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)

2015 Annual Results Announcement and Resignation of Independent Supervisor

- Revenue was Rmb12,507.39 million, representing an increase of 32.2% year-on-year
- Profit attributable to owners of the Company amounted to Rmb2,989.68 million, representing an increase of 32.0% year-on-year
- Earnings per share was Rmb68.84 cents
- A final dividend of Rmb28 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, 2015 (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 Rmb12,507.39 million, representing an increase of 32.2% over 2014. Profit attributable to owners of the Company was Rmb2,989.68 million, representing an increase of 32.0% year-on-year. Earnings per share for the Period was Rmb68.84 cents (2014(restated): Rmb52.15 cents).

The Directors have recommended to pay a final dividend of Rmb28 cents per share (2014: Rmb26.5 cents). The final dividend is subject to shareholders' approval at the 2015 annual general meeting of the Company. Together with the interim dividend of Rmb6 cents per share that has already been paid, the total dividend payout during the Period is Rmb34 cents per share (2014: Rmb32.5 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, 2015, together with the comparative figures for 2014:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,	
		2015	2014
	Notes	***Rmb'000***	*Rmb'000*
			(Restated)
Revenue	4	**12,507,394**	9,460,308
Operating costs		**(7,060,298)**	(5,898,198)
Gross profit		**5,447,096**	3,562,110
Securities investment gains		**584,114**	278,252
Other income	5	**295,918**	262,244
Administrative expenses		**(108,627)**	(105,703)
Other expenses		**(162,576)**	(104,306)
Share of profit of associates		**48,289**	65,020
Share of loss of a joint venture		**(25,067)**	(33,277)
Finance costs		**(632,495)**	(272,900)
Profit before tax		**5,446,652**	3,651,440
Income tax expense	6	**(1,416,872)**	(905,468)
Profit for the year		**4,029,780**	2,745,972
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Available-for-sale financial assets			
– Fair value gain during the year		**137,431**	68,301
– Reclassification adjustments for cumulative gain included in profit or loss upon disposal		**(65,826)**	–
Share of differences arising on translation		**367**	–
Income tax relating to items that may be reclassified subsequently		**(17,901)**	(17,075)
Other comprehensive income for the year, net of income tax		**54,071**	51,226
Total comprehensive income for the year		**4,083,851**	2,797,198

	Notes	For the year ended December 31, **2015** ***Rmb'000***	2014 *Rmb'000* (Restated)
Profit for the year attributable to:			
Owners of the Company		**2,989,680**	2,264,994
Non-controlling interests		**1,040,100**	480,978
		4,029,780	2,745,972
Total comprehensive income attributable to:			
Owners of the Company		**3,017,800**	2,291,596
Non-controlling interests		**1,066,051**	505,602
		4,083,851	2,797,198
Earnings per share – Basic and diluted	8	**Rmb68.84 cents**	Rmb52.15 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at December 31, 2015** *Rmb'000*	As at December 31, 2014 *Rmb'000* (Restated)	As at January 1, 2014 *Rmb'000* (Restated)
Non-current assets				
Property, plant and equipment		**3,178,494**	3,289,047	2,058,513
Prepaid lease payments		**57,745**	66,001	68,156
Expressway operating rights		**13,229,442**	14,265,387	15,250,850
Goodwill		**86,867**	86,867	86,867
Other intangible assets		**155,219**	155,590	154,564
Interests in associates		**583,537**	627,866	574,733
Interest in a joint venture		**275,600**	300,667	333,944
Available-for-sale investments		**1,635,858**	221,232	143,514
Other receivables		**–**	50,828	401,400
Deferred tax assets		**329,526**	97,135	84,655
		19,532,288	19,160,620	19,157,196
Current assets				
Inventories		**316,528**	170,654	73,576
Trade receivables	9	**151,083**	136,158	104,498
Loans to customers arising from margin financing business		**10,550,590**	8,545,913	2,946,911
Other receivables and prepayments		**1,231,799**	857,563	477,901
Prepaid lease payments		**1,939**	2,155	2,155
Dividend receivable		**20,494**	–	–
Derivative financial assets		**2,288**	–	–
Available-for-sale investments		**1,032,750**	570,021	281,924
Held for trading investments		**3,761,224**	2,124,740	1,181,025
Financial assets held under resale agreements		**4,959,155**	2,724,598	874,254
Bank balances held on behalf of customers		**27,078,574**	16,576,751	8,228,160
Bank balances and cash				
– Time deposits with original maturity over three months		**270,000**	761,320	704,459
– Cash and cash equivalents		**4,983,051**	3,356,563	1,915,259
		54,359,475	35,826,436	16,790,122

