest rates as the Group does not have any long term receivables and loans which are subject to floating interest rate.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other loans.

With regard to 2015 and thereafter, the liquidity of the Group is primarily dependent on its ability to maintain adequate cash flows from operations to meet its debt obligations as they fall due.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2015					
	On demand *RMB'000*	Less than 3 months *RMB'000*	3 to 12 months *RMB'000*	1 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Interest-bearing bank and other loans	–	208,403	1,823,304	8,476,423	10,795,604	21,303,734
Trade and other payables	1,127,311	1,445,543	350,793	465,093	–	3,388,740
	1,127,311	1,653,946	2,174,097	8,941,516	10,795,604	24,692,474

	2014					
	On demand *RMB'000*	Less than 3 months *RMB'000*	3 to 12 months *RMB'000*	1 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Interest-bearing bank and other loans	–	446,122	2,247,468	7,265,099	7,113,849	17,072,538
Trade and other payables	1,177,540	1,144,083	152,907	372,806	–	2,847,336
	1,177,540	1,590,205	2,400,375	7,637,905	7,113,849	19,919,874

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The long term compensation receivables from XDG and loan to customers do not expose the Group to any additional credit risk as (i) the credit risk associated has been factored in the imputed interest rate used for discounting the value of the compensation receivables and loan to customers in future to their carrying amount;. (ii) the Group holds collateral over the loan to customers in the form of sale-leaseback principal of finance lease. In the event of any material default on interest payment terms, the Group are contractually entitled to enforce the security rights over any collateral and dispose of the assets underlying the leases to realise their value. As the Group's major customers in the construction contracts segment are the PRC government agencies and other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale financial assets and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is the Group's total liabilities over its total assets. The Group's policy is to keep the gearing ratio at a healthy capital level in order to support its businesses. The Group's gearing ratio as at 31 December 2015 was 60.26% (2014: 57.06%).

Foreign currency risk

The Group's businesses are located in the PRC and all transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB, except for certain items of cash and cash equivalents that are denominated in HK$.

The Group does not consider that it has any significant exposure to the risk of fluctuation in the exchange rate between HK$ and RMB as a reasonable possible change of 5% in RMB against HK$ would have no significant financial impact on the Group's profit.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015	2014
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**381,394**	373,210
Service concession arrangements	**11,613,479**	12,028,368
Prepaid land lease payments	**262,104**	283,920
Investments in subsidiaries	**4,941,439**	3,459,046
Investments in a joint venture	**150,000**	–
Investments in associates	**38,438**	38,438
Available-for-sale investments	**271,953**	128,846
Other receivables	**7,830**	–
Due from subsidiaries	**3,097,027**	2,364,865
Payments in advance	**2,000**	2,000
Deferred tax asset	**8,360**	5,124
Pledged deposits	**55,700**	55,700
Total non-current assets	**20,829,724**	18,739,517
CURRENT ASSETS		
Inventories	**197**	197
Prepayments, deposits and other receivables	**156,411**	126,714
Due from subsidiaries	**76,255**	1,755,912
Pledged deposits	**79,355**	78,825
Cash and cash equivalents	**1,112,094**	1,427,077
Total current assets	**1,424,312**	3,388,725
CURRENT LIABILITIES		
Tax payable	**73,145**	77,625
Other payables and accruals	**483,515**	738,593
Interest-bearing bank and other loans	**1,159,050**	1,880,275
Due to subsidiaries	**150,429**	128,807
Total current liabilities	**1,866,139**	2,825,300
NET CURRENT ASSETS/(LIABILITIES)	**(441,827)**	563,425
TOTAL ASSETS LESS CURRENT LIABILITIES	**20,387,897**	19,302,942
NON-CURRENT LIABILITIES		
Interest-bearing bank and other loans	**7,882,394**	7,503,706
Deferred income	**87,620**	80,580
Total non-current liabilities	**7,970,014**	7,584,286
Net assets	**12,417,883**	11,718,656
EQUITY		
Issued capital	**3,058,060**	3,058,060
Reserves	**9,359,823**	8,660,596
Total equity	**12,417,883**	11,718,656

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account *RMB'000*	Statutory surplus reserve *RMB'000*	Retained profits *RMB'000*	Available-for-sale investment revaluation reserve *RMB'000*	Difference arising from the acquisition of non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2014	2,654,601	2,882,685	2,667,472	8,137	(244,529)	7,968,366
Total comprehensive income for the year	–	–	916,562	20,324	–	936,886
Deemed disposal of available-for-sale investments	–	–	–	(11)	–	(11)
Transfer from/(to) reserves	–	367,756	(367,756)	–	–	–
Final 2013 dividend declared	–	–	(244,645)	–	–	(244,645)
At 31 December 2014 and 1 January 2015	**2,654,601**	**3,250,441**	**2,971,633**	**28,450**	**(244,529)**	**8,660,596**
Total comprehensive income for the year	**–**	**–**	**949,732**	**(5,860)**	**–**	**943,872**
Transfer from/(to) reserves	**–**	**382,495**	**(382,495)**	**–**	**–**	**–**
Final 2014 dividend declared	**–**	**–**	**(244,645)**	**–**	**–**	**(244,645)**
At 31 December 2015	**2,654,601**	**3,632,936**	**3,294,225**	**22,590**	**(244,529)**	**9,359,823**

According to the relevant regulations in the PRC, the amount of reserves available for distribution is the lower of the amount determined under PRC GAAP and the amount determined under HK GAAP.

39. EVENT AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, the Group has no event after the reporting period that needs to be disclosed.

40. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with current year's presentation.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 30 March 2016.