越秀交通基建有限公司
Yuexiu Transport Infrastructure Limited

(Incorporated in Bermuda with limited liability)
(Stock code: 01052)

2014 ANNUAL RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

The board of directors of Yuexiu Transport Infrastructure Limited ("Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, "Group") for the year ended 31 December 2014.

OPERATING RESULTS AND DIVIDEND

During the year ended 31 December 2014 ("Reporting Year"), the toll revenue of the Group reached a new record of RMB1,859 million, a 6.0% increase year-on-year. Profit attributable to shareholders amounted to RMB609 million, representing a year-on-year increase of 9.9%.

The Board has recommended the payment of a final dividend for 2014 of HK$0.17 per share which is equivalent to RMB0.134885 per share (2013: HK$0.16 per share which was equivalent to RMB0.126387). Together with the paid interim dividend of HK$0.11 per share which is equivalent to RMB0.087350 per share, the total dividends for the Reporting Year amounted to HK$0.28 per share which is equivalent to RMB0.222235 per share, representing an annual dividend payout ratio of 61.0% (2013: 62.1%).

ANNUAL REVIEW

- **Macro-economy review**

  During the Reporting Year, the global market experienced a notable slowdown caused by the uneven and fragile global economic recovery and a long and bumpy road to rebalancing. Moreover, the global economic recovery was further dragged by the abnormal weather in U.S.A during the first half of the year, the hike of consumption tax in Japan and the economic sanctions against Russia imposed by Europe and U.S.A etc. Meanwhile, the uneven recovery across the world with U.S.A, U.K. and other developed countries shaking off deflations, the Euro Area and Japan were stagnant, while Asia-Pacific emerging markets were still on the track of rapid growth despite the vulnerability of capital outflow remained an inherent risk. Also, regional risks in Eastern Europe, Latin America and Middle East etc were escalating. All the above factors led to an increasingly tightened macro environment for China's economic development.

  According to the data announced by National Bureau of Statistic of China, in 2014, China recorded a GDP of RMB63.64 trillion, an increase of 7.4% over the corresponding period of 2013. Despite slowdown of economic growth, China's economy remained stable as a whole and continued to operate in a reasonable range. Apart from the increasingly tightened external environment, the slowdown of economic growth in China was caused by the combined effect of policies and structural adjustments etc. Furthermore, the structural rebalancing also indicates China is shifting its growth engine from export-led manufacturing and domestic infrastructure development to consumption and innovations. Therefore, China's economy is shifting into a new normal of moderate growth, optimized structure and enhanced quality.

- **Sector policy review**

  During the Reporting Year, without promulgation of new negative measures, the policy environment of the toll road sector remained stable. Meanwhile, the National Ministry of Transport has published the article, 'Contribution of the Toll road Policy with Chinese Characteristics' on December 24, 2014. The article emphasized that the toll fare policy, which was in line with the social landscape, was able to get highway development out of the shackles of budget constraint in the past three decades. The policy played a significant role in fund raising which reduced the time for completion of highway network and resulted in lower costs of social development. Also, the 'Users Pay Principle' (用路者付費) is relatively fair and offers a level playing field among and improves the coordinating and respective development of various kinds of transportation. Moreover, the toll road policy was able to attract social capital so the sector became more open and market-oriented to participants. As a result, quality and efficiency of the transportation facilities have been enhanced. Furthermore, the State Council had also issued the Guidance Opinions on Innovations in the Investment and Financing Mechanisms for Key Areas to Encourage Social Capital (《關於創新重點領域投融資機制鼓勵社會投資的指導意見》) on 26 November 2014, in which improvements to the methods of investment and financing for highways were mentioned, that is, to establish a comprehensive financing model for highways through the leadership of the government and execution by its subordinate agents, funding by diversified financing sources to improve the toll road policy so as to attract social capital. These have provided a sound policy basis for operations and investments of the Group in the future.

- **Operation review**

  During the Reporting Year, the Group entered into an agreement in December 2014 to acquire a 70% equity interest of the Suiyuenan Expressway in Hubei. Suiyuenan Expressway is located at the Hubei section of the duplicate trunk line of the Beijing-Hong Kong-Macau expressway, enjoying an obvious geographical advantage. It has a toll length of 98.06 km, the longest when compared to other expressways operating by the Group. In addition, the remaining concession period of Suiyuenan Expressway will last for more than 25 years, and will thus allow the expressway to contribute to the Group's long-term development.

  During the Reporting Year, the Group's projects in Guangdong, such as GNSR Expressway and GWSR Expressway, achieved more than 10% growth in toll revenue. The central region provinces, which were located in inland areas, benefited from factors such as national policy support, transfer of labour-intensive processing industries from coastal areas in the eastern region and increased investment efforts in infrastructural facilities, achieved rapid economic development and brought remarkable growth in freight transportation. The Group's projects located in the central region attained favourable and good overall growth, of which the toll revenue of Changzhu Expressway in Hunan grew by nearly 20% year-on-year, contributing to another new high level of toll revenue recorded by the Group.

FUTURE PROSPECT

- **Macro-economy outlook**

  In 2015, the world economy would continue to struggle and be mired in the slow recovery process. Major economies will continue to vary in economic performance and further divergence in monetary policy, painting a much more uncertain global economic landscape. China will be stepping into a new normal featuring a change of growth engines and transformation of development models with various risks, challenges and opportunities ahead. Due to the combined effect of multiple factors, it is expected China's economy in 2015 will slightly slow down but maintain an overall stable and sustained pattern of 'new normal'. On the other hand, the central and western areas will remain the primary regional engines of growth, with better opportunities arising in certain provinces, municipalities and regions, given the strategic guidance of 'One Belt and One road' and Beijing-Tianjin-Hebei Integration. With the emergence of a new round of technological revolution represented by new energy revolution and big data, low cost, smart and informative development will become a new trend of future economic development and help to accumulate the new impetus for China to enter into a new prosperous period.

- **Sector policy outlook**

  In 2015, sector policy is expected to be clearer and more positive. The Ministry of Transport published the Opinions on Deepening Traffic and Transportation Reforms Comprehensively (《關於全面深化交通運輸改革的意見》) in January 2015, it is anticipated breakthroughs will be achieved in the reform areas of integrated traffic and transportation system, modern market systems of traffic and transportation, toll road system, modern transportation services. Moreover, the Ministry of Transport emphasized that future toll road reforms will adhere to four principles. The first principle is adhering to the 'Users Pay Principle'. Through taxation as an indirect payment method, the provision of toll free roads as a general service on equal basis can be realized, and the funding requirements for construction, maintenance and operational management will be mainly secured by public finance. While at the same time, through the direct payment method of collecting toll from passing vehicles, highly efficient toll road service can be provided to specific groups. The funding requirements for the construction and maintenance of such toll roads will be raised through the market, and future toll roads will be primarily expressways. The second principle is controllable risk of government debts. By endeavoring to increase debt servicing capability of public roads which are financed by government debts, normal repayment of government debts will be ensured. The third principle is encouraging investments from social capital and promoting cooperation between the government and social capital. Through regulating the concessionary operation system, reasonable pricing and fiscal subsidies, securing reasonable long-term stable return on investment for investors, social capital will be encouraged and attracted to invest in road operations. The fourth principle is strengthening regulatory controls by the government. Through publication of toll road information on a systematic and regulated basis, the reasonable usage of toll road funds, sound road conditions and service standards on toll roads are practically ensured to better satisfy the right to information and the travelling needs of the general public.

- **Operation outlook**

  The Group's projects such as GNSR Expressway, Northern Ring Road, Humen Bridge and Shantou Bay Bridge have become relatively mature, and will continue to be the major sources of stable profits for the Group. Benefited from the rapid economic development in the central region, Han-Xiao Expressway, Changzhu Expressway and Weixu Expressway are expected to maintain a continuous growth in traffic volume and toll revenue.

- **Expansion of investments**

  In future, in view of the changes in toll collection rights and the limited concession period, the Group will prudently adopt merger and acquisition strategy to maintain long-term stable development of the asset portfolio as well as uphold the financial stability of the Group.

  The Group's strategy is establishing a foothold in Pearl River Delta region, while focusing on the central and western regions which enjoy supportive national policies, rapid economic growth and benefited from the relocation of labour-intensive industries from eastern coastal areas. Therefore, in terms of regional strategies, the Group will consider projects in the Pearl River Delta or the central and western regions with priority, in line with its own development strategy. In terms of feasibility analysis of projects, when assessing possible projects for merger and acquisition, the Group will consider the integrated factors of risk control ability, stability of future cash flows, internal rate of return (IRR) and the financing arrangement of the project.

  Meanwhile, the Group will fully utilize the advantages of financing platforms both in mainland China and Hong Kong as well as internal and external resources for adjusting and optimizing its debt structure, and diversified debt financing to reduce the overall finance costs, optimize and adjust the structure of assets, in order to increase the overall profitability of assets and generate reasonable returns for shareholders on a continuing basis.

APPRECIATION

During the Reporting Year, our directors, senior management officers and staff continued to adhere to their pragmatic, diligent, resolute working attitude, in pursuit of performance excellence, and quality work. On behalf of the Board, I would like to express my sincere gratitude for their invaluable contribution.

Finally, on behalf of all members of our Group, I would like to take this opportunity to express my gratitude and appreciation to all our shareholders, banks, business community and partners for their dedicated support.

