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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)

2016 Annual Results Announcement

- Revenue was Rmb9,735.35 million, representing a decrease of 9.2% year-on-year
- Profit attributable to owners of the Company amounted to Rmb3,037.41 million, representing an increase of 1.6% year-on-year
- Earnings per share was Rmb69.94 cents
- A final dividend of Rmb29.5 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, 2016 (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 Rmb9,735.35 million, representing a decrease of 9.2% over 2015. Profit attributable to owners of the Company was Rmb3,037.41 million, representing an increase of 1.6% year-on-year. Earnings per share for the Period was Rmb69.94 cents (2015: Rmb68.84 cents).

The Directors have recommended to pay a final dividend of Rmb29.5 cents per share (2015: Rmb28 cents). The final dividend is subject to shareholders' approval at the 2016 annual general meeting of the Company and if approved by the shareholders, is expected to be paid on or before June 26, 2017. Together with the interim dividend of Rmb6 cents per share that has already been paid, the total dividend payout during the Period is Rmb35.5 cents per share (2015: Rmb34 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, 2016, together with the comparative figures for 2015:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,	
		2016	2015
	Notes	***Rmb'000***	*Rmb'000*
			(Restated)
Continuing operations			
Revenue	3	**9,735,347**	10,724,781
Operating costs		**(4,596,048)**	(5,278,650)
Gross profit		**5,139,299**	5,446,131
Securities investment gains		**223,573**	584,114
Other income	4	**289,390**	191,887
Administrative expenses		**(81,687)**	(88,421)
Other expenses		**(85,099)**	(158,714)
Share of profit of associates		**64,699**	48,289
Share of profit (loss) of a joint venture		**9,797**	(25,067)
Finance costs		**(671,387)**	(632,495)
Profit before tax		**4,888,585**	5,365,724
Income tax expense	5	**(1,161,570)**	(1,396,774)
Profit for the year from continuing operations		**3,727,015**	3,968,950
Discontinued operations			
Profit for the year from discontinued operations		**81,594**	60,830
Profit for the year		**3,808,609**	4,029,780
Profit for the year attributable to Owners of the Company:			
– Continuing operations		**2,957,291**	2,932,903
– Discontinued operations		**80,114**	56,777
		3,037,405	2,989,680

	Notes	For the year ended December 31, 2016 Rmb'000	2015 Rmb'000 (Restated)
Profit for the year attributable to non-controlling interest:			
– Continuing operations		**769,724**	1,036,047
– Discontinued operations		**1,480**	4,053
		771,204	1,040,100
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
– Fair value gain during the year		**114,883**	137,431
– Reclassification adjustments for cumulative gain included in profit or loss upon disposal		**(64,791)**	(65,826)
Share of other comprehensive income of an associate		**(205)**	–
Share of differences arising on translation		**511**	367
Income tax relating to items that may be reclassified subsequently		**(12,523)**	(17,901)
Other comprehensive income for the year, net of income tax		**37,875**	54,071
Total comprehensive income for the year		**3,846,484**	4,083,851
Total comprehensive income attributable to:			
Owners of the Company		**3,057,158**	3,017,800
Non-controlling interests		**789,326**	1,066,051
		3,846,484	4,083,851
Earnings per share	8		
From continuing and discontinued operations			
– Basic and diluted		**Rmb69.94 cents**	Rmb68.84 cents
From continuing operations – Basic and diluted		**Rmb68.09 cents**	Rmb67.53 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at December 31, 2016 *Rmb'000*	As at December 31, 2015 *Rmb'000*
Non-current assets			
Property, plant and equipment		**3,066,571**	3,178,494
Prepaid lease payments		**52,522**	57,745
Expressway operating rights		**14,498,800**	13,229,442
Goodwill		**86,867**	86,867
Other intangible assets		**148,906**	155,219
Interests in associates		**1,310,486**	583,537
Interest in a joint venture		**285,397**	275,600
Available-for-sale investments		**1,790,978**	1,635,858
Deferred tax assets		**362,681**	329,526
		21,603,208	19,532,288
Current assets			
Inventories		**206,814**	316,528
Trade receivables	9	**275,318**	151,083
Loans to customers arising from margin financing business		**7,910,032**	10,550,590
Other receivables and prepayments		**2,855,099**	1,231,799
Prepaid lease payments		**1,639**	1,939
Dividend receivable		**–**	20,494
Derivative financial assets		**10,931**	2,288
Available-for-sale investments		**1,342,920**	1,032,750
Held for trading investments		**8,144,132**	3,761,224
Financial assets held under resale agreements		**3,965,329**	4,959,155
Bank balances held on behalf of customers		**20,082,265**	27,078,574
Bank balances and cash			
– Time deposits with original maturity over three months		**165,000**	270,000
– Cash and cash equivalents		**7,198,745**	4,983,051
		52,158,224	54,359,475

