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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)

2018 ANNUAL RESULTS ANNOUNCEMENT

- Revenue was Rmb9,568.32 million, representing a decrease of 0.6% year-on-year
- Profit attributable to owners of the Company was Rmb3,480.54 million, representing an increase of 8.7% year-on-year
- Basic earnings per share was Rmb80.14 cents, and diluted earnings per share was Rmb75.52 cents
- A dividend of Rmb37.5 cents per share was 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, 2018 (the "Period"), with the basis of preparation as stated in note 1 set out below.

During the Period, revenue for the Group was Rmb9,568.32 million, representing a decrease of 0.6% over 2017. Profit attributable to owners of the Company was Rmb3,480.54 million, representing an increase of 8.7% year-on-year. Basic earnings per share for the Period was Rmb80.14 cents (2017: Rmb73.73 cents), and diluted earnings per share for the Period was Rmb75.52 cents (2017: Rmb71.36 cents).

The Directors recommended a dividend of Rmb37.5 cents per share (2017: final dividend Rmb30.0 cents). The dividend is subject to shareholder's approval at the Company's 2018 annual general meeting.

The audit committee of the Company has reviewed the Group's consolidated financial statements 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, 2018, with comparative figures for 2017, and relevant notes to the consolidated financial statements:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,	
		2018	2017
	Notes	***Rmb'000***	*Rmb'000*
Revenue	3	**9,568,321**	9,626,340
Including: interest income		**1,458,476**	1,402,940
Operating costs		**(4,684,509)**	(4,656,163)
Gross profit		**4,883,812**	4,970,177
Securities investment gains		**512,449**	774,885
Other income and gains and losses	4	**363,508**	103,639
Administrative expenses		**(99,844)**	(98,496)
Other expenses		**(86,160)**	(75,218)
Reversal (recognition) of impairment losses, net		**47,268**	(59,109)
Share of profit of associates		**350,578**	161,502
Share of profit of a joint venture		**30,037**	17,668
Finance costs		**(866,317)**	(611,747)
Profit before tax		**5,135,331**	5,183,301
Income tax expense	5	**(1,142,988)**	(1,192,269)
Profit for the year		**3,992,343**	3,991,032
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale ("AFS") financial assets:			
– Fair value gain during the year		**–**	276,849
– Reclassification adjustments for cumulative gain upon disposal		**–**	(105,560)
Share of other comprehensive expense of associates		**–**	(2,672)
Exchange differences on translation of financial statements of foreign operations		**2,253**	(605)
Income tax relating to items that may be reclassified subsequently		**–**	(42,822)
Other comprehensive income for the year, net of income tax		**2,253**	125,190
Total comprehensive income for the year		**3,994,596**	4,116,222

	Notes	For the year ended December 31, **2018** ***Rmb'000***	2017 *Rmb'000*
Profit for the year attributable to:			
Owners of the Company		**3,480,537**	3,202,130
Non-controlling interests		**511,806**	788,902
		3,992,343	3,991,032
Total comprehensive income attributable to:			
Owners of the Company		**3,481,594**	3,259,347
Non-controlling interests		**513,002**	856,875
		3,994,596	4,116,222
Earnings per share	7		
Basic (Rmb cents)		**80.14**	73.73
Diluted (Rmb cents)		**75.52**	71.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at December 31, 2018** *Rmb'000*	As at December 31, 2017 *Rmb'000*
Non-current assets			
Property, plant and equipment		**2,882,791**	2,948,134
Prepaid lease payments		**63,163**	65,300
Expressway operating rights		**12,260,548**	13,379,674
Goodwill		**86,867**	86,867
Other intangible assets		**173,658**	161,486
Interests in associates		**5,211,412**	1,686,227
Interest in a joint venture		**333,102**	303,065
AFS investments		**–**	711,715
Financial assets at fair value through profit or loss ("FVTPL")		**17,200**	–
Contract asset		**252,868**	–
Deferred tax assets		**318,236**	355,803
		21,599,845	19,698,271
Current assets			
Inventories		**157,416**	131,261
Trade receivables	8	**216,233**	244,587
Loans to customers arising from margin financing business		**5,850,084**	7,851,609
Other receivables and prepayments		**407,684**	911,226
Prepaid lease payments		**2,137**	2,137
Derivative financial assets		**4,169**	4,587
AFS investments		**–**	1,800,835
Held for trading investments		**–**	12,568,694
Financial assets at FVTPL		**21,558,606**	–
Financial assets held under resale agreements		**8,206,182**	9,793,492
Bank balances and clearing settlement fund held on behalf of customers		**14,742,161**	15,035,007
Pledged bank deposit		**10,000**	–
Bank balances, clearing settlement fund, deposits and cash			
– Time deposits with original maturity over three months		**280,913**	20,000
– Cash and cash equivalents		**6,477,724**	5,588,814
		57,913,309	53,952,249