	Notes	As at December 31, 2015 Rmb'000	As at December 31, 2014 Rmb'000 (Restated)	As at January 1, 2014 Rmb'000 (Restated)
Current liabilities				
Placements from other financial institutions		**200,000**	1,940,000	310,000
Accounts payable to customers arising from securities business		**27,009,641**	16,545,146	8,167,103
Trade payables	10	**908,616**	996,651	754,953
Tax liabilities		**641,606**	463,648	331,611
Other taxes payable		**88,022**	71,021	54,942
Other payables and accruals		**2,809,079**	1,588,312	1,026,016
Dividends payable		**333**	76,139	94,976
Derivative financial liabilities		**4,258**	–	–
Bank and other borrowings		**1,777,951**	1,690,000	980,000
Short-term financing note payable		**616,100**	883,570	1,000,000
Bonds payable		**3,000,000**	–	–
Financial assets sold under repurchase agreements		**5,385,380**	6,299,057	–
		42,440,986	30,553,544	12,719,601
Net current assets		**11,918,489**	5,272,892	4,070,521
Total assets less current liabilities		**31,450,777**	24,433,512	23,227,717
Non-current liabilities				
Bank and other borrowings		**1,590,000**	1,960,000	3,250,000
Bonds payable		**7,600,000**	1,200,000	–
Deferred tax liabilities		**262,128**	145,042	205,638
		9,452,128	3,305,042	3,455,638
		21,998,649	21,128,470	19,772,079
Capital and reserves				
Share capital		**4,343,115**	4,343,115	4,343,115
Reserves		**12,393,543**	12,657,782	11,712,552
Equity attributable to owners of the Company		**16,736,658**	17,000,897	16,055,667
Non-controlling interests		**5,261,991**	4,127,573	3,716,412
		21,998,649	21,128,470	19,772,079

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.

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

2. MERGER ACCOUNTING RESTATEMENT

On August 5, 2015, the Company entered into a share transfer agreement with Zhejiang Communications Investment Group Co., Ltd. ("Communications Group") to acquire 80.614% equity interest in Zhejiang Hanghui Expressway Co., Ltd. ("Hanghui Co") from Communications Group for a cash consideration of Rmb1,699.35 million. Hanghui Co is principally engaged in the operation and management of the Hanghui Expressway, which is the Zhejiang section of Hangzhou–Ruili Expressway (G56) within the national expressway network. Before the above acquisition, Hanghui Co was 80.614% owned by Communications Group and 19.386% owned by minority shareholders. The acquisition has been approved by independent shareholders on October 15, 2015 and subsequently completed on November 10, 2015. After the completion of the acquisition, Hanghui Co then became an 80.614% owned subsidiary of the Company and in December 2015, the equity interest held by the Company was increased to 88.674% after the Company made a capital contribution to Hanghui Co. Since Communications Group is the parent company of the Company, the Group's acquisition of the 80.614% equity interest from Communications Group was regarded as a business combination involving entities under common control and was accounted for using merger accounting method, in accordance with the guidance set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG5") issued by the Hong Kong Institute of Certified Public Accountants (the " HKICPA").