	Notes	As at December 31, 2016 *Rmb'000*	As at December 31, 2015 *Rmb'000*
Current liabilities			
Placements from other financial institutions		**700,000**	200,000
Accounts payable to customers arising from securities business		**20,073,435**	27,009,641
Trade payables	10	**784,300**	908,616
Tax liabilities		**455,249**	641,606
Other taxes payable		**76,631**	88,022
Other payables and accruals		**2,431,148**	2,809,079
Dividends payable		**261,046**	333
Derivative financial liabilities		**413**	4,258
Bank and other borrowings		**2,116,395**	1,777,951
Short-term financing note payable		**4,828,340**	616,100
Bonds payable		**3,000,000**	3,000,000
Financial assets sold under repurchase agreements		**7,486,743**	5,385,380
Financial liabilities at fair value through profit or loss		**293,658**	–
		42,507,358	42,440,986
Net current assets		**9,650,866**	11,918,489
Total assets less current liabilities		**31,254,074**	31,450,777
Non-current liabilities			
Bank and other borrowings		**–**	1,590,000
Bonds payable		**6,700,000**	7,600,000
Deferred tax liabilities		**378,147**	262,128
		7,078,147	9,452,128
		24,175,927	21,998,649
Capital and reserves			
Share capital		**4,343,115**	4,343,115
Reserves		**13,974,042**	12,393,543
Equity attributable to owners of the Company		**18,317,157**	16,736,658
Non-controlling interests		**5,858,770**	5,261,991
		24,175,927	21,998,649

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 on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

2. **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, 2015.

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

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

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]

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 a date to be determined.

4 Effective for annual periods beginning on or after January 1, 2017.

5 Effective for annual periods beginning on or after January 1, 2017 or January 1, 2018, as appropriate.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("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 attributable to a financial liability's 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 is 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 new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies as at December 31, 2016, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

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.

In 2016, the HKICPA issued Clarification to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18, however, the allocation of total consideration to the respective performance obligations will be based on relative fair values which will potentially affect the timing and amounts of revenue recognition. However, it is no practicable to provide a reasonable estimate of the effect of HKFRS 15 until the directors of the Company performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-for-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing flows.

Under HKAS 17, the Group has already recognised an asset for prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at December 31, 2016, the Group has certain non-cancellable operating lease commitments. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after January 1, 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

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

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

An operating segment regarding toll related operation was discontinued in the current year along with the Group's disposal of Zhejiang Expressway Investment Development Co., Ltd. ("Development Co"), who contributed substantially all the revenue and profit of the operating segment. The segment information reported below and on the next pages does not include any amounts for this discontinued operation which are described in more detail in Note 6.

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, 2016

Continuing operations

	Toll operation *Rmb'000*	**Securities operation** *Rmb'000*	**Others** *Rmb'000*	**Total** *Rmb'000*
Revenue – external sales	**5,279,348**	**4,175,240**	**280,759**	**9,735,347**
Segment profit	**2,477,506**	**1,247,877**	**1,632**	**3,727,015**

For the year ended December 31, 2015

Continuing operations

	Toll operation *Rmb'000*	Securities operation *Rmb'000*	Others *Rmb'000* (Restated)	Total *Rmb'000* (Restated)
Revenue – external sales	4,961,928	5,660,628	102,225	10,724,781
Segment profit	2,105,911	1,851,706	11,333	3,968,950

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

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, 2016	As at December 31, 2015	**As at December 31, 2016**	As at December 31, 2015
	Rmb'000	*Rmb'000* (Restated)	***Rmb'000***	*Rmb'000* (Restated)
Continuing operations				
Toll operation	**17,883,833**	16,112,291	**(5,261,742)**	(4,806,764)
Securities operation	**53,839,312**	55,593,321	**(44,172,118)**	(46,729,548)
Others	**1,951,420**	1,592,743	**(151,645)**	(197,749)
Total segment assets (liabilities)	**73,674,565**	73,298,355	**(49,585,505)**	(51,734,061)
Goodwill	**86,867**	86,867	**–**	–
Assets (liabilities) relating to discontinued operations	**–**	506,541	**–**	(159,053)
Consolidated assets (liabilities)	**73,761,432**	73,891,763	**(49,585,505)**	(51,893,114)