	Notes	As at December 31, 2018 *Rmb'000*	As at December 31, 2017 *Rmb'000*
Current liabilities			
Placements from other financial institutions		**400,679**	–
Accounts payable to customers arising from securities business		**14,653,413**	14,933,719
Trade payables	9	**575,465**	628,592
Tax liabilities		**478,183**	608,284
Other taxes payable		**96,931**	90,266
Other payables and accruals		**1,630,327**	2,515,399
Contract liabilities		**7,572**	–
Dividends payable		**847**	261,239
Derivative financial liabilities		**3,818**	3,941
Bank and other borrowings		**200,741**	420,000
Short-term financing note payable		**1,551**	762,800
Bonds payable		**5,766,458**	1,300,000
Financial assets sold under repurchase agreements		**11,086,710**	10,523,414
Financial liabilities at FVTPL		**364,714**	373,427
		35,267,409	32,421,081
Net current assets		**22,645,900**	21,531,168
Total assets less current liabilities		**44,245,745**	41,229,439
Non-current liabilities			
Bank and other borrowings		**60,000**	60,000
Bonds payable		**9,450,000**	8,850,000
Convertible bond	10	**2,709,663**	2,720,654
Deferred tax liabilities		**321,889**	394,434
		12,541,552	12,025,088
		31,704,193	29,204,351
Capital and reserves			
Share capital		**4,343,115**	4,343,115
Reserves		**18,490,045**	16,311,385
Equity attributable to owners of the Company		**22,833,160**	20,654,500
Non-controlling interests		**8,871,033**	8,549,851
		31,704,193	29,204,351

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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. PRINCIPAL ACCOUNTING POLICIES

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

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, 2017.

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and 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.

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, January 1, 2018. Except for the reclassification of the certain items in other payables and accrual to contract liabilities, there is no difference at the date of initial application and the comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at January 1, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

Revenue of the Group comprises primarily toll revenue, hotel and catering revenue, construction of a high grade road, commission on securities and futures dealing and broking, interest income arising from margin financing and securities lending, deposits and financial assets under resale agreements, asset management and fund management fees and underwriting and financial advisory fees. Interest income is not under the scope of HKFRS15.

Summary of effects arising from initial application of HKFRS 15

There is no significant impacts of transition to HKFRS 15 on retained profits at January 1, 2018.

The following adjustment was made to the amounts recognised in the consolidated statement of financial position at January 1, 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at December 31, 2017	**Reclassification**	**Carrying amounts under HKFRS 15 at January 1, 2018***
	Rmb'000	*Rmb'000*	*Rmb'000*
Current liabilities			
Other payables and accruals	2,515,399	(19,614)	2,495,785
Contract liabilities	–	19,614	19,614

* The amounts in this column are before the adjustments from the application of HKFRS 9.

As at January 1, 2018, advances from customers of Rmb19,614,000 in respect of sponsoring contracts previously included in other payables and accruals were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at December 31, 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported *Rmb'000*	Adjustments *Rmb'000*	Amounts without application of HKFRS 15 *Rmb'000*
Non-current Assets			
Contract asset	252,868	(252,868)	–
Trade receivables	–	252,868	252,868
Current Liabilities			
Contract liabilities	7,572	(7,572)	–
Other payables and accruals	1,630,327	7,572	1,637,899

HKFRS 9 Financial Instruments and the related amendments

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, contract assets, loan commitment and financial guarantee contracts, and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at January 1, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at January 1, 2018. The difference between carrying amounts as at December 31, 2017 and the carrying amounts as at January 1, 2018 is recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, January 1, 2018.

	Notes	Available-for-sale-investment *Rmb'000*	Held for trading investments *Rmb'000*	Financial assets at FVTPL required by HKFRS 9 *Rmb'000*	Investment revaluation reserve *Rmb'000*	Retained profits *Rmb'000*
Closing balance at December 31, 2017 – HKAS 39		2,512,550	12,568,694	–	133,331	5,844,141
Effect arising from initial application of HKFRS 9:						
Reclassification						
From AFS investments	(a)	(2,512,550)	–	2,512,550	(136,227)	136,227
From held for trading investments	(a)	–	(12,568,694)	12,568,694	–	–
Cumulative fair value losses attributable from AFS investment held by the Group's associates	(b)	–	–	–	2,896	(2,896)
Remeasurement		–	–	–	–	–
Impairment under ECL model	(c)	–	–	–	–	–
Opening balance at January 1, 2018		–	–	15,081,244	–	5,977,472

(a) AFS investments and held for trading investments

From AFS investments and held for trading investments to financial assets at FVTPL

At the date of initial application of HKFRS 9, the Group's equity investments and other investments of Rmb2,512,550,000 and Rmb12,568,694,000 were reclassified from AFS investments and held for trading investments, respectively to financial assets at FVTPL. The fair value gains net of deferred taxation, totalling Rmb136,227,000 relating to those investments previously carried at fair value were transferred from investment revaluation reserve to retained profits.

(b) Impact on HKFRS 9 attributable to AFS investments held by the Group's associates

The net effects arising from the initial application of HKFRS 9 resulted in a reclassification of the Group's respective cumulative fair value losses net of deferred taxation, totalling Rmb2,896,000 arising from the AFS investments held by the Group's associates from investment revaluation reserve to retained profits.

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Except for those which had been determined as credit impaired under HKAS 39, the remaining balance are grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including loans to customers arising from margin financing business, other receivables, financial assets held under resale agreements, pledged bank deposits, bank balances and clearing settlement fund held on behalf of customers, and bank balances, clearing settlement fund, deposits and cash, are measured on 12m or lifetime ECL basis, depending on whether there had been significant increase in credit risk since initial recognition.

