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

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

(Stock code: 0576)

2014 Annual Results Announcement

- Revenue was Rmb9,051.12 million, representing an increase of 15.3% year-on-year
- Profit attributable to owners of the Company amounted to Rmb2,349.05 million, representing an increase of 23.2% year-on-year
- Earnings per share was Rmb54.09 cents
- A final dividend of Rmb26.5 cents per share is recommended

The directors (the "Directors") of Zhejiang Expressway Co., Ltd. (the "Company") announced the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended December 31, 2014 (the "Period"), with the basis of preparation as stated in note 1 set out below.

RESULTS AND DIVIDENDS

During the Period, revenue for the Group was Rmb9,051.12 million, representing an increase of 15.3% over 2013. Profit attributable to owners of the Company was Rmb2,349.05 million, representing an increase of 23.2% year-on-year. Earnings per share for the Period was Rmb54.09 cents (2013: Rmb43.92 cents).

The Directors have recommended to pay a final dividend of Rmb26.5 cents per share (2013: Rmb25 cents). The final dividend is subject to shareholders' approval at the 2014 annual general meeting of the Company. Together with the interim dividend of Rmb6 cents per share that has already been paid, the annual dividend payout during the Period is Rmb32.5 cents per share (2013: Rmb31 cents).

The audit committee of the Company has reviewed the Group's annual results of the Period. Set out below are the audited consolidated statement of profit or loss and other comprehensive income for the Period and consolidated statement of financial position as at December 31, 2014, together with the comparative figures for 2013:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,	
		2014	**2013**
	Notes	*Rmb'000*	*Rmb'000*
Revenue	3	9,051,123	7,851,115
Operating costs		(5,576,211)	(4,955,609)
Gross profit		3,474,912	2,895,506
Securities investment gains		278,252	99,663
Other income	4	250,492	241,056
Administrative expenses		(85,533)	(84,792)
Other expenses		(103,443)	(70,061)
Share of profit of associates		65,020	21,537
Share of loss of a joint venture		(33,277)	(36,010)
Finance costs		(78,231)	(95,161)
Profit before tax		3,768,192	2,971,738
Income tax expense	5	(917,948)	(756,761)
Profit for the year		2,850,244	2,214,977
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value gain during the year		68,301	4,865
– Reclassification adjustments for cumulative gain included in profit or loss upon disposal		–	(1,381)
Income tax relating to components of other comprehensive income		(17,075)	(871)
Other comprehensive income for the year (net of tax)		51,226	2,613
Total comprehensive income for the year		2,901,470	2,217,590

	Note	For the year ended December 31, 2014 Rmb'000	2013 Rmb'000
Profit for the year attributable to:			
Owners of the Company		2,349,052	1,907,470
Non-controlling interests		501,192	307,507
		2,850,244	2,214,977
Total comprehensive income attributable to:			
Owners of the Company		2,375,654	1,909,017
Non-controlling interests		525,816	308,573
		2,901,470	2,217,590
Earnings per share - Basic and diluted	7	Rmb54.09 cents	Rmb43.92 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Notes	As at December 31, 2014 Rmb'000	As at December 31, 2013 Rmb'000
Current liabilities			
Placements from other financial institutions		1,940,000	310,000
Accounts payable to customers arising from securities business		16,545,146	8,167,103
Trade payables	9	693,604	421,994
Tax liabilities		463,648	331,611
Other taxes payable		67,642	53,417
Other payables and accruals		1,561,274	995,496
Dividends payable		76,139	94,976
Bank and other borrowings		150,000	540,000
Short-term financing note payable		883,570	1,000,000
Financial assets sold under repurchase agreements		6,299,057	–
		28,680,080	11,914,597
Net current assets		7,065,641	4,738,244
Total assets less current liabilities		22,674,664	20,174,597
Non-current liabilities			
Bank and other borrowings		200,000	300,000
Bonds payable		1,200,000	–
Deferred tax liabilities		145,042	205,638
		1,545,042	505,638
		21,129,622	19,668,959
Capital and reserves			
Share capital		4,343,115	4,343,115
Reserves		12,658,711	11,629,423
Equity attributable to owners of the Company		17,001,826	15,972,538
Non-controlling interests		4,127,796	3,696,421
		21,129,622	19,668,959

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as disclosed below, the accounting policies and methods of computation applied in the consolidated financial statements for the Period are consistent with those in the preparation of the Group's annual financial statements for the year ended December 31, 2013.