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/loss or segment assets:

For the year ended December 31, 2016

Continuing operations

	Toll operation *Rmb'000*	**Securities operation** *Rmb'000*	**Others** *Rmb'000*	**Total** *Rmb'000*
Income tax expense	**761,688**	**399,882**	**–**	**1,161,570**
Interest income	**27,459**	**–**	**40**	**27,499**
Interest expense	**134,351**	**537,036**	**–**	**671,387**
Interests in associates	**–**	**109,401**	**1,201,085**	**1,310,486**
Interest in a joint venture	**285,397**	**–**	**–**	**285,397**
Share of profit of associates	**–**	**5,397**	**59,302**	**64,699**
Share of profit of a joint venture	**9,797**	**–**	**–**	**9,797**
Gain on fair value changes on held for trading investments	**6,819**	**198,434**	**–**	**205,253**
Additions to non-current assets *(Note)*	**2,564,064**	**169,388**	**595,094**	**3,328,546**
Depreciation and amortisation	**1,174,338**	**104,227**	**17,849**	**1,296,414**
(Gain) loss on disposal of property, plant and equipment	**(2,414)**	**(239)**	**2**	**(2,651)**

For the year ended December 31, 2015
Continuing operations

	Toll operation *Rmb'000*	Securities operation *Rmb'000*	Others *Rmb'000* (Restated)	Total *Rmb'000* (Restated)
Income tax expense	699,845	688,405	8,524	1,396,774
Interest income	53,529	1,813	156	55,498
Interest expense	182,406	448,621	1,468	632,495
Interests in associates	–	42,309	541,228	583,537
Interest in a joint venture	275,600	–	–	275,600
Share of (loss) profit of associates	–	(1,609)	49,898	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	127,686	193,609	479,513
Depreciation and amortisation	1,128,185	77,517	24,528	1,230,230
Loss on disposal of property, plant and equipment	2,371	251	2	2,624

Note: Non-current assets excluded those relating to discontinued operations and excluded financial instruments and deferred tax assets.

Revenue from major services

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

	For the year ended December 31,	
	2016	2015
	Rmb'000	*Rmb'000*
		(Restated)
Toll operation revenue	**5,279,348**	4,961,928
Commission and fee income from securities operation	**2,664,959**	3,932,791
Interest income from securities operation	**1,510,281**	1,727,837
Revenue from sales of properties	**196,928**	–
Hotel and catering revenue	**83,831**	42,421
Toll road maintenance service	**–**	59,804
Total	**9,735,347**	10,724,781

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, 2016 and 2015, 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,	
	2016	2015
	Rmb'000	*Rmb'000*
		(Restated)
Continuing operations		
Interest income on bank balances, entrusted loan receivables and financial products investment	**27,499**	55,498
Rental income	**38,696**	31,911
Handling fee income	**2,449**	2,398
Towing income	**7,718**	8,321
Gain on disposal of an associate	**–**	916
Gain on disposal of a subsidiary	**–**	879
Exchange loss, net	**(22,758)**	(3,330)
Gain (loss) on commodity trading, net	**126,905**	(17,973)
Gain on disposal of part of expressway operating rights	**–**	52,500
Others	**108,881**	60,767
Total	**289,390**	191,887

5. INCOME TAX EXPENSE

	For the year ended December 31,	
	2016	2015
	Rmb'000	*Rmb'000*
		(Restated)
Continuing operations		
Current tax:		
PRC Enterprise Income Tax	**1,216,487**	1,529,980
Deferred tax	**(54,917)**	(133,206)
	1,161,570	1,396,774

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 PRC subsidiaries 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 from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended December 31,	
	2016	2015
	Rmb'000	*Rmb'000*
		(Restated)
Profit before tax	**4,888,585**	5,365,724
Tax at the PRC enterprise income tax rate of 25% (2015: 25%)	**1,222,146**	1,341,431
Tax effect of share of profit of associates	**(16,174)**	(12,072)
Tax effect of share of (profit) loss of a joint venture	**(2,449)**	6,267
Utilisation of unused tax loss previously not recognised	**(24,045)**	(15,135)
Tax effect of expenses not deductible for tax purposes	**13,143**	65,456
Tax effect of income not subjected to tax purpose	**(31,051)**	–
Tax effect of realised gain on disposal of an associate and a subsidiary	**–**	10,827
Tax charge for the year	**1,161,570**	1,396,774

6. DISCONTINUED OPERATION

During the year, the Company disposed of its 100% equity interest in Development Co, which carried out substantially all of the Group's toll related operation. The disposal was effected in order to allow the Company to focus on the toll operation business. This disposal was completed on December 29, 2016, on which date control of Development Co passed to the acquirer.