Upon the initial adoption of HKFRS 9 on January 1, 2018, the management of the Group has assessed that the amount of allowance on the financial assets, which was subject to impairment assessment, as estimated under the ECL under HKFRS 9 was not materially different from such under the “incurred loss model” under HKAS 39, and therefore, the opening balances of these financial assets as of January 1, 2018 had not been adjusted, accordingly.

3. OPERATING SEGMENTS

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 and future broking, margin financing and securities lending, securities underwriting and sponsorship, asset management, advisory services and proprietary trading;

(iii) Others – hotel operation, high grade road construction, investment in other financial institutions 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, 2018

	Toll operation *Rmb'000*	**Securities operation** *Rmb'000*	**Others** *Rmb'000*	**Total** *Rmb'000*
Revenue – external customers	**6,302,370**	**2,921,274**	**344,677**	**9,568,321**
Segment profit	**3,150,796**	**468,665**	**372,882**	**3,992,343**

For the year ended December 31, 2017

	Toll operation *Rmb'000*	Securities operation *Rmb'000*	Others *Rmb'000*	Total *Rmb'000*
Revenue – external customers	5,986,249	3,491,250	148,841	9,626,340
Segment profit	2,754,152	1,045,237	191,643	3,991,032

The accounting policies of the operating segments are the same as the Group's accounting policies. 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, 2018	As at December 31, 2017	**As at December 31, 2018**	As at December 31, 2017
	Rmb'000	*Rmb'000*	***Rmb'000***	*Rmb'000*
Toll operation	**16,570,495**	18,261,586	**(4,459,382)**	(4,995,482)
Securities operation	**57,254,963**	53,215,230	**(43,326,330)**	(39,424,352)
Others	**5,600,829**	2,086,837	**(23,249)**	(26,335)
Total segment assets (liabilities)	**79,426,287**	73,563,653	**(47,808,961)**	(44,446,169)
Goodwill	**86,867**	86,867	**–**	–
Consolidated assets (liabilities)	**79,513,154**	73,650,520	**(47,808,961)**	(44,446,169)

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, 2018

	Toll operation *Rmb'000*	Securities operation *Rmb'000*	Others *Rmb'000*	Total *Rmb'000*
Income tax expense	**975,296**	**161,225**	**6,467**	**1,142,988**
Interest income on bank balances and entrusted loan receivables	**59,594**	**–**	**186**	**59,780**
Interest expense	**171,863**	**694,454**	**–**	**866,317**
Interests in associates	**–**	**297,896**	**4,913,516**	**5,211,412**
Interest in a joint venture	**333,102**	**–**	**–**	**333,102**
Share of (loss) profit of associates	**–**	**(2,904)**	**353,482**	**350,578**
Share of profit of a joint venture	**30,037**	**–**	**–**	**30,037**
Gain arising from financial assets at FVTPL	**–**	**526,479**	**–**	**526,479**
Gain on decrease in fair value in respect of the derivative component of Convertible Bond *(as defined in Note10)*	**127,094**	**–**	**–**	**127,094**
Additions to non-current assets *(Note)*	**146,844**	**98,975**	**3,225,286**	**3,471,105**
Depreciation and amortisation	**1,283,486**	**113,943**	**17,831**	**1,415,260**
Loss on disposal of property, plant and equipment	**465**	**318**	**–**	**783**

For the year ended December 31, 2017

	Toll operation *Rmb'000*	Securities operation *Rmb'000*	Others *Rmb'000*	Total *Rmb'000*
Income tax expense	845,248	339,462	7,559	1,192,269
Interest income on bank balances and entrusted loan receivables	25,945	–	72	26,017
Interest expense	135,275	476,472	–	611,747
Interests in associates	–	317,163	1,369,064	1,686,227
Interest in a joint venture	303,065	–	–	303,065
Share of (loss) profit of associates	–	(7,466)	168,968	161,502
Share of profit of a joint venture	17,668	–	–	17,668
Gain on fair value changes on held for trading investments	174	525,491	–	525,665
Gain on decrease in fair value in respect of the derivative component of Convertible Bond	149,479	–	–	149,479
Additions to non-current assets *(Note)*	106,652	306,397	30,356	443,405
Depreciation and amortisation	1,283,545	110,401	19,137	1,413,083
Loss on disposal of property, plant and equipment	2,484	1,081	–	3,565

Note: Non-current assets excluded financial instruments and deferred tax assets.

Revenue from major services

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

	For the year ended December 31,	
	2018	2017
	Rmb'000	*Rmb'000*
Toll operation revenue	**6,302,370**	5,986,249
Commission and fee income from securities operation	**1,462,798**	2,088,310
Interest income from securities operation	**1,458,476**	1,402,940
Revenue from sales of properties	**–**	47,865
Hotel and catering revenue	**106,097**	100,976
Revenue from construction	**238,580**	–
	9,568,321	9,626,340

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 attributed to the group entities' country of domicile (i.e. the PRC).

Information about major customers

During the years ended December 31, 2018 and 2017, there are no individual customer with sales over 10% of the total revenue of the Group.