Zhu Chunxiu

Chairman

Hong Kong, 17 March 2015

Consolidated Income Statement

For the Year Ended 31 December 2014

	Note	**2014 RMB'000**	2013 RMB'000
Revenue	5	**1,858,706**	1,753,084
Cost of services	7	**(690,815)**	(581,625)
Construction income under service concession upgrade services	32	**23,096**	97,400
Construction cost under service concession upgrade services	32	**(23,096)**	(97,400)
Other income, gains and losses - net	6	**32,789**	15,381
General and administrative expenses	7	**(203,979)**	(202,970)
Operating profit		**996,701**	983,870
Finance income	9	**30,259**	100,668
Finance costs	9	**(284,192)**	(337,430)
Share of result of a joint venture	19	**21,216**	14,404
Share of results of associates	20	**250,256**	192,133
Profit before income tax		**1,014,240**	953,645
Income tax expense	10	**(236,510)**	(260,654)
Profit for the year		**777,730**	692,991
Attributable to:			
Shareholders of the Company		**609,370**	554,419
Non-controlling interests		**168,360**	138,572
		777,730	692,991
Earnings per share for profit attributable to the shareholders of the Company		**RMB**	RMB
Basic and diluted earnings per share	12	**0.3642**	0.3314
		RMB'000	RMB'000
Dividends	13	**371,835**	344,552

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2014

	2014 RMB' 000	2013 RMB' 000
Profit for the year	**777,730**	692,991
Other comprehensive income		
Items that may be reclassified to profit or loss		
Fair value loss on available-for-sale financial assets, net of tax	—	(135)
Release of reserve upon disposal of asset classified as held for sale, net of tax	—	(91,158)
Currency translation differences	**124**	123
Total comprehensive income for the year	**777,854**	601,821
Total comprehensive income attributable to:		
Shareholders of the Company	**609,494**	463,249
Non-controlling interests	**168,360**	138,572
	777,854	601,821

Consolidated Balance Sheet

As at 31 December 2014

	Note	**31 December 2014 RMB' 000**	31 December 2013 RMB' 000
ASSETS			
Non-current assets			
Intangible operating rights	14	**12,991,487**	13,314,416
Goodwill	15	**368,806**	368,806
Property, plant and equipment	16	**695,330**	648,148
Investment properties	17	**17,197**	16,354
Investment in a joint venture	19	**367,165**	345,949
Investments in associates	20	**1,488,759**	1,567,139
Available-for-sale financial asset	21	**812**	812
Other non-current receivables	22	**107,538**	127,508
		16,037,094	16,389,132
Current assets			
Trade receivables	23	**57,329**	32,210
Other receivables, deposits and prepayments	23	**101,669**	62,584
Amounts due from associates	35	**51,595**	—
Amounts due from non-controlling interests of subsidiaries	35	**111,360**	115,366
Short term bank deposits	24	**27,396**	22,000
Cash and cash equivalents	25	**1,123,517**	1,604,676
		1,472,866	1,836,836
Total assets		**17,509,960**	18,225,968
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital	26	**147,322**	147,322
Reserves	27		
Others		**8,154,590**	7,916,979
Proposed final dividend		**225,683**	211,466
		8,527,595	8,275,767
Non-controlling interests		**1,916,974**	2,002,559
Total equity		**10,444,569**	10,278,326

Consolidated Balance Sheet

	Note	**31 December 2014 RMB'000**	31 December 2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	28	**4,640,239**	5,096,381
Deferred income tax liabilities	29	**1,529,613**	1,524,700
		6,169,852	6,621,081
Current liabilities			
Borrowings	28	**358,338**	705,504
Amounts due to non-controlling interests of subsidiaries	35	**80,557**	148,461
Amounts due to holding companies	35	**149**	225
Amount due to a joint venture	35	**52,500**	42,000
Trade and other payables and accrued charges	30	**355,268**	348,939
Current income tax liabilities		**48,727**	81,432
		895,539	1,326,561
Total liabilities		**7,065,391**	7,947,642
Total equity and liabilities		**17,509,960**	18,225,968
Net current assets		**577,327**	510,275
Total assets less current liabilities		**16,614,421**	16,899,407

Balance Sheet

As at 31 December 2014

	Note	**31 December 2014 RMB' 000**	31 December 2013 RMB' 000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**487**	729
Investments in subsidiaries	18(a)	**3,528,601**	3,528,601
		3,529,088	3,529,330
Current assets			
Amounts due from subsidiaries	18(b)	**3,855,590**	2,934,952
Deposits and prepayments	23	**104**	1,220
Cash and cash equivalents	25	**103,670**	459,487
		3,959,364	3,395,659
Total assets		**7,488,452**	6,924,989
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital	26	**147,322**	147,322
Reserves	27		
Others		**4,913,636**	4,733,556
Proposed final dividend		**225,683**	211,466
Total equity		**5,286,641**	5,092,344
LIABILITIES			
Non-current liability			
Borrowings	28	**1,835,305**	1,253,755
		1,835,305	1,253,755
Current liabilities			
Borrowings	28	**307,338**	514,702
Amounts due to subsidiaries	18(b)	—	18,139
Other payables and accrued charges	30	**59,168**	46,049
		366,506	578,890
Total liabilities		**2,201,811**	1,832,645
Total equity and liabilities		**7,488,452**	6,924,989
Net current assets		**3,592,858**	2,816,769
Total assets less current liabilities		**7,121,946**	6,346,099

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2014

	Note	**2014 RMB'000**	2013 RMB'000
Cash flows from operating activities			
Cash generated from operations	31	**1,463,468**	1,352,873
China enterprise income tax and withholding tax paid		**(251,966)**	(210,783)
Net cash generated from operating activities		**1,211,502**	1,142,090
Cash flows from investing activities			
Payments of construction costs under service concession upgrade services		**(101,543)**	(15,654)
Government grant received in connection with the construction of expressway		**22,562**	—
Acquisition of subsidiaries in 2011 and 2012		**(114,891)**	(54,399)
Deposit paid for acquisition of interest in a subsidiary in 2014		**(50,000)**	—
Capital injection to an associate	20	**(60,266)**	—
Proceeds from compensation arrangements		**16,860**	490,726
Proceeds from disposal of property, plant and equipment		**1**	1
Purchase of property, plant and equipment		**(73,950)**	(70,819)
Dividends received from associates	20	**324,970**	238,592
Proceeds from disposal of asset classified as held for sale		—	201,543
Investment in the short term bank deposits		**(5,396)**	(22,000)
Interest received from compensation receivable		—	36,552
Interest received		**22,451**	13,175
Net cash (used in)/generated from investing activities		**(19,202)**	817,717
Cash flows from financing activities			
Proceeds from bank borrowings		**957,306**	1,074,603
Repayment of bank borrowings		**(1,742,894)**	(1,617,669)
Payment of bank facility fees		**(7,378)**	(11,987)
Loan from a non-controlling interest of a subsidiary		—	4,865
Repayment of loans from non-controlling interests of subsidiaries		**(3,646)**	(43,687)
Repayment of other loan		**(16,880)**	—
Increase in amount due to a joint venture		**10,500**	10,500
Dividends paid to the shareholders of Company		**(357,618)**	(281,949)
Dividends paid to non-controlling interests		**(152,929)**	(221,906)
Capital contribution from non-controlling interests		—	4,472
Acquisition of additional interest in a subsidiary		**(88,000)**	—
Interest paid		**(273,130)**	(330,181)
Net cash used in financing activities		**(1,674,669)**	(1,412,939)
Net (decrease)/increase in cash and cash equivalents		**(482,369)**	546,868
Cash and cash equivalents at 1 January		**1,604,676**	1,057,124
Effect of exchange rate changes		**1,210**	684
Cash and cash equivalents at 31 December	25	**1,123,517**	1,604,676
Analysis of cash and cash equivalents			
Bank balances and cash		**1,123,517**	1,604,676

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to shareholders of the Company			
	Share capital RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2014	**147,322**	**8,128,445**	**2,002,559**	**10,278,326**
Comprehensive income				
Profit for the year	—	**609,370**	**168,360**	**777,730**
Other comprehensive income				
Currency translation differences	—	**124**	—	**124**
Total other comprehensive income	—	**124**	—	**124**
Total comprehensive income	—	**609,494**	**168,360**	**777,854**
Transactions with owners				
Changes in ownership interests in a subsidiary (note 34)	—	**(48)**	**(87,952)**	**(88,000)**
Dividends to the shareholders of the Company	—	**(357,618)**	—	**(357,618)**
Dividends to non-controlling interests	—	—	**(165,993)**	**(165,993)**
Total transactions with owners	—	**(357,666)**	**(253,945)**	**(611,611)**
Balance at 31 December 2014	**147,322**	**8,380,273**	**1,916,974**	**10,444,569**
Balance at 1 January 2013	147,322	7,947,144	1,989,896	10,084,362
Comprehensive income				
Profit for the year	—	554,419	138,572	692,991
Other comprehensive income				
Decrease in fair value of available-for-sale financial assets, net of tax	—	(135)	—	(135)
Release of reserve upon disposal of asset classified as held for sale, net of tax	—	(91,158)		(91,158)
Currency translation differences	—	123	—	123
Total other comprehensive income	—	(91,170)	—	(91,170)
Total comprehensive income	—	463,249	138,572	601,821
Transactions with owners				
Capital contribution from non-controlling interests	—	—	4,472	4,472
Dividends to the shareholders of the Company	—	(281,948)	—	(281,948)
Dividends to non-controlling interests	—	—	(130,381)	(130,381)
Total transactions with owners	—	(281,948)	(125,909)	(407,857)
Balance at 31 December 2013	147,322	8,128,445	2,002,559	10,278,326

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Yuexiu Transport Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment in and development, operation and management of expressways and bridges mainly in Guangdong Province and other high-growth provinces in the People's Republic of China (the "PRC"). Besides, the Group is also engaged in investment in and development, operation and management of a port in Wuzhou located in Guangxi.