The profit for the year from the discontinued toll related operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the toll related operation as a discontinued operation.

	For the year ended December 31,	
	2016	2015
	Rmb'000	*Rmb'000*
Profit of toll related operation for the year	**39,943**	60,830
Gain on disposal of toll related operation	**56,993**	–
Income tax from gain on disposal of toll related operation	**(15,342)**	–
	81,594	60,830

The results of the toll related operation for period from January 1, 2016 to December 29, 2016, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the period ended December 29, 2016	For the year ended December 31, 2015
	Rmb'000	*Rmb'000*
Revenue	**654,227**	1,773,414
Cost of sales	**(693,470)**	(1,771,905)
Other income	**122,605**	113,767
Administrative expenses	**(20,432)**	(20,206)
Other expenses	**(11,372)**	(14,142)
Profit before tax	**51,558**	80,928
Income tax expense	**(11,615)**	(20,098)
Profit for the period/year	**39,943**	60,830
Profit for the year from discontinued operation include the following:		
Loss on disposal of property, plant and equipment	**2,003**	4,122
Auditor's remuneration	**144**	124

During the year, Development Co contributed Rmb82.62 million (2015: Rmb58.19 million) to the Group's net operating cash inflows, received Rmb41.54 million (2015: paid Rmb41.35 million) in respect of investing cash activities, and paid Rmb28.72 million (2015: Rmb1.80 million) in respect of financing activities.

7. DIVIDENDS

	For the year ended December 31,	
	2016	2015
	Rmb'000	*Rmb'000*
Dividends recognised as distribution during the year:		
2016 Interim – Rmb6 cents (2015: 2015 Interim – Rmb6 cents) per share	**260,587**	260,587
2015 Final – Rmb28 cents (2015: 2014 Final – Rmb26.5 cents) per share	**1,216,072**	1,150,925
	1,476,659	1,411,512

The final dividend of Rmb29.5 cents per share in respect of the year ended December 31, 2016 (2015: final dividend of Rmb28 cents per share in respect of the year ended December 31, 2015) in the total amount of Rmb1,281,219,000 (2015: Rmb1,216,072,000) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share from continuing operations is based on profit for the year attributable to owners of the Company from continuing operation of Rmb2,957,291,000 (2015 (Restated): Rmb2,932,903,000) and the 4,343,114,500 (2015: 4,343,114,500) ordinary shares in issue during the year.

The calculation of the basic earnings per share from continuing and discontinued operations is based on profit for the year attributable to owners of the Company from continuing and discontinued operation of Rmb3,037,405,000 (2015: Rmb2,989,680,000) and the 4,343,114,500 (2015: 4,343,114,500) ordinary shares in issue during the year.

Basic earnings per share for the discontinued operations is Rmb1.85 cents per share (2015: Rmb1.31 cents per share), based on the profit for the year attributable to owners of the Company from the discontinued operations of Rmb80,114,000 (2015 (Restated): Rmb56,777,000) and the denominators detailed above.

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, 2016 and 2015.

9. TRADE RECEIVABLES

	As at December 31, 2016 *Rmb'000*	As at December 31, 2015 *Rmb'000*
Trade receivables comprise:		
Fellow subsidiaries	**8,068**	10,331
Third parties	**268,656**	142,044
Total trade receivables	**276,724**	152,375
Less: Allowance for doubtful debts	**(1,406)**	(1,292)
	275,318	151,083

The Group has no credit period granted to its trade customers of toll operation businesses. The Group's trade receivable balance for toll operation is toll receivables from the respect expressway fee settlement centre of Zhejiang Province and Anhui 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. ("Zheshang 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, 2016 *Rmb'000*	As at December 31, 2015 *Rmb'000*
Within 3 months	**263,822**	80,949
3 months to 1 year	**9,409**	64,493
1 to 2 years	**1,484**	4,679
Over 2 years	**603**	962
Total	**275,318**	151,083