4. OTHER INCOME AND GAINS AND LOSSES

	For the year ended December 31,	
	2018	2017
	Rmb'000	*Rmb'000*
Interest income on bank balances and entrusted loan receivables	**59,780**	26,017
Rental income *(Note)*	**39,737**	42,498
Handling fee income	**3,188**	2,818
Towing income	**6,572**	7,128
Gain on decrease in fair value in respect of the derivative component of Convertible Bond	**127,094**	149,479
Exchange gain (loss), net	**55,637**	(212,146)
(Loss) gain on commodity trading, net	**(17,893)**	21,125
Others	**89,393**	66,720
	363,508	103,639

Note: Rental income included contingent rent of approximately Rmb3,895,000 (2017: Rmb3,817,000) recognised during the year.

5. INCOME TAX EXPENSE

	For the year ended December 31,	
	2018	2017
	Rmb'000	*Rmb'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**1,177,966**	1,211,926
Deferred tax	**(34,978)**	(19,657)
	1,142,988	1,192,269

Under the Law of the PRC on EIT and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No Hong Kong Profits Tax has been provided as the Group has no estimated assessable profit in Hong Kong for both years.

The income tax expense 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,	
	2018	2017
	Rmb'000	*Rmb'000*
Profit before tax	**5,135,331**	5,183,301
Tax at the PRC EIT rate of 25% (2017: 25%)	**1,283,833**	1,295,825
Tax effect of share of profit of associates	**(87,645)**	(40,376)
Tax effect of share of profit of a joint venture	**(7,509)**	(4,417)
Utilisation of unused tax loss previously not recognised	**(45,869)**	(35,505)
Tax effect of expenses not deductible for tax purposes	**38,078**	25,126
Tax effect of income not subjected to tax purposes	**(37,900)**	(48,384)
Income tax expense for the year	**1,142,988**	1,192,269

6. DIVIDENDS

	For the year ended December 31,	
	2018	2017
	Rmb'000	*Rmb'000*
Dividends recognised as distribution during the year:		
2018 Interim – no distribution		
(2017: 2017 Interim – Rmb6 cents per share)	**–**	260,587
2017 Final – Rmb30.0 cents		
(2017: 2016 Final – Rmb29.5 cents per share)	**1,302,934**	1,281,219
	1,302,934	1,541,806

Dividend of Rmb37.5 cents per share in respect of the year ended December 31, 2018 (2017: final dividend of Rmb30.0 cents per share in respect of the year ended December 31, 2017) in the total amount of Rmb1,628,668,000 (2017: Rmb1,302,934,000) has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	For the year ended December 31,	
	2018	2017
	Rmb'000	*Rmb'000*
Profit for the year attributable to owners of the Company	**3,480,537**	3,202,130
Earnings for the purpose of basic earnings per share	**3,480,537**	3,202,130
Effect of dilutive potential ordinary shares arising from Convertible Bond	**(14,341)**	16,180
Earnings for the purpose of diluted earnings per share	**3,466,196**	3,218,310

Number of shares

	For the year ended December 31,	
	2018	2017
	'000	*'000*
Number of ordinary shares for the purpose of basic earnings per share	**4,343,115**	4,343,115
Effect of dilutive potential ordinary shares arising from Convertible Bond	**246,632**	166,746
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,589,747**	4,509,861

8. TRADE RECEIVABLES

	As at December 31, 2018 *Rmb'000*	As at December 31, 2017 *Rmb'000*
Trade receivables		
– goods and services	**219,458**	246,815
Less: Allowance for credit losses	**(3,225)**	(2,228)
	216,233	244,587
Trade receivables (before allowance for credit losses) comprise:		
Fellow subsidiaries	**10,578**	10,207
Third parties	**208,880**	236,608
Total trade receivables	**219,458**	246,815

The Group has no credit period granted to its trade customers of toll operation business. 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, Transportation Bureau of Yuhang County of Hangzhou, Transportation Bureau of Yiwu, which are normally settled within 3 months. All of these trade receivables were neither past due nor impaired in both years.

In respect of the Group's asset management service, 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 the management.

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

	As at December 31, 2018 *Rmb'000*	As at December 31, 2017 *Rmb'000*
Within 3 months	**180,292**	222,020
3 months to 1 year	**29,793**	20,468
1 to 2 years	**4,074**	2,010
Over 2 years	**2,074**	89
	216,233	244,587

Movement of allowance for credit losses

	As at December 31, 2018 Under HKFRS 9 *Rmb'000*	As at December 31, 2017 Under HKAS 39 *Rmb'000*
At the beginning of the year	**2,228**	1,406
Impairment recognised for the year	**997**	947
Amount reversed during the year	**–**	(125)
At the end of the year	**3,225**	2,228

9. TRADE PAYABLES

Trade payables mainly represent the payables for the expressway improvement projects and construction of high grade road. The following is an aged analysis of trade payables presented based on the invoice date:

	As at December 31, 2018 *Rmb'000*	As at December 31, 2017 *Rmb'000*
Within 3 months	**329,157**	267,464
3 months to 1 year	**36,175**	73,433
1 to 2 years	**52,643**	112,374
2 to 3 years	**60,196**	70,812
Over 3 years	**97,294**	104,509
	575,465	628,592

10. CONVERTIBLE BOND

On April 21, 2017, the Company issued a zero coupon convertible bond due 2022 in an aggregate principal amount of Euro365,000,000 (the "Convertible Bond"). The Convertible Bond is listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The principal terms of the Convertible Bond are set out below:

(1) Conversion right

The Convertible Bond will, at the option of the holder (the "Bondholders"), be convertible (unless previously redeemed, converted or purchased and cancelled) on or after June 1, 2017 up to April 11, 2022 into fully paid ordinary shares with a par value of Rmb1.00 each at an initial conversion price (the "Conversion Price") of HK$13.10 per H share and a fixed exchange rate of HK$8.2964 to Euro1.00 (the "Fixed Exchange Rate"). The Conversion Price is subject to the anti-dilutive adjustments and certain events including mainly: share consolidation, subdivision or re-classification, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities and issues at less than current market price. The latest Conversion Price is HK$12.00 per H share.