The Company is an exempted Company incorporated under the laws of Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong is 23rd Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These financial statements are presented in Renminbi ("RMB") thousand dollars, unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 17 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New/revised standards, amendments and improvements

The following new standards and amendments relevant to its operations are mandatory for adoption for the financial year beginning 1 January 2014 for the Group.

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

The adoption of these amendments and new standards do not have significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and the presentation of the consolidated financial statements.

The following new standards, amendments and improvements to the Group's operations have been issued and are effective for the financial year beginning 1 January 2015 or after and have not been early adopted:

		Effective for accounting periods beginning on or after
HKASs and HKFRSs	Annual improvements 2010 - 2012 Cycle	1 July 2014
HKASs and HKFRSs	Annual improvements 2011 - 2013 Cycle	1 July 2014
HKASs and HKFRSs	Annual improvements 2012 - 2014 Cycle	1 January 2016
HKAS 16 and HKAS 38 (amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 19 (amendment)	Defined Benefit Plans – Employee Contributions	1 July 2014
HKAS 27 (amendment)	Equity method in separate financial statements	1 January 2016
HKFRS10 and HKAS28 (amendments)	Sale or Contribution of assets between and investor and its associate or joint venture	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKAS 1 (amendment)	Disclosure Initiative	1 January 2016
HKFRS 10, HKFRS12 and HKAS28 (amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New/revised standards, amendments and improvements (Continued)

Management is in the process of making an assessment of the impact of the standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 Financial Instruments: Recognition and Measurement, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (Continued)

(i) Subsidiaries (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

(iv) Joint ventures

Under HKFRS 11 investment in a joint arrangement is classified as either joint operation or joint venture depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangement and determined them to be a joint venture. The joint venture is accounted for using the equity method.

Under the equity method of accounting, interest in joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(v) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

(v) Associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other income, gains and losses – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised in other comprehensive income.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(iv) Disposal of foreign operation and partial disposal (Continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(e) Intangible operating rights

The Group has been granted by the relevant local government authorities the rights to operate the toll highways and bridges for operating periods of 20 to 30 years. According to the approval documents of the relevant government and the relevant regulations, the Group is responsible for the construction of the toll highways and bridges and the acquisition of the related facilities and equipment and it is also responsible for the operation and management, maintenance and overhaul of the toll highways and bridges during the approved operating periods. The toll fees collected during the operating periods are attributable to the Group. The relevant toll highway/bridge assets are required to be returned to the local government authorities upon the expiry of the operating rights without any compensation to the Group. According to the relevant regulations, these operating rights are not renewable and the Group does not have any termination options.

The Group applies the intangible asset model to account for the toll highway and bridge infrastructures where they are paid by the users of the toll highways and bridges. The concession grantors (the respective local governments) have not provided any contractual guarantees for the recovery of the amounts of construction costs incurred. The intangible assets correspond to the rights granted by the respective concession grantors to the Group to charge users of the toll road/bridge services and are recorded in the balance sheet as "Intangible operating rights".

Amortisation of intangible operating rights is calculated to write off their costs on a units-of-usage basis based on the traffic volume for a particular period over the projected total traffic volume throughout the life of the asset. The Group reviews regularly the projected total traffic volume throughout the life of the asset, and if it is considered appropriate, independent professional traffic studies will be obtained. Appropriate adjustment will be made should there be a material change.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(g) Property, plant and equipment

Land and building comprise offices and staff quarters. Leasehold land classified as finance lease and all other property, plant and equipment are stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged in the income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Shorter of remaining lease term or useful life
Port structures	40 - 50 years
Buildings	25 - 50 years
Furniture, fixtures and equipment	3 - 20 years
Motor vehicles	3 - 10 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income, gains and losses – net' in the income statement.

(h) Investment properties

Investment properties, principally comprising leasehold land and office buildings, are held for long-term rental yields and are not occupied by the Group. Lands held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment properties are initially measured at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent qualified valuer. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in "Other income, gains and losses – net".

(i) Impairment of investments in non-financial assets

Assets that have an indefinite useful life – for example, goodwill is not subject to amortisation and is tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "other non-current receivables", "trade receivables", "other receivables, deposits and prepayments", "amounts due from associates", "amounts due from non-controlling interests of subsidiaries", "short term bank deposit" and 'cash and cash equivalents' in the balance sheet.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of financial asset

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(m) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks and short-term bank deposits with original maturities of three months or less.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs are capitalised when funds are borrowed to finance the construction of highways, bridges and ports up to the commencement of their economic operations.

All other borrowing costs are charged to the income statement in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, associates and a joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(s) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(t) Retirement benefit costs

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred. The assets of the schemes are held separately from those of the Group in an independently administered fund.

(u) Revenue recognition

(i) Toll revenue is recognised on a receipt basis.

(ii) Dividend income is recognised when the right to receive payment is established.

(iii) Interest income is recognised on a time-proportion basis using the effective interest method.

(iv) Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition (Continued)

(v) Construction income generated from construction and upgrade services rendering by the Group is recognised under the percentage of completion method. The stage of completion is measured on the basis of contract costs incurred up to the balance sheet date as a percentage to the total estimated cost to be incurred for each contract.

(vi) Revenue from cargo loading and unloading is recognised when the services are rendered.

(v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors of the Company ("Directors"), where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

(a) Market risk

(i) Foreign exchange risk

The functional currency of the Company and major subsidiaries is RMB. Majority of the revenues of the Group are derived from operations in the PRC. It did not have significant exposure to foreign exchange risk in the PRC, except for certain cash and bank balances of approximately RMB110,230,000 (2013: RMB156,390,000), bank borrowings of approximately RMB1,837,409,000 (2013: RMB1,257,642,000) and other payable of approximately RMB60,300,000 (2013: RMB71,400,000) which were denominated in Hong Kong dollars ("HKD") and cash and bank balances of approximately RMB25,000 (2013: RMB25,000) and a bank borrowing of approximately RMB305,234,000 (2013: RMB510,815,000) which were dominated in United States dollar ("USD") as at 31 December 2014. Under the Linked Exchange Rate System in Hong Kong, HKD is pegged to USD. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2014, if HKD and USD had weakened/strengthened by 5% against the RMB with all other variables held constant, post-tax profit for the year would have been approximately RMB102,086,000 higher/lower (2013: RMB82,098,000 higher/lower), mainly as a result of net foreign exchange gain/loss on translation of HKD and USD-denominated cash and bank balances and borrowings.

The Group currently does not have a foreign currency hedging policy on the foreign currency balances.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank balances, interest bearing other receivable and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank balance and interest bearing receivable held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to minimise the interest rate risk by closely monitor the ratio between borrowings at variable rates and borrowings at fixed rates. During 2014 and 2013, the Group's borrowings at variable rate were mainly denominated in the RMB, HKD and USD.

The Group's loans from non-controlling interests of subsidiaries were issued at fixed rates or interest free, which expose the Group to fair value interest-rate risk.

The Group's long-term borrowings issued at variable rates which expose the Group to cash flow interest-rate risk.

At 31 December 2014, if interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been decreased/increased by RMB14,531,000 (2013: RMB15,721,000).

(iii) Price risk

The Group is exposed to equity securities price risk because the available-for-sale financial assets held by the Group, which are not publicly traded, would be influenced by market price. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group and the Company have no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, short term deposit, other non-current receivables, trade receivables, other receivables, deposits and prepayments, amounts due from associates, amounts due from non-controlling interests of subsidiaries and amounts due from subsidiaries represent the Group's and the Company's maximum exposure to credit risk in relation to its financial assets. The credit risk for bank deposits and bank balances is minimal as such balances are placed with state-owned banks or listed banks, management considers these balances are subject to low credit risk. The Group carries out regular reviews and follow-up actions on any overdue amounts to minimise exposures to credit risk.

The Group has no significant concentration of credit risk arising from its customers, except for the consideration receivable of RMB136.2 million (2013: RMB143.1 million) which is due from government authorities in the PRC in relation to compensation for surrendering the toll stations to the Xiangtan Municipal People's Government (note 22).