Movement of allowance for doubtful debts

	As at December 31, 2016 *Rmb'000*	As at December 31, 2015 *Rmb'000*
At the beginning of the year	**1,292**	952
Impairment recognised for the year	**449**	340
Amount reversed during the year	**(244)**	–
Disposal of a subsidiary	**(91)**	–
At the end of the year	**1,406**	1,292

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:

	As at December 31, 2016 *Rmb'000*	As at December 31, 2015 *Rmb'000*
Within 3 months	**339,391**	422,424
3 months to 1 year	**117,706**	230,650
1 to 2 years	**190,561**	117,341
2 to 3 years	**38,879**	35,425
Over 3 years	**97,763**	102,776
Total	**784,300**	908,616

BUSINESS REVIEW

In 2016, China's economy grew at a slower pace with a 6.7% increase in national GDP during the Period compared with last year due to downward pressure caused by sluggish global economic growth. During the year, Zhejiang Province's economy benefited from the stable increase in fixed asset investment, consumption, and trade demand. In 2016, Zhejiang Province's GDP growth recorded at 7.5%, 0.8 percentage points higher than the national rate.

As Zhejiang Province's economy steadily improved during the Period, traffic volume on the Group's expressways continued to maintain solid organic growth. Revenue from the Group's overall operations decreased 9.2% year-on-year. Total revenue reached Rmb9,735.35 million, of which Rmb5,279.35 million was generated from the five major expressways operated by the Group, representing an increase of 6.4% year-on-year and 54.2% of the total revenue, and Rmb4,175.24 million was from the securities business, representing a decrease of 26.2% year-on-year and 42.9% of the total revenue. A breakdown of the Group's revenue for the Period is set out below:

	2016	2015	
	Rmb'000	*Rmb'000* (Restated)	% Change
Toll revenue			
Shanghai-Hangzhou-Ningbo Expressway	**3,342,577**	3,148,502	6.2%
Shangsan Expressway	**1,112,297**	1,019,916	9.1%
Jinhua section, Ningbo-Jinhua Expressway	**335,090**	344,999	-2.9%
Hanghui Expressway	**446,392**	448,511	-0.5%
Huihang Expressway	**42,992**	–	N/A
Securities business revenue			
Commission	**2,664,959**	3,932,791	-32.2%
Interest income	**1,510,281**	1,727,837	-12.6%
Other operation revenue			
Hotel operation	**83,831**	42,421	97.6%
Property sales	**196,928**	–	N/A
Road maintenance	**–**	59,804	-100.0%
Total revenue	**9,735,347**	10,724,781	-9.2%

Toll Road Operations
Driven by Zhejiang Province's economic development momentum, during the Period, traffic volume on the Group's expressways registered decent organic growth. During the Period, the organic traffic volume growth rates for the Group's five expressways, namely the Shanghai-Hangzhou-Ningbo Expressway, the Shangsan Expressway, the Jinhua Section of the Ningbo-Jinhua Expressway, the Hanghui Expressway, and Huihang Expressway, were 8.6%, 8.5%, 8.7%, 7.8% and 8.0%, respectively, with the varied rates of growth due to the different regions where the five expressways are located.

During the Period, the opening of the Hangzhou Xiaoshan Airport Expressway and surrounding elevated highways in May 2016 caused certain traffic volume diversion for the Qiantang River Second Bridge of the Hangzhou-Ningbo Expressway operated by the Group. Starting from November 25, 2016, freight vehicles were able to resume and use the Qiantang River Second Bridge, resulting in a significant recovery in truck traffic volume of the section. Additionally, during the G20 Hangzhou Summit in early September 2016, traffic volume on expressways operated by the Company recorded varied rates of decline, as affected by the expressway traffic restrictions policies across Zhejiang Province, namely the "odd-even" license plate and truck traffic restrictions. However, thanks to the "post-G20 effect", the Shanghai-Hangzhou-Ningbo Expressway rebounded strongly afterwards in traffic volume and recorded steady growth in toll revenue.

During the Period, due to the toll rate (2015) increase on the neighboring Hangzhou Bay Bridge, some trucks opted to use the Shangsan Expressway instead. As a result, truck traffic of the Shangsan Expressway grew rapidly, and the overall traffic volume of the section maintained steady growth.