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

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

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

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

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

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

	January 1, 2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	January 1, 2014 Rmb'000 (Restated)	December 31, 2014 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	December 31, 2014 Rmb'000 (Restated)
Current liabilities						
Placements from other financial institutions	310,000	–	310,000	1,940,000	–	1,940,000
Accounts payable to customers arising from securities business	8,167,103	–	8,167,103	16,545,146	–	16,545,146
Trade payables	421,994	332,959	754,953	693,604	303,047	996,651
Tax liabilities	331,611	–	331,611	463,648	–	463,648
Other taxes payable	53,417	1,525	54,942	67,642	3,379	71,021
Other payables and accruals	995,496	30,520	1,026,016	1,561,274	27,038	1,588,312
Dividends payable	94,976	–	94,976	76,139	–	76,139
Bank and other borrowings	540,000	440,000	980,000	150,000	1,540,000	1,690,000
Short-term financing note payable	1,000,000	–	1,000,000	883,570	–	883,570
Financial assets sold under repurchase agreements	–	–	–	6,299,057	–	6,299,057
	11,914,597	805,004	12,719,601	28,680,080	1,873,464	30,553,544
Net current assets	4,738,244	(667,723)	4,070,521	7,065,641	(1,792,749)	5,272,892
Total assets less current liabilities	20,174,597	3,053,120	23,227,717	22,674,664	1,758,848	24,433,512
Non-current liabilities						
Bank and other borrowings	300,000	2,950,000	3,250,000	200,000	1,760,000	1,960,000
Bonds payable	–	–	–	1,200,000	–	1,200,000
Deferred tax liabilities	205,638	–	205,638	145,042	–	145,042
	505,638	2,950,000	3,455,638	1,545,042	1,760,000	3,305,042
	19,668,959	103,120	19,772,079	21,129,622	(1,152)	21,128,470
Capital and reserves						
Share capital	4,343,115	–	4,343,115	4,343,115	–	4,343,115
Reserves	11,629,423	83,129	11,712,552	12,658,711	(929)	12,657,782
Equity attributable to owners of the Company	15,972,538	83,129	16,055,667	17,001,826	(929)	17,000,897
Non-controlling interests	3,696,421	19,991	3,716,412	4,127,796	(223)	4,127,573
	19,668,959	103,120	19,772,079	21,129,622	(1,152)	21,128,470

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

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

3. PRINICIPAL 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.

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, 2014.

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

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

New and revised HKFRSs issued but not yet effective

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

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

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

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

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

HKFRS 9 Financial Instruments

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

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 an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

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

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

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

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

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

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

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

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

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

The amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associates or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after a date to be determined. The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

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

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

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

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

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

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

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

Segment revenue and results

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

For the year ended December 31, 2015

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

For the year ended December 31, 2014 (Restated)

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

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

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

Other segment information

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

For the year ended December 31, 2015

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

For the year ended December 31, 2014 (Restated)

	Toll operation *Rmb'000*	Toll related operation *Rmb'000*	Securities operation *Rmb'000*	Other operation *Rmb'000*	Total *Rmb'000*
Income tax expense	623,740	23,420	258,308	–	905,468
Interest income	49,375	8,002	2,547	–	59,924
Interest expense	212,706	–	60,194	–	272,900
Interests in associates	–	534,893	31,818	61,155	627,866
Interest in a joint venture	300,667	–	–	–	300,667
Share of profit (loss) of associates	–	67,035	(8,063)	6,048	65,020
Share of loss of a joint venture	(33,277)	–	–	–	(33,277)
Gain on fair value changes on held for trading investments	15,864	–	262,388	–	278,252
Additions to non-current assets *(Note)*	480,216	25,341	746,439	260,495	1,512,491
Depreciation and amortisation	1,109,593	45,753	77,404	–	1,232,750
Loss on disposal of property, plant and equipment	3,499	9,459	458	–	13,416

Note: non-current assets excluded financial instruments.

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

Geographical information

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

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

Information about major customers

During the years ended December 31, 2015 and 2014, there were no individual customers with sales over 10% of the total sales of the Group.

5. OTHER INCOME

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

6. INCOME TAX EXPENSE

	For the year ended December 31,	
	2015	2014
	Rmb'000	*Rmb'000*
		(Restated)
Current tax:		
PRC Enterprise Income Tax	**1,550,078**	995,619
Deferred tax	**(133,206)**	(90,151)
	1,416,872	905,468

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%.

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

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

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

7. DIVIDENDS

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

The Directors have recommended the payment of a final dividend of Rmb28 cents (2014: Rmb26.5 cents) per share totaling to Rmb1,216,072,000 (2014: Rmb1,150,925,000) in respect of the year ended December 31, 2015, which is subject to approval by the shareholders in the annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on profit for the year attributable to owners of the Company of Rmb2,989,680,000 (2014 (restated): Rmb2,264,994,000) and the 4,343,114,500 (2014: 4,343,114,500) ordinary shares in issue during the year.

Diluted earnings per share presented is the same as basic earnings per share since there were no potential ordinary shares outstanding for the year ended December 31, 2015 and 2014.