In addition, the Company monitors its exposure to credit risk in respect of the financial assistance provided to subsidiaries through exercising control over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

(c) Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

The table below analyses the Group's financial liabilities based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows (including respective interest payments).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Group

	On demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2014						
Borrowings	—	**602,890**	**1,313,127**	**2,525,714**	**1,656,297**	**6,098,028**
Amounts due to non-controlling interests of subsidiaries	**68,650**	**11,907**	—	—	—	**80,557**
Amounts due to holding companies	**149**	—	—	—	—	**149**
Amount due to a joint venture	**52,500**	—	—	—	—	**52,500**
Trade and other payables and accrued charges	—	**260,775**	—	—	—	**260,775**
	121,299	**875,572**	**1,313,127**	**2,525,714**	**1,656,297**	**6,492,009**
As at 31 December 2013						
Borrowings	—	1,014,552	1,111,286	2,869,594	2,292,294	7,287,726
Amounts due to non-controlling interests of subsidiaries	42,255	106,206	—	—	—	148,461
Amounts due to holding companies	225	—	—	—	—	225
Amount due to a joint venture	42,000	—	—	—	—	42,000
Trade and other payables and accrued charges	—	299,767	—	—	—	299,767
	84,480	1,420,525	1,111,286	2,869,594	2,292,294	7,778,179

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Company

	On demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 Years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2014					
Borrowings	—	**414,470**	**810,603**	**1,172,291**	**2,397,364**
Other payables and accrued charges	—	**13,016**	—	—	**13,016**
	—	**427,486**	**810,603**	**1,172,291**	**2,410,380**
As at 31 December 2013					
Borrowings	—	610,729	376,843	1,009,995	1,997,567
Amounts due to subsidiaries	18,139	—	—	—	18,139
Other payables and accrued charges	—	8,043	—	—	8,043
	18,139	618,772	376,843	1,009,995	2,023,749

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as the total of borrowings (including current and non-current borrowings as shown in the consolidated balance sheet), amount due to non-controlling interests of subsidiaries, amount due to a joint venture less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management (Continued)

The gearing ratio is calculated as follows:

	2014 RMB'000	2013 RMB'000
Borrowings	**4,998,577**	5,801,885
Amounts due to non-controlling interests of subsidiaries	**68,650**	42,254
Amount due to a joint venture	**52,500**	42,000
Total debts	**5,119,727**	5,886,139
Less: cash and cash equivalents	**(1,123,517)**	(1,604,676)
Net debts	**3,996,210**	4,281,463
Equity attributable to the shareholders of the Company	**8,527,595**	8,275,767
Total capital	**12,523,805**	12,557,230
Gearing ratio	**31.9%**	34.1%

During the year, the Group complied with all externally imposed capital requirements to which it is subject.

The decrease in the gearing ratio during 2014 resulted primarily from the repayment of bank borrowings.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial instruments that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2014				
Available-for-sale financial assets	—	—	**812**	**812**
Total	—	—	**812**	**812**
As at 31 December 2013				
Available-for-sale financial assets	—	—	812	812
Total	—	—	812	812

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. For unlisted securities without an active market, the Group establishes the fair value by reference to the latest audited financial statements. There were no changes in valuation techniques during the year.

There were no transfers among level 1, level 2 and level 3 fair value hierarchy classifications in both years.

There were no changes in level 3 instruments for the year ended 31 December 2014.

The following table presents the changes in level 3 instruments for the year ended 31 December 2013:

	Available-for-sale financial assets RMB'000	Asset classified as held for sale RMB'000	Total RMB'000
As at 1 January 2013	992	201,543	202,535
Disposal of asset classified as held for sale	—	(201,543)	(201,543)
Fair value loss on available-for-sale financial assets recognised in the consolidated statement of comprehensive income	(180)	—	(180)
As at 31 December 2013	812	—	812
Total gain for the year included in the consolidated income statement under "Other income, gains and losses – net"	—	(121,543)	(121,543)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Fair value of financial assets and liabilities measured at amortised cost

The fair value of other non-current receivables and non-current borrowings are both categorized at level 2 under fair value hierarchy. They are estimated by discounting at the applicable interest rate and are as follows:

	Carrying amount		Fair value	
	31 December 2014 RMB'000	31 December 2013 RMB'000	**31 December 2014 RMB'000**	31 December 2013 RMB'000
Other non-current receivables	**107,538**	127,508	**113,623**	122,873
Non-current borrowings	**4,640,239**	5,096,381	**4,447,300**	4,834,106

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade receivables
- Other receivables, deposits and prepayments
- Amounts due from associates
- Short term bank deposits
- Cash and cash equivalents
- Borrowings due within one year
- Amounts due from/to non-controlling interests of subsidiaries
- Amounts due to holding companies
- Amount due to a joint venture
- Trade and other payables and accrued charges

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year are discussed below.

(a) Amortisation of intangible operating rights

Amortisation of intangible operating rights is calculated to write off their costs on a units-of-usage basis based on the traffic volume for a particular period over the projected total traffic volume throughout the life of the assets.

The Group reviews regularly the projected total traffic volume throughout the life of the respective assets, and if it is considered appropriate, independent professional traffic studies will be obtained. Appropriate adjustment will be made should there be a material change.

At present, the range of annual traffic growth rates that have been projected for individual toll highways and bridges is around -3% to 25%.

(b) Current income tax and deferred income tax

The Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for and the timing of payment of the related income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The management exercises judgement in determining the future taxable profit based on the projected future traffic volume and specific circumstance of the toll highways and bridges operated by the individual entity with tax losses. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax in the periods in which such estimate is changed.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Impairment of goodwill and intangible operating rights

The Group tests annually whether goodwill and intangible operating rights have suffered any impairment if such indicator exists. The recoverable amounts of cash generating units have been determined based on value-in-use or fair value less costs of disposal calculations. The calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit to which the goodwill and intangible operating right belong and a suitable discount rate in order to calculate the present value. When the carrying amount of the cash generating unit exceeds its value-in-use, the Group also assesses its fair value less costs of disposal to determine the cash generating unit's recoverable amount, which is the higher of its fair value less costs of disposal and value in use.

For the current financial year, the Group performed an impairment assessment on the intangible operating rights of Tianjin Jinfu. The recoverable amount was determined by measuring the fair value less costs of disposal. It was derived from a discounted cash flow model with key assumptions including the revenue growth rates and the discount rates and was categorised as a level 3 measurement. Based on the impairment assessment, the recoverable amount of Tianjin Jinfu approximated to its carrying value and no impairment is therefore required. The estimated revenue growth rates over the remaining operating period of Tianjin Jinfu ranges from -3% to 25% and the discount rate adopted was 12%, which compares to the estimated revenue growth rates of 0.2% to 20% and the discount rate of 10% used in the prior year valuation model. With all other variables held constant, if the revenue growth rate is decreased by 1%, the profit before taxation would have been decreased by HK$10,485,000. Similarly, with all other variables held constant, if the discount rate is higher than the management estimates by 0.5%, the profit before taxation would have been decreased by HK$33,527,000.

5 REVENUES AND SEGMENT INFORMATION

The Group is principally engaged in the operation and management of toll highways, bridges and port in the PRC.

The chief operating decision-maker has been identified as the Executive Directors. The directors review the Group's internal reporting in order to assess performance of the Group's main reporting segment – Toll highways and bridges projects in the PRC. The directors assess the performance of this main reporting segment based on measurement of profit after income tax for the year. Other operations mainly comprise port operation, investment and others. There have been no sales carried out between segments. None of these operations constitutes a separate segment. The financial information provided to the chief operating decision-maker is measured in a manner consistent with that of the financial statements.

Business segment	Toll roads operations RMB'000	Port and all other segments RMB'000	Total RMB'000
31 December 2014			
Revenue (from external customers)	**1,854,423**	**4,283**	**1,858,706**
Amortisation of intangible operating rights	**(346,025)**	—	**(346,025)**
Depreciation of property, plant and equipment	**(24,752)**	**(764)**	**(25,516)**
Operating profit/(loss)	**1,003,029**	**(6,328)**	**996,701**
Finance income	**30,225**	**34**	**30,259**
Finance costs	**(276,154)**	**(8,038)**	**(284,192)**
Share of result of a joint venture	**21,216**	—	**21,216**
Share of results of associates	**250,256**	—	**250,256**
Profit/(loss) before income tax	**1,028,572**	**(14,332)**	**1,014,240**
Income tax expense	**(236,510)**	—	**(236,510)**
Profit/(loss) for the year	**792,062**	**(14,332)**	**777,730**

5 REVENUES AND SEGMENT INFORMATION (Continued)

Business segment	Toll roads operations RMB' 000	Port and all other segments RMB' 000	Total RMB' 000
31 December 2013			
Revenue (from external customers)	1,753,084	—	1,753,084
Amortisation of intangible operating rights	(304,210)	—	(304,210)
Depreciation of property, plant and equipment	(18,515)	(617)	(19,132)
Disposal gain of asset classified as held for sale	—	121,543	121,543
Provision for impairment losses			
– Goodwill	(39,470)	—	(39,470)
– Intangible operating rights	(91,604)	—	(91,604)
Operating profit	863,999	119,871	983,870
Finance income	100,668	—	100,668
Finance costs	(337,430)	—	(337,430)
Share of result of a joint venture	14,404	—	14,404
Share of results of associates	192,133	—	192,133
Profit before income tax	833,774	119,871	953,645
Income tax expense	(242,498)	(18,156)	(260,654)
Profit for the year	591,276	101,715	692,991

5 REVENUES AND SEGMENT INFORMATION (Continued)

Assets and liabilities	Toll roads operations RMB'000	Port and all other segments RMB'000	Total RMB'000
As at 31 December 2014			
Total segment assets	**16,877,185**	**632,775**	**17,509,960**
Addition to non-current assets	**42,993**	**54,053**	**97,046**
Total segment assets include:			
Investment in a joint venture	**367,165**	—	**367,165**
Investments in associates	**1,488,759**	—	**1,488,759**
Total segment liabilities	**(6,576,447)**	**(488,944)**	**(7,065,391)**
Total segment liabilities include:			
Amount due to a joint venture	**(52,500)**	—	**(52,500)**
As at 31 December 2013			
Total segment assets	17,644,834	581,134	18,225,968
Addition to non-current assets	125,940	42,279	168,219
Total segment assets include:			
Investment in a joint venture	345,949	—	345,949
Investments in associates	1,567,139	—	1,567,139
Total segment liabilities	(7,532,087)	(415,555)	(7,947,642)
Total segment liabilities include:			
Amount due to a joint venture	(42,000)	—	(42,000)

All major operating entities are domiciled in the PRC. All revenues of the Group from external customers are generated in the PRC. Besides, most of the assets of the Group are located in the PRC. Thus no geographic information is presented.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

6 OTHER INCOME, GAINS AND LOSSES – NET

	2014 **RMB'000**	2013 RMB'000
Fair value gain on investment properties (note 17)	**793**	—
Exchange (loss)/gain – net	**(7,502)**	949
Loss on disposal of property, plant and equipment	**(1,272)**	(290)
Advertising income	**3,366**	2,722
Compensation for expressways and bridges damages	**13,426**	4,209
Handling income from toll fee collection	**6,867**	4,893
Management service income	**3,849**	2,100
Income from rental of service area and gas station	**5,754**	1,882
Disposal gain of asset classified as held for sale (note a)	—	121,543
Provision for impairment losses		
– Goodwill	—	(39,470)
– Intangible operating rights	—	(91,604)
Others	**7,508**	8,447
	32,789	15,381

Note:

(a) The amount represented gain from disposal of equity interest in Guangzhou Securities Co. Ltd. in 2013.