During the Period, the Hangzhou-Jinhua-Quzhou Expressway, which had been closed for construction, reopened in late September 2015, leading to a significant decline in traffic volume of the neighboring Jinhua Section of the Ningbo-Jinhua Expressway. In addition, the Dongyang-Yongkang Expressway was opened to traffic in July 2015 and caused a continuous diversion impact on traffic volume from the Jinhua Section of the Ningbo-Jinhua Expressway. As a result of these factors, there was a notable decrease in the overall traffic volume on the Jinhua Section of the Ningbo-Jinhua Expressway during the Period.

During 2015, a section of the Hangzhou-Jinhua-Quzhou Expressway, which is not operated by the Group but runs parallel to the Hanghui Expressway and the Huihang Expressways, was reopened for traffic following construction, and certain sections of expressways running from Jiangxi to Hangzhou cancelled their truck height limits. As a result, a majority of long-distance trucks have returned to their original routes or chose alternative local roads, causing a significant decrease in the truck traffic volume on the Hanghui Expressway and the Huihang Expressway. In addition, some neighboring expressways in Anhui Province were opened to traffic and created a diversion impact on the traffic volume of several sections to the east of Hangzhou. Despite these negative impacts, during the Period, the Hanghui Expressway and the Huihang Expressway recorded steady growth in overall traffic volume, bolstered by the strong "post-G20 effect" as well as the increased tourism traffic volume due to fine weather conditions in the second half of the year.

During the Period, the average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 50,611, representing an increase of 5.7% 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 50,785, representing an increase of 9.8% year-on-year, and that along the Hangzhou-Ningbo Section was 50,487, representing an increase of 3.0% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 27,094, representing an increase of 8.6% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 17,932, representing a decrease of 4.6% year-on-year. Average daily traffic volume in full-trip equivalents along the Hanghui Expressway was 16,177, representing an increase of 5.1% year-on-year. Average daily traffic volume in full-trip equivalents along the Huihang Expressway was 7,413, representing an increase of 3.4% year-on-year.

During the Period, total toll revenue from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsan Expressway, the 70km Jinhua Section of the Ningbo-Jinhua Expressway, the 122km Hanghui Expressway and the 82km Huihang Expressway was Rmb5,279.35 million. Among which, toll revenue from the Shanghai-Hangzhou-Ningbo Expressway was Rmb3,342.58 million, representing an increase of 6.2% year-on-year; toll revenue from the Shangsan Expressway was Rmb1,112.30 million, representing an increase of 9.1% year-on-year; toll revenue from the Jinhua Section of the Ningbo-Jinhua Expressway was Rmb335.09 million, representing a decrease of 2.9% year-on-year; and toll revenue from the Hanghui Expressway was Rmb446.39 million, representing an increase of 0.3% year-on-year (on the same basis as last year). The Huihang Expressway, which was acquired by the Group in September 2016, contributed toll revenue of Rmb42.99 million to be consolidated into the Group.

Securities Business

During the Period, due to the volatility in domestic stock markets, trading volume on the Shanghai and Shenzhen stock markets decreased 48.8% year-on-year in total. Moreover, overall brokerage commission rate has been declining as affected by the increasingly fierce market competition and growing popularity of online trading platforms. As a result of these factors, during the Period, though revenue from Zheshang Securities' investment banking business and asset management business experienced growth, its other business segments recorded varied levels of revenue decreases year-on-year.

During the Period, due to continued weak domestic market conditions, Zheshang Securities recorded total revenue of Rmb4,175.24 million, a decrease of 26.2% year-on-year. Of which, commission and fee income declined 32.2% year-on-year to Rmb2,664.96 million, and interest income from the securities business was Rmb1,510.28 million, representing a decrease of 12.6% year-on-year. In addition, 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 Rmb205.28 million (2015: gains of Rmb571.50 million).

Meanwhile, the IPO application of Zheshang Securities was submitted to the Shanghai Stock Exchange in May 2013 and is currently waiting on the China Securities Regulatory Commission's review and approval.

Other Business Operations

Other business income was mainly derived from hotel operations and sales of ancillary apartments, namely the Qiyu Apartments.

Grand New Century Hotel, owned by Zhejiang Yuhang Expressway Co., Ltd. (a 51% owned subsidiary of the Company), realized revenue of Rmb83.83 million for the Period.

Qiyu Apartments opened for sale on November 29, 2015, 410 flats were sold during the Period and realized sales revenue of Rmb196.93 million.