(2) Redemption

(i) Redemption at maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Convertible Bond at 100 percent of its outstanding principal amount on April 21, 2022 (the "Maturity Date").

(ii) Redemption at the option of the Company

The Company may, having given not less than 30 nor more than 60 days' notice, redeem the Convertible Bond in whole and not some only at 100 percent of their outstanding principal amount as at the relevant redemption date:

(a) at any time after April 21, 2020 but prior to the Maturity Date, provided that no such redemption may be made unless the closing price of an H share translated into Euro at the prevailing rate applicable to each Stock Exchange business day, for any 20 Stock Exchange business days within a period of 30 consecutive Stock Exchange business days, the last of such Stock Exchange business day shall occur not more than 10 days prior to the date upon which notice of such redemption is given, was, for each such 20 Stock Exchange business days, at least 130 percent of the Conversion Price (translated into Euro at the Fixed Exchange Rate); or

(b) if at any time the aggregate principal amount of the Convertible Bond outstanding is less than 10 percent of the aggregate principal amount originally issued.

(iii) Redemption at the option of the Bondholders

The Company will, at the option of the Bondholders, redeem whole or some of that holder's bond on April 21, 2020 (the "Put Option Date") at 100 percent of their outstanding principal amount on the Put Option Date.

The Convertible Bond comprises two components:

(a) Debt component was initially measured at fair value amounted to approximately Euro297,801,000 (equivalent to Rmb2,190,578,000). It is subsequently measured at amortised cost by applying effective interest rate method after considering the effect of the transaction costs. The effective interest rate used is 4.28%.

(b) Derivative component comprises conversion right of the Bondholders, redemption option of the Company, and redemption option of the Bondholders.

Transaction costs totalling Rmb16,725,000 that relate to the issue of the Convertible Bond are allocated to the (including conversion right and redemption options) components in proportion to their respective fair values. Transaction costs amounting to approximately Euro419,000 (equivalent to Rmb3,079,000) relating to the derivative component were charged to profit or loss immediately. Transaction costs amounting to approximately Euro1,855,000 (equivalent to Rmb13,646,000) relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the Convertible Bond using the effective interest method. The derivative component was measured at fair value with reference to valuation carried out by a firm of independent professional valuers.

The movement of the debt and derivative components of the Convertible Bond for the year ended December 31, 2017 and 2018 is set out as below:

	Debt component at amortised cost		**Derivative components at FVTPL**		**Total**	
	Euro'000	*Rmb'000*	*Euro'000*	*Rmb'000*	*Euro'000*	*Rmb'000*
Convertible Bond issued on April 21, 2017	297,801	2,190,578	67,199	494,302	365,000	2,684,880
Issue cost	(1,855)	(13,646)	–	–	(1,855)	(13,646)
Exchange realignment	–	132,958	–	–	–	132,958
Interest charge	8,558	65,941	–	–	8,558	65,941
Gain on decrease in fair value	–	–	(23,004)	(149,479)	(23,004)	(149,479)
As at December 31, 2017	304,504	2,375,831	44,195	344,823	348,699	2,720,654
Exchange realignment	–	13,400	–	–	–	13,400
Interest charge	13,049	102,703	–	–	13,049	102,703
Gain on decrease in fair value	–	–	(16,449)	(127,094)	(16,449)	(127,094)
As at December 31, 2018	317,553	2,491,934	27,746	217,729	345,299	2,709,663

No conversion or redemption of the Convertible Bond has occurred up to December 31, 2018.

BUSINESS REVIEW

The global economy maintained its growth momentum in 2018, though the overall rate had fallen back somewhat. International financial markets were volatile and international trade also slowed. Meanwhile, the Chinese economy maintained a steady level of growth with positive trends, posting a 6.6% increase in GDP during the Period. Zhejiang Province's GDP grew by 7.1% year-on-year, which was 0.5 percentage points higher than the national rate, mainly due to ongoing increases in services, international trade and consumer demand.