7 EXPENSES BY NATURE

Expenses included in cost of services and general and administrative expenses are analysed as follows:

	2014 RMB'000	2013 RMB'000
Business tax	**63,262**	59,477
Amortisation of intangible operating rights (note 14)	**346,025**	304,210
Depreciation of property, plant and equipment (note 16)	**25,516**	19,132
Toll highways and bridges maintenance expenses	**115,986**	70,155
Toll highways and bridges operating expenses	**58,619**	52,370
Staff costs (including Directors' emoluments)		
– Wages and salaries	**148,672**	141,291
– Pension costs (defined contribution plan) (note a)	**13,971**	14,406
– Social security costs	**16,470**	14,901
– Staff welfare and other benefits	**37,228**	38,512
Auditor's remuneration		
– Audit services	**2,420**	2,665
– Non-audit services	**2,236**	1,523
Rental expenses	**10,082**	9,577
Legal and professional fee	**15,864**	7,088

Note:

(a) The Group operates a defined contribution scheme ("ORSO Scheme") for certain Hong Kong employees as defined in the Occupational Retirement Schemes Ordinance. Contributions to the scheme by the employer and employees are calculated at 15% and 5% respectively of basic salaries of the employees.

The Group also participates in the Mandatory Provident Fund Scheme ("MPF Scheme") for other Hong Kong employees. The Group's MPF Scheme contributions are at 5% of the employees' relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HKD1,500 (equivalent to RMB1,181) per employee per month. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HKD6,500 per month (equivalent to RMB5,119), and more than HKD7,100 per month (equivalent to RMB5,592) effective from 1 November 2013. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

Subsidiaries of the Company in the PRC are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal People's Government, and make monthly contributions to the retirement plans of up to 20% of the monthly salaries of the employees or three times the preceding year's local monthly average wage, whichever is lower.

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The remuneration of each Director and the Chief executive

For the year ended 31 December 2014

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors				
ZHU Chunxiu#	—	459	2,491	2,950
LIANG Youpan	—	611	1,096	1,707
QIAN Shangning	—	570	782	1,352
ZHANG Zhaoxing*	—	152	244	396
LI Xinmin*	—	152	244	396
LIANG Ningguang*	—	120	194	314
WANG Shuhui*	—	120	194	314
	—	2,184	5,245	7,429
Executive director and the Chief executive				
HE Baiqing#	—	609	1,738	2,347
Independent non-executive directors				
FUNG Ka Pun	180	—	—	180
LAU Hon Chuen Ambrose	180	—	—	180
CHEUNG Doi Shu	180	—	—	180
	540	—	—	540
	540	2,793	6,983	10,316

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) The remuneration of each Director and the Chief executive (Continued)

For the year ended 31 December 2013

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors				
ZHANG Zhaoxing	—	619	1,856	2,475
LI Xinmin	—	619	1,856	2,475
QIAN Shangning	—	578	1,732	2,310
LIANG Ningguang	—	493	1,478	1,971
LIANG Youpan	—	619	1,856	2,475
WANG Shuhui	—	493	1,478	1,971
	—	3,421	10,256	13,677
Independent non-executive directors				
FUNG Ka Pun	180	—	—	180
LAU Hon Chuen Ambrose	180	—	—	180
CHEUNG Doi Shu	180	—	—	180
	540	—	—	540
Chief executive				
HE Baiqing	—	617	722	1,339
	540	4,038	10,978	15,556

* resigned with effect from 19 March 2014

\# appointed on 19 March 2014

Notes:

No Directors waived emoluments in respect of the years ended 31 December 2014 and 2013. No emoluments were paid or payable by the Group to any Directors as an inducement to join, or as compensation for loss of office for both years presented.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2013: five) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2013: nil) individual during the year amounted to RMB1,106,500, which include salaries of RMB400,000 and discretionary bonuses of RMB706,500.

9 FINANCE INCOME/COSTS

	2014 RMB'000	2013 RMB'000
Bank interest income	**22,451**	13,175
Interest income on other non-current receivables	**7,808**	8,217
Interest income on compensation receivable	—	36,552
Exchange gain of bank borrowings	—	42,724
Finance income	**30,259**	100,668
Interest expenses:		
– Bank borrowings wholly repayable within 5 years	**(130,723)**	(92,779)
– Bank borrowings wholly repayable over 5 years	**(156,885)**	(255,578)
– Bank facility fees	**(6,060)**	(6,534)
– Loans from non-controlling interests of certain subsidiaries	**(937)**	(762)
– Other loans	**(1,450)**	(1,504)
Exchange loss on bank borrowings	**(3,270)**	—
	(299,325)	(357,157)
Less: amount capitalised in construction in progress	**15,133**	19,727
Finance costs incurred	**(284,192)**	(337,430)

The capitalisation rate used to determine the amounts of borrowing costs eligible for capitalisation is 6.91% (2013: 6.88%) for the year.

10 INCOME TAX EXPENSE

(a) No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group had no income assessable to Hong Kong profits tax during the year (2013: Nil).

(b) During the year ended 31 December 2014, PRC enterprises income tax was provided on the profits of the Group's subsidiaries, associates and a joint venture in the PRC in accordance with the Corporate Income Tax Law of China.

The applicable principal income tax rate for the year ended 31 December 2014 is 25% (2013: 25%).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to withholding income tax at a rate of 5% or 10%. During the year, withholding income tax was provided for undistributed profits of the Group's subsidiaries and associates in the PRC at a rate of 5% or 10% (2013: 5% or 10%).

10 INCOME TAX EXPENSE (Continued)

(c) The amount of income tax charged to the consolidated income statement represents:

	2014 RMB'000	2013 RMB'000
Current income tax		
PRC enterprise income tax		
– current year	**248,348**	232,537
– (Over)/under-provision in prior years	**(16,751)**	2,132
Deferred income tax (note 29)	**4,913**	25,985
	236,510	260,654

The tax on the Group's profit before income tax less share of results of associates and a joint venture differs from the theoretical amount that would arise using the principal applicable tax rate as follows:

	2014 RMB'000	2013 RMB'000
Profit before income tax	**1,014,240**	953,645
Less: share of results of associates	**(250,256)**	(192,133)
Less: share of result of a joint venture	**(21,216)**	(14,404)
	742,768	747,108
Calculated at a tax rate of 25% (2013: 25%)	**185,692**	186,778
Income not subject to tax	**(4,911)**	(16,980)
Expenses not deductible for tax purposes	**26,553**	42,092
Profit of a subsidiary with preferential tax treatment (note (a))	**(16,255)**	(14,937)
Tax losses not recognised (note (b))	**41,212**	32,650
Utilisation of previously unrecognised tax losses	**(3,882)**	(5,345)
(Over)/under-provision in prior year	**(16,751)**	2,132
Effect of different taxation rates	**(6,342)**	(3,561)
Withholding tax on undistributed profits of subsidiaries and associates	**31,194**	37,825
Income tax expense	**236,510**	260,654

Note:

(a) Certain subsidiaries of the Group enjoy six years' preferential tax treatment of income tax, at a preferential income tax rate of 15%.

(b) Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately RMB169,400,000 (2013: RMB149,933,000) in respect of unused losses amounting to approximately RMB677,599,000 (2013: RMB599,731,000). Unused tax losses will expire in 2015 to 2019.

11 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of profit of RMB551,915,000 (2013: Profit of RMB546,111,000).

12 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2014	2013
Profit attributable to shareholders of the Company (RMB'000)	**609,370**	554,419
Weighted average number of ordinary shares in issue ('000)	**1,673,162**	1,673,162
Basic and diluted earnings per share (RMB)	**0.3642**	0.3314

The diluted earnings per share for the year ended 31 December 2014 equals to the basic earnings per share as there are no potential dilutive ordinary shares in issue during the year.

13 DIVIDENDS

Company

	2014 **RMB'000**	2013 RMB'000
Interim, paid, of HKD0.11 equivalent to RMB0.09 (2013: HKD0.10 equivalent to RMB0.08) per share	**146,152**	133,086
Final, proposed, of HKD0.17 equivalent to RMB0.13 (2013: HKD0.16 equivalent to RMB0.13) per share	**225,683**	211,466
	371,835	344,552

The final dividend was proposed after the balance sheet date and has not been recognised as a liability at the balance sheet date.