Long-Term Investments

Zhejiang Shaoxing Shengxin Expressway Co., Ltd. ("Shengxin Co", a 50% owned joint venture of the Company) operates the 73.4km Shaoxing Section of the Ningbo-Jinhua Expressway. During the Period, the average daily traffic volume in full-trip equivalents was 17,047, representing an increase of 13.4% year-on-year. Toll revenue during the Period was Rmb364.52 million. During the Period, the joint venture turned profitable for the first time and reported a net profit of Rmb19.59 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 commissions for providing financial services, including arranging loans and receiving deposits, for the 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 Rmb122.57 million (2015: net profit of Rmb139.61 million).

During the Period, Yangtze United Financial Leasing Co., Ltd. (a 13% owned associate company of the Company, the ownership increased from 9% on December 14, 2016), was involved in the finance leasing business, transferring and receiving the transfer of financial leasing assets, fixed-income securities investment businesses, and other businesses approved by China Securities Regulatory Commission. During the Period, this associate company realized a net profit of Rmb134.15 million (2015: net profit of Rmb4.73 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 Rmb3,037.41 million, representing an increase of 1.6% year-on-year, return on owners' equity was 16.6%, representing a decline of 7.3% year-on-year, while earnings per share from continuing and discontinued operations for the Company was Rmb69.94 cents.

Liquidity and financial resources

As at December 31, 2016, current assets of the Group amounted to Rmb52,158.22 million in aggregate (December 31, 2015: Rmb54,359.48 million), of which bank balances and cash accounted for 14.1% (December 31, 2015: 9.7%), bank balances held on behalf of customers accounted for 38.5% (December 31, 2015: 49.8%),held for trading investments accounted for 15.6% (December 31, 2015: 6.9%) and loans to customers arising from margin financing business accounted for 15.2% (December 31, 2015: 19.4%). The current ratio (current assets over current liabilities) of the Group as at December 31, 2016 was 1.2 (December 31, 2015: 1.3). 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 1.4 (December 31, 2015: 1.8).

The amount of held for trading investments of the Group as at December 31, 2016 was Rmb8,144.13 million (December 31, 2015: Rmb3,761.22 million), of which 83.4% was invested in bonds, 0.8% 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 Rmb4,719.24 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, 2016, total liabilities of the Group amounted to Rmb49,585.51 million (December 31, 2015: Rmb51,893.11 million), of which 4.3% was bank and other borrowings, 9.7% was short-term financing note payable, 19.6% was bonds payable, 15.1% was financial assets sold under repurchase agreements and 40.5% was accounts payable to customers arising from securities business.

As at December 31, 2016, total interest-bearing borrowings of the Group amounted to Rmb16,644.74 million, representing an increase of 14.1% compared to that as at December 31, 2015. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb2,101.40 million, borrowings from other financial institution of Rmb15.00 million, subordinated bonds of Rmb5.50 billion, corporate bonds of Rmb3.40 billion, short-term financing note of Rmb1.50 billion and beneficial certificates of Rmb4,128.34 million. Of the interest-bearing borrowings, 40.3% was not payable within one year.

As at December 31, 2016, the Group's loans from domestic commercial banks were short-term loans, loans amounted to Rmb1,714.50 million with annual fixed interest rates between 3.915% and 4.35%, and loans amounted Rmb386.90 million with floating interest rate at 2.23%. The floating interest rate for borrowings from other financial institutions was 3.915%. The annual interest rates for short-term financing note were fixed at 2.62% and 2.78%. Beneficial certificates amounted Rmb29.14 million with floating rate at 1.0%, and beneficial certificates amounted Rmb4,099.20 million with fixed rates between 3.7% and 6.0%.The annual interest rates for subordinated bonds were fixed at rates between 3.63% and 6.3%. The annual interest rates for corporate bonds were fixed at 3.08% and 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 and profit before interest and tax from continuing and discontinued operations for the Period amounted to Rmb671.39 million and Rmb5,668.52 million, respectively. The interest cover ratio (profit before interest and tax over interest expenses) stood at 8.4 (2015: 9.6) times.

As at December 31, 2016, the asset-liability ratio (total liabilities over total assets) of the Group was 67.2% (December 31, 2015: 70.2%). 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 55.0% (December 31, 2015: 53.2%).

Capital structure

As at December 31, 2016, the Group had Rmb24,175.93 million in total equity, Rmb44,473.88 million in fixed-rate liabilities, Rmb431.04 million in floating-rate liabilities, and Rmb4,680.59 million in interest-free liabilities, representing 32.8%, 60.3%, 0.6% 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 122.1% as at December 31, 2016 (December 31, 2015: 113.1%).