Traffic volume on the Group's expressways continued to maintain decent growth, benefiting from the stable and rapid growth of Zhejiang Province's economy during the Period. However, revenue from Zheshang Securities fell due to the pull-back in the equity markets in China, which caused a year-on-year decrease of 0.6% in the Group's revenue. Total revenue of the Group was Rmb9,568.32 million, of which Rmb6,302.37 million was generated by the five major expressways operated by the Group, representing an increase of 5.3% year-on-year and 65.9% of the total revenue. The revenue generated by the securities business was Rmb2,921.27 million, representing a decrease of 16.3% year-on-year and 30.5% of the total revenue. A breakdown of the Group's revenue for the Period is set out below:

	2018	2017	
	Rmb'000	*Rmb'000*	% Change
Toll revenue			
Shanghai-Hangzhou-Ningbo Expressway	**4,018,598**	3,772,880	6.5%
Shangsan Expressway	**1,232,410**	1,244,280	-1.0%
Jinhua section, Ningbo-Jinhua Expressway	**386,722**	362,345	6.7%
Hanghui Expressway	**527,181**	477,656	10.4%
Huihang Expressway	**137,459**	129,088	6.5%
Securities business revenue			
Commission and fee income	**1,462,798**	2,088,310	-30.0%
Interest income	**1,458,476**	1,402,940	4.0%
Other operation revenue			
Property sales	**–**	47,865	-100.0%
Hotel operation	**106,097**	100,976	5.1%
Construction revenue	**238,580**	–	N/A
Total revenue	**9,568,321**	9,626,340	-0.6%

Toll Road Operations

During the Period, traffic volume on the Group's expressways maintained solid organic growth, benefitting from Zhejiang Province's favorable economic development. The varied rates of growth reflect the different regions in which the five expressways are located. The organic traffic volume growth rates for the Group's expressways during the Period are listed in the table below:

The Group's Expressways	Organic Traffic Volume Growth Rate (year-on-year)
Shanghai-Hangzhou-Ningbo Expressway	9.1%
Shangsan Expressway	7.3%
Jinhua Section, Ningbo-Jinhua Expressway	7.7%
Hanghui Expressway	8.8%
Huihang Expressway	8.1%

During the Period, traffic volume on the Group's expressways registered steady growth due to a number of positive factors. Zhejiang Province's service industry maintained stable growth and domestic demand also rose. The growth rates for total retail sales of consumer goods, imports, and exports reached 9.0%, 19.0% and 9.0% respectively, which helped the Group to achieve varied levels of growth in both traffic volume and toll revenue on different expressways. On August 11, 2017, the Zhejiang Provincial government converted the county-level city of Lin'an into a district of Hangzhou. As a result, the economy of the region around Lin'an, which is located along the Hanghui Expressway, experienced rapid development, which was beneficial for the growth in the traffic volume along the Hangzhou-Lin'an section of the Hanghui Expressway. In addition, the restriction of truck traffic in the urban area of Dongyang City since December 1, 2017 has driven trucks to the Ningbo-Jinhua Expressway. Moreover, the Yiwu City government reset toll collection rules for vehicles travelling on expressways within the border of Yiwu. Under the new rules, for a two-year period from September 15, 2018 on which the new rules became into effect, the Yiwu government will pay the toll for all passenger vehicles that have ETC registration. Both local policies have boosted traffic volume along the Yiwu Section of the Ningbo-Jinhua Expressway.

During the Period, the following factors had negative impact on the traffic volume and toll revenue on the Group's expressways: the Ningbo-Taizhou-Wenzhou Expressway which connected to the Shangsan Expressway had intermittent cut-off constructions and the Zhangzhen toll station on National Highway G104 parallel to the Shangsan Expressway suspended toll collection on June 1, 2018, both of which negatively affected traffic volume on the Shangsan Expressway. In addition, the Dongyang-Yiwu Provincial Highway opened on June 30, 2017, which led to a decline in short-distance traffic on the Jinhua Section of the Ningbo-Jinhua Expressway.

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 Rmb6,302.37 million.

During the Period, the daily average traffic volume in full-trip equivalents, toll revenue and the corresponding year-on-year growth rates on the Group's expressways are listed in the table below:

The Group's Expressways	Traffic Volume		Toll Revenue	
	Average Traffic Volume in Full-Trip Equivalents	Year-on-year Growth	Toll Revenue	Year-on-year Growth
Shanghai-Hangzhou-Ningbo Expressway	61,898	8.1%	Rmb4,018.60 million	6.5%
– Shanghai-Hangzhou Section	65,500	9.5%		
– Hangzhou-Ningbo Section	59,324	7.0%		
Shangsan Expressway	30,769	1.8%	Rmb1,232.41 million	-1.0%
Jinhua Section, Ningbo-Jinhua Expressway	21,116	7.1%	Rmb386.72 million	6.7%
Hanghui Expressway	19,320	10.4%	Rmb527.18 million	10.4%
Huihang Expressway	7,788	7.6%	Rmb137.46 million	6.5%

Securities Business

During the Period, conditions in the domestic equity markets remained lackluster. Trading volumes on the Shanghai and Shenzhen stock markets decreased 17.5% year-on-year in aggregate. As a result, revenue from various business segments of Zheshang Securities experienced varied levels of declines on a year-on-year basis, including securities brokerage, margin financing and securities lending, investment banking and asset management.

During the Period, Zheshang Securities recorded total revenue of Rmb2,921.27 million, a decrease of 16.3% year-on-year, of which, commission and fee income declined 30.0% year-on-year to Rmb1,462.80 million, and interest income was Rmb1,458.48 million, representing an increase of 4.0% 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 Rmb512.45 million (2017: securities investment gains of Rmb778.80 million).

Overall, Zheshang Securities experienced a severe market test due to multiple unfavorable factors, such as domestic financial deleveraging and increased trade frictions in the global markets. To overcome the adverse impact of these market conditions, Zheshang Securities refined its risk management system, continuously optimized its business structure, enhanced its business development, expanded its project portfolio, and constantly improved its operations.