14 INTANGIBLE OPERATING RIGHTS

	RMB'000
Year ended 31 December 2014	
Opening net book amount	**13,314,416**
Additions	**23,096**
Amortisation	**(346,025)**
Closing net book amount	**12,991,487**
At 31 December 2014	
Cost	**14,827,258**
Accumulated amortization	**(1,835,771)**
Net book amount	**12,991,487**
Year ended 31 December 2013	
Opening net book amount	13,612,830
Additions	97,400
Amortisation	(304,210)
Provision for impairment losses	(91,604)
Closing net book amount	13,314,416
At 31 December 2013	
Cost	14,804,162
Accumulated amortization	(1,489,746)
Net book amount	13,314,416

At 31 December 2014, toll highway operating rights with net book amount of RMB11,168,345,000 (2013: RMB13,232,314,000) were pledged to secure the Group's bank borrowings.

15 GOODWILL

	2014 **RMB' 000**	2013 RMB' 000
At 1 January	**368,806**	408,276
Provision for impairment losses (note 4(c))	—	(39,470)
At 31 December	**368,806**	368,806

Goodwill is allocated to the Group's six cash-generating units including the operations of Guangzhou Northern Second Ring Expressway, Guangxi Cangyu Expressway, Tianjin Jinbao Expressway, Hubei Han-Xiao Highway, Hunan Changzhu Expressway and Weixu Expressway.

The recoverable amounts of the above cash-generating units are determined based on value-in-use or fair value less costs of disposal calculations. These calculations use cash flow projections based on financial budgets approved by management covering the operating period of the expressways and the growth rates ranged from -3% to 25%, which is similar to industry practice.

Key assumptions and considerations used in the calculations included estimated traffic flow growth, vehicle types of the toll expressways and highway operation. Toll fee charging rates of the expressways or highway were regulated by the relevant government authorities in the PRC.

Management determined the above key assumptions and considerations based on historical records, past performance and its expectations for the market development. Both internal and external factors are considered, independent professional traffic studies on traffic flow growth will be obtained where appropriate. Discount rates adopted are from 12% to 13%. The specific risks underlying the toll highways industry are incorporated in the calculations.

16 PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold Land RMB'000	Buildings RMB'000	Port Structures RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2014							
Opening net book amount	**453**	**22,689**	—	**138,351**	**13,478**	**473,177**	**648,148**
Exchange differences	**2**	**21**	—	**(2)**	—	—	**21**
Additions	—	—	—	**19,220**	**3,027**	**51,703**	**73,950**
Disposals	—	—	—	**(424)**	**(849)**	—	**(1,273)**
Transfers	—	**47,133**	**477,747**	—	—	**(524,880)**	—
Depreciation	**(14)**	**(932)**	**(3,974)**	**(16,969)**	**(3,627)**	—	**(25,516)**
Closing net book amount	**441**	**68,911**	**473,773**	**140,176**	**12,029**	—	**695,330**
At 31 December 2014							
Cost	**453**	**84,040**	**477,747**	**213,442**	**22,197**	—	**797,879**
Accumulated depreciation	**(12)**	**(15,129)**	**(3,974)**	**(73,266)**	**(10,168)**	—	**(102,549)**
Net book amount	**441**	**68,911**	**473,773**	**140,176**	**12,029**	—	**695,330**
Year ended 31 December 2013							
Opening net book amount	523	23,647	—	124,391	17,391	431,567	597,519
Exchange differences	(56)	(711)	—	—	—	—	(767)
Additions	—	344	—	28,584	281	41,610	70,819
Disposals	—	—	—	(187)	(104)	—	(291)
Depreciation	(14)	(591)	—	(14,437)	(4,090)	—	(19,132)
Closing net book amount	453	22,689	—	138,351	13,478	473,177	648,148
At 31 December 2013							
Cost	523	36,858	—	199,682	24,479	473,177	734,719
Accumulated depreciation	(70)	(14,169)	—	(61,331)	(11,001)	—	(86,571)
Net book amount	453	22,689	—	138,351	13,478	473,177	648,148

Note:

At 31 December 2014, property, plant and equipment with net book amount of RMB295,740,000 (2013: Nil) were pledged to secure the Group's bank borrowings.

The Group's interests in leasehold land classified as finance lease were held in Hong Kong with a lease period between 10 to 50 years.

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2014			
Opening net book amount	**463**	**266**	**729**
Additions	**76**	—	**76**
Disposal	—	—	—
Depreciation	**(119)**	**(199)**	**(318)**
Closing net book amount	**420**	**67**	**487**
At 31 December 2014			
Cost	**1,406**	**598**	**2,004**
Accumulated depreciation	**(986)**	**(531)**	**(1,517)**
Net book amount	**420**	**67**	**487**
Year ended 31 December 2013			
Opening net book amount	554	465	1,019
Additions	30	—	30
Disposal	—	—	—
Depreciation	(121)	(199)	(320)
Closing net book amount	463	266	729
At 31 December 2013			
Cost	1,330	598	1,928
Accumulated depreciation	(867)	(332)	(1,199)
Net book amount	463	266	729

17 INVESTMENT PROPERTIES

	2014 RMB'000	2013 RMB'000
At 1 January	16,354	16,876
Exchange differences	50	(522)
Fair value gain	793	—
At 31 December	17,197	16,354

The investment properties of the Group were revalued at 31 December 2014 on the basis of their open market values as determined by C S Surveyors Limited, an independent firm of professional surveyor, appointed by the Group. The fair value of each investment property is individually determined at the end of each reporting period by the independent valuer.

The fair value of investment properties had been generally derived using the sales comparison approach with significant observable inputs. Sales prices of comparable properties in close proximity were adjusted for differences in key attributes such as property size. The most significant observable input into this valuation approach was price per square foot. There were no changes in valuation techniques during the year and all investment properties are included in level 3 fair value hierarchy as at 31 December 2014.

Amounts recognised in profit and loss for investment properties are insignificant to the Group. The Group's investment properties are held on leases of between 10 to 50 years in Hong Kong.

18 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/TO SUBSIDIARIES

(a) Investments in subsidiaries

	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost	3,528,601	3,528,601

Details of the principal subsidiaries of the Company are set out in note 36.

(b) The amounts due from/to subsidiaries are unsecured, interest free, repayable on demand and denominated in RMB.

The carrying amounts of the amounts due from/to subsidiaries approximate their fair values.

18 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/TO SUBSIDIARIES (Continued)

(c) Material non-controlling interests

The total non-controlling interests for the year are RMB1,916,974,000, of which RMB1,303,147,000 and RMB324,122,000 is for Guangzhou Northern Second Ring Expressway Company Limited ("GNSR Expressway Company Limited") and Tianjin Jinfu Expressway Company Limited respectively. The non-controlling interests of remaining subsidiaries are not material. The percentage of equity interests of GNSR Expressway Company Limited and Tianjin Jinfu Expressway Company Limited held by non-controlling interests are both 40%.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet

	GNSR Expressway Company Limited		Tianjin Jinfu Expressway Company Limited	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Current				
Assets	**356,322**	143,319	**42,867**	41,485
Liabilities	**(149,595)**	(90,097)	**(51,358)**	(32,357)
Total current net assets/(liabilities)	**206,727**	53,222	**(8,491)**	9,128
Non-current				
Assets	**3,977,491**	4,101,006	**959,998**	980,712
Liabilities	**(822,909)**	(831,361)	**(284,375)**	(317,271)
Total non-current net assets	**3,154,582**	3,269,645	**675,623**	663,441
Net assets	**3,361,309**	3,322,867	**667,132**	672,569

18 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/TO SUBSIDIARIES (Continued)

(c) Material non-controlling interests (Continued)

Summarised income statement

	GNSR Expressway Company Limited		Tianjin Jinfu Expressway Company Limited	
	2014 **RMB'000**	2013 RMB'000	**2014** **RMB'000**	2013 RMB'000
Revenue	**844,684**	755,836	**97,715**	108,073
Profit/(loss) before income tax	**553,581**	481,114	**30,886**	(88,852)
Income tax expense	**(138,293)**	(120,404)	**(7,949)**	12,114
Profit/(loss) and total comprehensive income/(loss)	**415,288**	360,710	**22,937**	(76,738)
Total comprehensive income/(loss) attributable to non-controlling interests	**166,115**	144,284	**13,762**	(8,621)
Dividends declared to non-controlling interests	**150,738**	126,989	**15,255**	3,392

18 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/TO SUBSIDIARIES (Continued)

(c) Material non-controlling interests (Continued)

Summarised cash flows

	GNSR Expressway Company Limited 2014 RMB'000	2013 RMB'000	Tianjin Jinfu Expressway Company Limited 2014 RMB'000	2013 RMB'000
Cash flows from operating activities				
Cash generated from operations	**745,284**	623,099	**66,055**	76,815
Income tax paid	**(146,956)**	(112,966)	**(9,072)**	(10,071)
Net cash generated from operating activities	**598,328**	510,133	**56,983**	66,744
Net cash generated from/(used in) investing activities	**14,997**	(7,192)	**(22,126)**	(3,867)
Net cash used in financing activities	**(388,912)**	(769,409)	**(42,939)**	(84,241)
Net increase/(decrease) in cash and cash equivalents	**224,413**	(266,468)	**(8,082)**	(21,364)
Cash and cash equivalents at 1 January	**114,454**	380,922	**30,172**	51,536
Cash and cash equivalents at 31 December	**338,867**	114,454	**22,090**	30,172

The information above is stated before inter-company eliminations.