Capital expenditure commitments and utilization

During the Period, capital expenditure of the Group totaled Rmb3,164.14 million. Amongst the total capital expenditure, Rmb570.00 million was incurred for acquiring 100% equity interest in Huangshan Yangtse Huihang Expressway Co., Ltd. ("Huihang Co"), Rmb1,600.00 million was incurred for additional capital contribution in Huihang Co, Rmb656.90 million was incurred for other equity investments, Rmb94.98 million was incurred for acquisition and construction of properties, and Rmb242.26 million was incurred for purchase and construction of equipment and facilities.

As at December 31, 2016, the capital expenditure committed by the Group totaled Rmb554.55 million. Amongst the total capital expenditures committed by the Group, Rmb242.40 million will be used for acquisition and construction of properties and Rmb312.15 million for acquisition and construction of equipment and facilities.

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 Rmb2.2 billion, in accordance with their proportionate equity interest in Shengxin Co. During the Period, Rmb148.00 million of the bank loans had been repaid. As at December 31, 2016, the remaining bank loan balance is Rmb1,892.00 million.

Except for the above, as at December 31, 2016, 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, (ii) borrowing HK$432.53 million on June 8, 2016, and (iii) Zheshang International Financial Holding Co., Limited. (a wholly owned subsidiary of Zheshang Securities) operating in Hong Kong, the Group's principal operations were transacted and booked in Renminbi. During the Period, the Group purchased one-year HK dollar forwards of equivalent amount to hedge the foreign exchange risk derived from the Hong Kong dollar borrowing. Except for the above, during the Period, the Group has not used any other financial instruments for hedging purpose. Therefore, the Group's exposure to exchange fluctuation is limited.

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

Looking ahead to 2017, though the global economy is still struggling to recover and China's economy slowdown may raise further pressures, the Chinese government is expected to carry on macroeconomic improvements on policies and innovative regulatory measures for positive economic changes. As the economic transformation and related effects are becoming more visible, Zhejiang Province anticipates steady improvements in the overall economy, bringing solid opportunities for the Company's steady development. However, as China will still face relatively intense economic pressure, the Group expects that organic traffic volume growth in 2017 is likely to slow down, albeit with a steady increase in overall traffic volume.

In addition, Kaihua-Jiande section of the Hangzhou-Xinanjiang-Jingdezhen Expressway, which was opened for traffic in December 2016, is expected to cause a slight diversion impact on the Hanghui Expressway and Huihang Expressway operated by the Group. However, Jiufeng Road Toll Station along the Hanghui Expressway, which will be put into operation in May 2017, is expected to attract more vehicles to use this section and increase toll revenue. In addition to the synergies provided by the ongoing measures, including strengthening analysis of newly opened networks and attracting more traffic with better road signage, the company will also seek to improve service quality and efficiency through the implementation of new IT-systems, such as mobile payments, to provide a better customer experience. The Group will continue to enhance the quality of expressway operations and services to assure safe and smooth traffic flow.

Though China's stock market remained sluggish and trading volume on the Shanghai and Shenzhen stock markets continues to stay weak, the Chinese government is actively promoting the healthy development of a multi-tiered capital market, while the China Securities Regulatory Commission has also rolled out major initiatives in terms of market supervision, which could bring new opportunities to the Group's securities business. While strengthening cost controls and risk management and actively accelerating its A-Share listing application on the Shanghai Stock Exchange, Zheshang Securities will also look to strengthen its capital base. Zheshang Securities will focus on growing its key businesses where the Company holds advantages, while transforming and upgrading its traditional businesses and developing additional innovative businesses. In addition, Zheshang Securities will optimize and adjust business mix, and enhance profitability and competitiveness to become more resilient to challenges from the current market environment and intense industry competition, in order to promote sustained and healthy development of all its businesses.

As the macroeconomic downturn continues and the capital market is expected to remain sluggish, the Company will keep its foothold upon its development advantages and proactively explore investment and merger and acquisition opportunities, with the aim of expanding and enhancing the core expressway business. In addition, the Company will also strengthen its securities business. The management will keep monitoring policy and external environment to appropriately adjust the Company's operational strategy. With a focus on effective risk control, the Company will explore suitable investment and development project via different channels, thereby cultivating the management capability of operating diversified businesses, in order to promote the Company's overall and sustainable development over the long term.

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 27, 2017

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.