Other Business Operations

During the Period, other business revenue was mainly derived from hotel and construction operations. Grand New Century Hotel, owned by Zhejiang Yuhang Expressway Co., Ltd. (a 51% owned subsidiary of the Company), recorded revenue of Rmb106.10 million for the Period. Deqing County De'an Highway Construction Co., Ltd. (an 80.1% owned subsidiary of the Company) recorded revenue of Rmb238.58 million for the Period.

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 20,678, representing an increase of 7.64% year-on-year. Toll revenue during the Period was Rmb417.38 million. During the Period, the joint venture reported a net profit of Rmb60.07 million. (2017: net profit of Rmb35.34 million).

During the Period, Zhejiang Communications Investment Group Finance Co., Ltd. (a 35% owned associate 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, the associate company recorded a net profit of Rmb409.80 million (2017: net profit of Rmb321.40 million).

During the Period, Yangtze United Financial Leasing Co., Ltd. (a 13% owned associate of the Company), was primarily engaged in the financial leasing business, which includes the transferring and receiving of financial leasing assets, fixed-income securities investment businesses, and other businesses approved by the China Banking and Insurance Regulatory Commission. During the Period, the associate company recorded a net profit of Rmb271.92 million (2017: net profit of Rmb265.25 million).

During the Period, Shanghai Rural Commercial Bank Co., Ltd. (a 5.36% owned associate of the Company), was primarily engaged in commercial banking business, including deposits, short-, medium-, and long-term loans, domestic and overseas settlements and other businesses that are approved by the China Banking and Insurance Regulatory Commission.

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 Rmb3,480.54 million, representing an increase of 8.7% year-on-year, basic earnings per share for the Company was Rmb80.14 cents, representing an increase of 8.7%, diluted earnings per share for the Company was Rmb75.52 cents, representing an increase of 5.8%, and return on owners' equity was 15.2%, representing a decline of 1.9% year-on-year.

Liquidity and financial resources

As at December 31, 2018, current assets of the Group amounted to Rmb57,913.31 million in aggregate (December 31, 2017: Rmb53,952.25 million), of which bank balances, clearing settlement fund, deposits and cash accounted for 11.7% (December 31, 2017: 10.4%), bank balances and clearing settlement fund held on behalf of customers accounted for 25.5% (December 31, 2017: 27.9%), financial assets at FVTPL accounted for 37.2% (on the same basis as at December 31, 2017: 26.6%) and loans to customers arising from margin financing business accounted for 10.1% (December 31, 2017: 14.6%). The current ratio (current assets over current liabilities) of the Group as at December 31, 2018 was 1.6 (December 31, 2017: 1.7). Excluding the effect of the customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less bank balances and clearing settlement fund held on behalf of customers over current liabilities less balance of accounts payable to customers arising from securities business) was 2.1 (December 31, 2017: 2.2).

The amount of financial assets at FVTPL of the Group as at December 31, 2018 was Rmb21,558.61 million (on the same basis as at December 31, 2017: Rmb14,369.53 million), of which 88.8% was invested in bonds, 3.1% was invested in stocks, 3.2% was invested in structured products, and the rest were invested in equity funds and trust products.

During the Period, net cash from the Group's operating activities amounted to Rmb 2,412.06 million. The currency mix in which cash and cash equivalents are held has not substantially changed as compared to last year.

The Directors 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, 2018, total liabilities of the Group amounted to Rmb47,808.96 million (December 31, 2017: Rmb44,446.17 million), of which 0.5% was bank and other borrowings, 31.8% was bonds payable, 5.7% was Convertible Bond, 23.2% was financial assets sold under repurchase agreements and 30.6% was accounts payable to customers arising from securities business.

As at December 31, 2018, total interest-bearing borrowings of the Group amounted to Rmb18,188.41 million, representing an increase of 28.9% compared to that as at December 31, 2017. The borrowings comprised borrowings from a domestic financial institution of Rmb200.27 million, borrowings from a domestic institution of Rmb60.47 million, subordinated bonds of Rmb13.30 billion, corporate bond of Rmb1.92 billion, beneficial certificates of Rmb1.55 million, and convertible bond denominated in Euro and equivalents to Rmb2,709.66 million. Of the interest-bearing borrowings, 67.2% was not payable within one year.

As at December 31, 2018, the annual floating interest rate of the Group's borrowings from a domestic financial institution was 4.35%, the annual fixed interest rate from a domestic institution was 3.0%. The annual floating interest rates of beneficial certificates was 8.0%. The annual interest rates for subordinated bonds were fixed at rates between 3.63% and 5.93%. The annual fixed interest rate for corporate bond was 3.08%. The annual coupon rate for Convertible Bond was nil. 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 for the Period amounted to Rmb866.32 million and Rmb6,001.65 million, respectively. The interest cover ratio (profit before interest and tax over interest expenses) stood at 6.9 (2017: 9.5) times.

As at December 31, 2018, the asset-liability ratio (total liabilities over total assets) of the Group was 60.1% (December 31, 2017: 60.3%). 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 and clearing settlement fund held on behalf of customers) of the Group was 51.2% (December 31, 2017: 50.3%).