19 INVESTMENT IN A JOINT VENTURE

	Guangzhou Western Second Ring Expressway Co., Ltd. Share of net assets	
	2014	2013
	RMB'000	RMB'000
At 1 January	**345,949**	331,545
Share of results for the year		
– profit before income tax	**23,745**	19,205
– income tax expense	**(2,529)**	(4,801)
	21,216	14,404
At 31 December	**367,165**	345,949

Guangzhou Western Second Ring Expressway Co., Ltd. is a private company and there is no quoted market price available for its shares. There are no contingent liabilities relating to the Group's interest in the joint venture.

Summarised financial information of the Group's investment in the joint venture is set out below:

	Guangzhou Western Second Ring Expressway Co., Ltd.	
	2014	2013
	RMB'000	RMB'000
Revenue	**334,781**	301,043
Depreciation and amortisation	**(90,433)**	(83,579)
Interest income	**570**	206
Interest expense	**(86,780)**	(93,277)
Other expense – net	**(77,040)**	(69,521)
Profit before income tax	**81,098**	54,872
Income tax expense	**(20,480)**	(13,717)
Profit and total comprehensive income	**60,618**	41,155

19 INVESTMENT IN A JOINT VENTURE (Continued)

	Guangzhou Western Second Ring Expressway Co., Ltd. 2014 RMB'000	2013 RMB'000
Current		
Cash and cash equivalents	**42,292**	57,651
Other current assets	**211,093**	154,689
Total current assets	**253,385**	212,340
Financial liabilities	**(220,000)**	(340,000)
Trade payables and other current liabilities	**(98,787)**	(84,351)
Total current liabilities	**(318,787)**	(424,351)
Non-current		
Assets	**2,308,530**	2,387,297
Financial liabilities	**(1,182,000)**	(1,182,000)
Other liabilities	**(12,084)**	(4,860)
Total non-current liabilities	**(1,194,084)**	(1,186,860)
Net assets	**1,049,044**	988,426

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

Reconciliation of the summarised financial information presented to the carrying amount of its investment in the joint venture is set out below:

	Guangzhou Western Second Ring Expressway Co., Ltd 2014 RMB'000	2013 RMB'000
Opening net assets 1 January	**988,426**	947,271
Profit for the year	**60,618**	41,155
Closing net assets	**1,049,044**	988,426
Group's share of net assets	**367,165**	345,949
Carrying amount of investment in the joint venture	**367,165**	345,949

Details of the Group's joint venture are set out in note 36.

20 INVESTMENTS IN ASSOCIATES

	Share of net Assets RMB' 000
At 1 January 2014	**1,567,139**
Share of results for the year	
– profit before income tax	**345,853**
– income tax	**(95,597)**
	250,256
Capital injection	**60,266**
Dividends	**(388,902)**
At 31 December 2014	**1,488,759**
At 1 January 2013	1,613,598
Share of results for the year	
– profit before income tax	276,223
– income tax	(84,090)
	192,133
Dividends	(238,592)
At 31 December 2013	1,567,139

There are no contingent liabilities relating to the Group's interest in the associates.

20 INVESTMENT IN ASSOCIATES (Continued)

Summarised financial information of the Group's investment in each associate is set out below:

	Guangdong Humen Bridge Co., Ltd.		Guangdong Qinglian Highway Development Co., Ltd.		Guangzhou Northring Freeway Co., Ltd.		Guangdong Shantou Bay Bridge Co., Ltd.	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**1,316,194**	1,212,813	**779,751**	710,963	**644,312**	627,646	**250,671**	245,038
Profit/(loss) and total comprehensive income	**802,055**	740,125	**9,088**	(191,931)	**269,468**	269,364	**133,702**	118,358
Dividends received from associates	**(199,835)**	(99,973)	**—**	—	**(89,756)**	(76,415)	**(47,717)**	(62,204)
Assets:								
Non-current assets	**1,796,693**	1,840,411	**7,857,770**	8,054,584	**932,181**	1,010,494	**409,456**	428,788
Current assets	**336,616**	563,359	**101,857**	166,551	**211,410**	280,033	**31,193**	35,158
	2,133,309	2,403,770	**7,959,627**	8,221,135	**1,143,591**	1,290,527	**440,649**	463,946
Liabilities:								
Non-current liabilities	**(484,420)**	(503,464)	**(5,243,395)**	(5,466,119)	**(317,385)**	(339,181)	**(64,180)**	(65,972)
Trade payables and other current liabilities	**(488,440)**	(104,071)	**(148,475)**	(451,390)	**(191,618)**	(84,782)	**(88,604)**	(19,755)
	(972,860)	(607,535)	**(5,391,870)**	(5,917,509)	**(509,003)**	(423,963)	**(152,784)**	(85,727)
Net assets	**1,160,449**	1,796,235	**2,567,757**	2,303,626	**634,588**	866,564	**287,865**	378,219

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

20 INVESTMENT IN ASSOCIATES (Continued)

Reconciliation of the summarized financial information presented to the carrying amount of its investments in associates is set out below:

	Guangdong Humen Bridge Co., Ltd.		Guangdong Qinglian Highway Development Co., Ltd.		Guangzhou Northring Freeway Co., Ltd.		Guangdong Shantou Bay Bridge Co., Ltd.		Total	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Opening net assets 1 January	1,796,235	1,664,667	2,303,626	2,495,557	866,564	911,665	378,219	467,204	5,344,644	5,539,093
Profit/(loss) for the year	802,055	740,125	9,088	(191,931)	269,468	269,364	133,702	118,358	1,214,313	935,916
Dividends	(1,437,841)	(608,557)	—	—	(501,444)	(314,465)	(224,056)	(207,343)	(2,163,341)	(1,130,365)
Capital Injection	—	—	255,043	—	—	—	—	—	255,043	—
Closing net assets	1,160,449	1,796,235	2,567,757	2,303,626	634,588	866,564	287,865	378,219	4,650,659	5,344,644
Group's share of net assets	446,922	498,994	606,760	544,347	154,205	210,575	81,115	113,466	1,289,002	1,367,382
Goodwill	93,684	93,684	—	—	—	—	106,073	106,073	199,757	199,757
Carrying amount of investments in the associates	540,606	592,678	606,760	544,347	154,205	210,575	187,188	219,539	1,488,759	1,567,139

Details of the Group's associates are set out in note 36.

21 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 RMB'000	2013 RMB'000
At 1 January	**812**	992
Fair value losses recognised in other comprehensive income	—	(180)
At 31 December	**812**	812

The balance represents unlisted equity securities stated at fair value, which was referenced to the latest audited financial statements.

22 OTHER NON-CURRENT RECEIVABLES

Non-current receivable represents the non-current portion of the present value of consideration receivable, discounted at a rate of 5.32% in relation to the disposal of the Group's toll operating rights of Xiang Jiang Bridge II completed in 2009.

As at 31 December 2014, the total remaining balance of the consideration receivable is RMB136.2 million (2013: RMB143.1 million) which will be settled by 15 half yearly installments until the end of its concessionary period, i.e. 30 November 2021. Approximately RMB107.5 million (2013: RMB127.5 million) will be received after 31 December 2015 (2013: 31 December 2014) according to the repayment schedule.

The fair value of the consideration receivable is estimated by discounting at the applicable current interest rate and is approximately RMB141.6 million (2013: RMB147.2 million) and categorized as level 2 under the fair value hierarchy.

23 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Trade receivables (note a)	**57,329**	32,210
Other receivables, deposits and prepayments	**101,669**	62,584
	158,998	94,794

Company

	31 December 2014 RMB'000	31 December 2013 RMB'000
Deposit and prepayments	**104**	1,220

Note:

(a) As at 31 December 2014, trade receivables were all aged below 90 days (2013: 30 days).

The Group's revenue is generally settled in cash and it usually does not maintain any account balances owing. The trade receivables represented amounts due from local transport departments which collected the toll revenue for certain operating entities due to the implementation of unified toll collection policy on expressways in Guangdong Province. The settlement period is normally within a month.

As at 31 December 2014 and 2013, trade receivables were neither past due nor impaired and no provision for impairment loss has been provided for trade receivables.

As at 31 December 2014 and 2013, all other receivables and deposits were performing.

The Group and the Company do not hold any collateral as security. The maximum exposure to credit risk at the reporting date is the carrying value of the receivables as stated in the balance sheets.

The carrying amounts of trade and other receivables and deposits approximate their fair values and are mainly denominated in RMB.

24 SHORT-TERM BANK DEPOSITS

Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Bank deposits with original maturity of more than 3 months but less than a year	**27,396**	22,000

As at 31 December 2014, the deposits were primarily denominated in RMB and the effective interest rates ranged from 3.05% to 3.30% per annum.