9. TRADE RECEIVABLES

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

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

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

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

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

Movement of allowance for doubtful debts

	As at December 31, 2015 *Rmb'000*	As at December 31, 2014 *Rmb'000* (Restated)	As at January 1, 2014 *Rmb'000* (Restated)
At the beginning of the year	**952**	672	956
Impairment recognised for the year	**340**	280	7
Amount reversed during the year	**–**	–	(291)
At the end of the year	**1,292**	952	672

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

10. TRADE PAYABLES

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

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

BUSINESS REVIEW

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

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

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

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

Toll Road Operations

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

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

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

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

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

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

Toll Road-Related Business Operations

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

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

Securities Business

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

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

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

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

Hotel Operation

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

Long-Term Investments

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

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

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

FINANCIAL ANALYSIS

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

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

Liquidity and financial resources

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

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

During the Period, net cash used in the Group's operating activities amounted to Rmb2,676.33 million, net cash generated from the Company's operating activities amounted to Rmb1,553.03 million.

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

Borrowings and solvency

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

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

As at December 31, 2015, the Group's loans from domestic commercial banks include short-term and long-term loans (of which long-term loans due in one year amounted to Rmb300.00 million), with annual fixed interest rates ranging from 4.1325% to 4.6% and floating interest rates ranging from 4.41% to 5.9% per annum. The annual fixed interest rate and floating interest rates for borrowings from other financial institutions was 5.1% and ranged from 4.275% to 4.513%, respectively. The annual interest rates for entrusted loans from Communication Group were fixed at 4.55%. The annual coupon rates for short-term financing note ranged from 2.93% to 3.2%. The annual coupon rate for beneficial certificates ranged from 0.7% to 7.0%. The annual interest rates for subordinated bonds were fixed at rates between 5.69% and 6.3%. The annual interest rates for corporate bonds were fixed at 4.9%, while the annual interest rate for accounts payable to customers arising from the securities business was fixed at 0.35%.

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

As at December 31, 2015, the asset-liability ratio (total liabilities over total assets) of the Group was 70.2% (December 31, 2014 (restated): 61.6%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of accounts payable to customers arising from securities business over total assets less bank balances held on behalf of customers) of the Group was 53.2% (December 31, 2014 (restated): 45.1%).

Capital structure

As at December 31, 2015, the Group had Rmb21,998.65 million in total equity, Rmb45,859.07 million in fixed-rate liabilities, Rmb1,320.00million in floating-rate liabilities, and Rmb4,714.04 million in interest-free liabilities, representing 29.8%, 62.1%, 1.8% and 6.3% of the Group's total capital, respectively. The gearing ratio, which is computed by dividing the total liabilities less accounts payable to customers arising from the securities business by total equity, was 113.1% as at December 31, 2015 (December 31, 2014 (restated): 89.1%).

Capital expenditure commitments and utilization

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

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

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

Contingent liabilities and pledge of assets

Pursuant to the board resolution of the Company dated November 16, 2012, the Company and Shaoxing Communications Investment Group Co., Ltd. (the other joint venture partner that holds 50% equity interest in Shengxin Co) provided Shengxin Co with joint guarantee for its bank loans of Rmb2.20 billion, in accordance with their proportionate equity interest in Shengxin Co. During the Period, Rmb110.00 million of the bank loans had been repaid.

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

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

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

Foreign exchange exposure

During the Period, save for (i) dividend payments to the holders of H shares in Hong Kong dollars and (ii) setting up Zheshang Futures (Hong Kong) Co., Limited with HK$10.00 million contributed capital by Zheshang Futures Co., Ltd., a wholly owned subsidiary of Zheshang Securities, the Group's principal operations were transacted and booked in Renminbi. Therefore, the Group's exposure to exchange fluctuation is limited. During the Period, the Group has not used any financial instruments for hedging purpose.

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

OUTLOOK

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

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

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

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

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.

RESIGNATION OF INDEPENDENT SUPERVISOR

The Company has received a letter of resignation from Mr. Zhang Guohua, an independent supervisor of the Company, pursuant to which Mr. Zhang has resigned from his position as an independent supervisor of the Company with effect from March 17, 2016 due to person reasons.

Mr. Zhang has confirmed that he has no disagreement with the Board or the supervisory committee of the Company, and did not have any matters relating to his resignation that should be brought to the attention of the shareholders of the Company.

Further announcement will be made should there be any appointment of any alternate supervisor by the Company following the resignation of Mr. Zhang. The Board would like to express its appreciation to Mr. Zhang for his valuable contributions to the Company during his term of office.

By Order of the Board
Zhejiang Expressway Co., Ltd
ZHAN Xiaozhang
Chairman

Hangzhou, the PRC, March 17, 2016

As at the date of this announcement, the executive directors of the Company are: Mr. ZHAN Xiaozhang, Mr. CHENG Tao and Ms. LUO Jianhu; 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.