Capital structure

As at December 31, 2018, the Group had Rmb31,704.19 million in total equity, Rmb44,127.40 million in fixed-rate liabilities, Rmb201.82 million in floating-rate liabilities, and Rmb3,479.74 million in interest-free liabilities, representing 39.9%, 55.5%, 0.3% and 4.3% 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 104.6% as at December 31, 2018 (December 31, 2017:101.1%).

Capital expenditure commitments and utilization

During the Period, capital expenditure of the Group totaled Rmb3,471.11 million. Amongst the total capital expenditure, Rmb3,224.54 million was incurred for acquiring equity investments, Rmb66.55 million was incurred for acquisition and construction of properties, and Rmb180.02 million was incurred for purchase and construction of equipments and facilities.

As at December 31, 2018, the capital expenditure committed by the Group totaled Rmb4,251.41 million. Amongst the total capital expenditures committed by the Group, Rmb2,943.00 million will be used for the acquisitions of 100% equity interest in Zhejiang Shenjiahuhang Expressway Co., Ltd., Rmb400.00 million will be used for acquiring other equity investments, Rmb433.86 million will be used for acquisition and construction of properties and Rmb474.55 million for acquisition and construction of equipments 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 Rmb2.20 billion, in accordance with their proportionate equity interest in Shengxin Co. During the Period, Rmb210.00 million of the bank loans had been repaid. As at December 31, 2018, the remaining bank loan principle balance is Rmb1,473.00 million.

Except for the above, as at December 31, 2018, 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) Zheshang International Financial Holding Co., Limited. (a wholly owned subsidiary of Zheshang Securities) operating in Hong Kong, and (iii) issuance of the zero coupon convertible bond in an aggregate principal amount of Euro365.00 million in Hong Kong capital market in 2017, which will be due in April 2022, the Group's principal operations were transacted and booked in Renminbi.

During the Period, the Group has not used any financial instruments for hedging purpose.

OUTLOOK

Looking ahead to 2019, global economic growth is expected to slow down amid intensified trade tensions and volatility in the international financial markets. Under the Chinese government's prudent macroeconomic policy, the domestic economy is expected to maintain stable growth as it transitions from high-speed to high-quality development. Zhejiang Province will strive to achieve high-quality development and increase its competitiveness by promoting technical innovation, as part of the efforts to accelerate economic restructuring and transform the real economy. The performance of the overall economy is expected to remain positive, which will provide a stable external environment for the Company's development. The overall traffic volume on the expressways operated by the Group is expected to maintain steady growth in 2019.

The Company will continue to accelerate the implementation of new software and hardware for its toll collection systems to improve efficiencies. The Company will accelerate the establishment of a transportation data platform, improve the application of big data technology and the Company's data analytics capabilities, and also speed up the implementation of intelligent applications to the Shanghai-Hangzhou-Ningbo Expressway in order to improve the Company's operating capabilities and assure safe and smooth traffic flow. The Company will improve its overall service and comprehensively enhance the Company's public image. The Company will also proactively work to improve its overall branding across all the expressway sections and leverage branding opportunities to implement management reforms, with the aim of building a renowned brand for expressway operations and service in China.

On December 28, 2018, the Company signed an agreement for toll compensation with the Hangzhou Transportation Bureau. It is expected that the Company will suspend toll collection on the section of the Shanghai-Hangzhou-Ningbo Expressway in the urban area of Hangzhou City in the second half of 2019 until the expiration of the toll period for the road section. The Hangzhou Transportation Bureau will compensate the Company accordingly on an annual basis.

With the Chinese government proactively promoting the healthy development of a multi-tiered capital market, the China Securities Regulatory Commission will promote the establishment of a new innovation-focused science and technology stock market, and launch a registration-based IPO process. It will also improve both the regulatory and settlement system of the securities industry, and accelerate the opening of the capital markets, all of which will bring new opportunities and challenges to the securities business of the Group. Zheshang Securities will actively respond to market demands, comply with regulatory changes and industry trends, fully leverage market opportunities, optimize and adjust its business structure, improve its service capabilities in investment and financing, and continuously improve its profitability and competitiveness in an effort to address new challenges from the market and industry, and facilitate the sustainable and healthy development of its business.

In order to adapt to new economic developments in 2019, the Company will leverage its competitive advantages, continue to expand and enhance its core toll road operation business, and strengthen and optimize its securities business. Management will continue to monitor government policies and the external environment to appropriately adjust the Company's operating strategy in a timely manner, take advantage of merger and acquisition opportunities to strengthen the Company's operating capabilities, and proactively yet prudently explore suitable investment projects. The Company will also stay focused on maintaining effective risk controls in order to promote high-quality and sustainable development.

IMPORTANT EVENTS OCCURRED SINCE THE END OF THE PERIOD

The extraordinary general meeting held by the Company on March 4, 2019 approved the acquisitions of 100% equity interest in Zhejiang Shenjiahuhang Expressway Co., Ltd. at a cash consideration of Rmb2,943,000,000.

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
Zhejiang Expressway Co., Ltd.
YU Zhihong
Chairman

Hangzhou, the PRC, March 18, 2019

As at the date of this announcement, the Chairman of the Company is Mr. YU Zhihong; the executive Directors of the Company are: Mr. CHENG Tao and Ms. LUO Jianhu; the other non-executive Directors of the Company are: Mr. DAI Benmeng, Mr. YU Qunli and Mr. YU Ji; and the independent non-executive Directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.