New and revised HKFRSs applied in the current year

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year.

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

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

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

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

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

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

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

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

New and revised HKFRSs issued but not yet effective

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

[1] Effective for annual periods beginning on or after January 1, 2018
[2] Effective for first annual HKFRS financial statements beginning on or after January 1, 2016
[3] Effective for annual periods beginning on or after January 1, 2017
[4] Effective for annual periods beginning on or after July 1, 2014
[5] Effective for annual periods beginning on or after January 1, 2016
[6] Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

HKFRS 9 *Financial Instruments*

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

Key requirements of HKFRS 9 are described below:

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

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

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

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

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

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

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

The accounting option must be applied by category of investments.

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

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

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

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

Amendments to HKAS 28:

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

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

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

Amendments to HKFRS 10:

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

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

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

Annual Improvements to HKFRSs 2010-2012 Cycle

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

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

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

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

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

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

Annual Improvements to HKFRSs 2011-2013 Cycle

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

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

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

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

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

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

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

Annual Improvements to HKFRSs 2012-2014 Cycle

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

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

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

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

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

3. SEGMENT INFORMATION

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

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

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

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

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

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

Segment revenue and results

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

For the year ended December 31, 2014

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

For the year ended December 31, 2013

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

Segment profit represents the profit after tax of each operating segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

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

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

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

Other segment information

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

For the year ended December 31, 2014

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

For the year ended December 31, 2013

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

Note: non-current assets excluded financial instruments.

Revenue from major services

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

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

Geographical information

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

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

Information about major customers

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

4. OTHER INCOME

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

5. INCOME TAX EXPENSE

	For the year ended December 31,	
	2014	**2013**
	Rmb'000	*Rmb'000*
Current tax:		
PRC Enterprise Income Tax	995,619	821,118
Deferred tax	(77,671)	(64,357)
	917,948	756,761

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

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

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

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

6. DIVIDENDS

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

The Directors have recommended the payment of a final dividend of Rmb26.5 cents (2013: Rmb25 cents) per share totaling to Rmb1,150,925,000 (2013: Rmb1,085,779,000) in respect of the year ended December 31, 2014, which is subject to approval by the shareholders in the annual general meeting.

7. EARNINGS PER SHARE

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

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

8. TRADE RECEIVABLES

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

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

In respect of the Group's asset management service, security commission and financial advisory service operated by Zheshang Securities Co., Ltd. ("Zhejiang Securities", a 70.83% owned subsidiary of Zhejiang Shangsan Expressway Co., Ltd., which is a subsidiary of the Company), trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by management.

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

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

Movement of allowance for doubtful debts

	As at December 31, 2014 *Rmb'000*	**As at December 31, 2013** *Rmb'000*
At the beginning of the year	672	956
Impairment recognised for the year	280	7
Amount reversed during the year	–	(291)
At the end of the year	952	672

9. TRADE PAYABLES

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

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

BUSINESS REVIEW

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

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

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

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

Toll Road Operations

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

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

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

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

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

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

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

Toll Road-Related Business Operations

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

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

Securities Business

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

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

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

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

Long-Term Investments

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

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

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

FINANCIAL ANALYSIS

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

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

Liquidity and financial resources

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

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

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

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

Borrowings and solvency

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

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

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

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

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

Capital structure

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

Capital expenditure commitments and utilization

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

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

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

Contingent liabilities and pledge of assets

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

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

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

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

Foreign exchange exposure

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

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

OUTLOOK

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

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

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

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

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold, redeemed or cancelled any of the Company's shares during the Period.

COMPLIANCE WITH LISTING RULES APPENDIX 14

During the Period, the Company complied with all code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") set out in Appendix 14 to the Listing Rules, and adopted the recommended best practices in the Code as and when applicable.

By Order of the Board
ZHAN Xiaozhang
Chairman

Hangzhou, the PRC, March 18, 2015

As at the date of this announcement, the executive directors of the Company are: Mr. ZHAN Xiaozhang, Ms. LUO Jianhu and Mr. DING Huikang; the non-executive directors of the Company are: Mr. WANG Dongjie, Mr. DAI Benmeng and Mr. ZHOU Jianping; and the independent non-executive directors of the Company are: Mr. ZHOU Jun, Mr. PEI Ker-Wei and Ms. LEE Wai Tsang, Rosa.