25 CASH AND CASH EQUIVALENTS

	Group		**Company**	
	31 December 2014 RMB'000	31 December 2013 RMB'000	**31 December 2014 RMB'000**	31 December 2013 RMB'000
Cash at bank and in hand	**784,241**	1,188,671	**103,670**	176,914
Term deposits with original maturities of less than 3 months	**339,276**	416,005	—	282,573
	1,123,517	1,604,676	**103,670**	459,487
Maximum exposure to credit risk	**1,007,977**	1,601,937	**103,612**	457,594

Bank balances and cash are denominated in the following currencies:

	Group		**Company**	
	31 December 2014 RMB'000	31 December 2013 RMB'000	**31 December 2014 RMB'000**	31 December 2013 RMB'000
HK dollars	**110,230**	156,390	**76,749**	119,865
US dollars	**25**	25	**10**	10
Renminbi	**1,013,262**	1,448,261	**26,911**	339,612
	1,123,517	1,604,676	**103,670**	459,487

26 SHARE CAPITAL

	31 December 2014 Number of shares	31 December 2014 RMB' 000	31 December 2013 Number of shares	31 December 2013 RMB' 000
Authorised:				
Ordinary shares of RMB0.08805 each	**2,000,000,000**	**176,100**	2,000,000,000	176,100
Issued and fully paid:				
ordinary shares of RMB0.08805 each	**1,673,162,295**	**147,322**	1,673,162,295	147,322

27 RESERVES

Group

	Share Premium RMB' 000	Capital reserve (note (a)) RMB' 000	Exchange fluctuation reserve RMB' 000	Statutory reserves (note (b)) RMB' 000	Investment revaluation reserve RMB' 000	Retained profits (note (c)) RMB' 000	Asset revaluation reserve (note (d)) RMB' 000	Transaction with non-controlling interests reserve RMB' 000	Total RMB' 000
Balance at 1 January 2014	2,375,743	1,501,716	491,606	60,261	(135)	3,175,719	558,250	(34,715)	8,128,445
Profit for the year	—	—	—	—	—	609,370	—	—	609,370
Currency translation differences	—	—	124	—	—	—	—	—	124
Transfers	—	—	—	598	—	(598)	—	—	—
Acquisition of additional interests in a subsidiary (note 34)	—	—	—	—	—	—	—	(48)	(48)
Dividends									
– 2013 Final dividend (note 13)	—	—	—	—	—	(211,466)	—	—	(211,466)
– 2014 Interim dividend (note 13)	—	—	—	—	—	(146,152)	—	—	(146,152)
Balance at 31 December 2014	2,375,743	1,501,716	491,730	60,859	(135)	3,426,873	558,250	(34,763)	8,380,273
Representing:									
Retained profits						3,201,190			
2014 Final dividend proposed (note 13)						225,683			
						3,426,873			

27 RESERVES (Continued)

Group (Continued)

	Share Premium RMB'000	Capital reserve (note (a)) RMB'000	Exchange fluctuation reserve RMB'000	Statutory reserves (note (b)) RMB'000	Investment revaluation reserve RMB'000	Retained profits (note (c)) RMB'000	Asset revaluation reserve (note (d)) RMB'000	Transaction with non-controlling interests reserve RMB'000	Total RMB'000
Balance at 1 January 2013	2,375,743	1,501,716	491,483	59,737	91,158	2,903,772	558,250	(34,715)	7,947,144
Profit for the year	—	—	—	—	—	554,419	—	—	554,419
Decrease in fair value of available-for-sale financial assets	—	—	—	—	(180)	—	—	—	(180)
Deferred tax on decrease in fair value of available-for-sale financial assets	—	—	—	—	45	—	—	—	45
Release of reserve upon disposal of asset classified as held for sale	—	—	—	—	(121,543)	—	—	—	(121,543)
Deferred tax on decrease of reserve upon disposal of asset classified as held for sale	—	—	—	—	30,385	—	—	—	30,385
Currency translation differences	—	—	123	—	—	—	—	—	123
Transfers	—	—	—	524	—	(524)	—	—	—
Dividends									
– 2012 Final dividend (note 13)	—	—	—	—	—	(148,862)	—	—	(148,862)
– 2013 Interim dividend (note 13)	—	—	—	—	—	(133,086)	—	—	(133,086)
Balance at 31 December 2013	2,375,743	1,501,716	491,606	60,261	(135)	3,175,719	558,250	(34,715)	8,128,445
Representing:									
Retained profits						2,964,253			
2013 Final dividend proposed (note 13)						211,466			
						3,175,719			

27 RESERVES (Continued)

Group (Continued)

(a) Capital reserve represents the difference between the nominal value of the shares/registered capital of the subsidiaries acquired and the nominal value of the shares issued by Kiu Fung Limited, a subsidiary of the Company, as consideration of the acquisition in 1996.

(b) Statutory reserves represent enterprise expansion and general reserve funds appropriated by the operating subsidiaries, associates and a joint venture in the PRC. As stipulated by regulations in the PRC, the Company's subsidiaries, associates and a joint venture established and operated in the PRC are required to appropriate a portion of their after-tax profits (after offsetting prior year losses) to the enterprise expansion and general reserve funds, at rates determined by their respective Boards of Directors. According to the Regulations for the Implementation of the Law of The People's Republic of China on Joint Ventures Using Chinese and Foreign Investment, upon approval by the Board, the general reserve funds may be used for making up losses and increasing capital while the enterprise expansion fund may be used for increasing capital.

(c) Included in the Group's retained earnings are retained earnings of RMB19,621,000 (2013: accumulated losses of RMB1,595,000) and retained earnings of RMB257,049,000 (2013: RMB395,695,000) attributable to a joint venture and associates respectively.

(d) The asset revaluation reserve represents the fair value gain on revaluation of the 40% equity interest in GNSR Expressway Company Limited held by the Group as an associate then in 2007 prior to the Group's further acquisition of an additional 20% equity interest to become a subsidiary.

Company

	Share premium RMB'000	Contributed surplus (note a) RMB'000	Retained Profits RMB'000	Total RMB'000
At 1 January 2014	**2,375,743**	**1,561,564**	**1,007,715**	**4,945,022**
Profit for the year	—	—	**551,915**	**551,915**
Dividends:				
2013 Final dividend (note 13)	—	—	**(211,466)**	**(211,466)**
2014 Interim dividend (note 13)	—	—	**(146,152)**	**(146,152)**
At 31 December 2014	**2,375,743**	**1,561,564**	**1,202,012**	**5,139,319**
Representing:				
Retained profits			**976,329**	
2014 Final dividend proposed (note 13)			**225,683**	
			1,202,012	

27 RESERVES (Continued)

Company (Continued)

	Share premium RMB'000	Contributed surplus (note a) RMB'000	Retained Profits RMB'000	Total RMB'000
At 1 January 2013	2,375,743	1,561,564	743,552	4,680,859
Profit for the year	—	—	546,111	546,111
Dividends:				
2012 Final dividend (note 13)	—	—	(148,862)	(148,862)
2013 Interim dividend (note 13)	—	—	(133,086)	(133,086)
At 31 December 2013	2,375,743	1,561,564	1,007,715	4,945,022
Representing:				
Retained profits			796,249	
2013 Final dividend proposed (note 13)			211,466	
			1,007,715	

Note:

(a) The contributed surplus represents the difference between the nominal value of the shares issued by the Company in exchange for all the issued ordinary shares of Kiu Fung Limited and the value of net assets of the underlying subsidiaries acquired by the Company as at 30 November 1996. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders.

28 BORROWINGS

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	**31 December 2014 RMB'000**	31 December 2013 RMB'000
Long-term bank borrowings	**4,876,843**	5,660,479	**2,142,643**	1,768,457
Loans from non-controlling interests of certain subsidiaries	**107,534**	110,374	—	—
Other loans	**14,200**	31,032	—	—
Total borrowings	**4,998,577**	5,801,885	**2,142,643**	1,768,457
Less: Amounts due within one year as shown under current liabilities	**(358,338)**	(705,504)	**(307,338)**	(514,702)
Total non-current borrowings	**4,640,239**	5,096,381	**1,835,305**	1,253,755

28 BORROWINGS (Continued)

(a) As at 31 December 2014, the Group's borrowings were repayable as follows:

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	**31 December 2014 RMB'000**	31 December 2013 RMB'000
Within one year	**358,338**	705,504	**307,338**	514,702
Between one and two years	**1,086,492**	840,546	**718,838**	308,764
Between two and five years	**2,159,407**	2,341,794	**1,116,467**	944,991
Later than five years	**1,394,340**	1,914,041	—	—
	4,998,577	5,801,885	**2,142,643**	1,768,457

	Group		Company	
	31 December 2014 RMB'000	31 December 2013 RMB'000	**31 December 2014 RMB'000**	31 December 2013 RMB'000
Wholly repayable within 5 years	**2,932,377**	2,476,711	**2,142,643**	1,768,457
Wholly repayable after 5 years	**2,066,200**	3,325,174	—	—
	4,998,577	5,801,885	**2,142,643**	1,768,457

(b) The bank borrowings of RMB2,285,900,000 (2013:RMB3,244,001,000) and RMB348,300,000 (2013: Nil) were secured by intangible operating rights (note 14) and property, plant and equipment (note 16) of the Group, respectively. All bank borrowings were interest bearing at rates ranging from 2.44% to 6.88% (2013: 2.86% to 6.88%). The effective interest rate of these borrowings at 31 December 2014 was 5.00% (2013: 5.43%).

(c) Loans from non-controlling interests of certain subsidiaries were unsecured and interest-free. The carrying amounts of these interest-free loans approximated their fair values which are calculated based on cash flows discounted at a rate of 5.60% (2013: 6.00%) per annum.

Loans from non-controlling interests of certain subsidiaries were repayable between one and two years.

(d) The borrowings were denominated in RMB, except for bank borrowings of RMB305,234,000 (2013: RMB510,815,000) which were denominated in USD and RMB1,837,409,000 (2013: RMB1,257,642,000) which were denominated in HKD.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are within one year (2013: within one year).

(e) The other loans represented the unsecured long-term borrowing from third parties amounted to RMB14.2 million (2013: unsecured short-term borrowings from third parties amounted to RMB31.0 million) which carried interest at a rate of 7.04% (2013: 6.55%) per annum.

29 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using the applicable income tax rate.

The analysis of the deferred tax assets and deferred tax liabilities is as follow:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Deferred tax assets:		
Deferred income tax assets to be recovered after more than 12 months	—	—
Deferred income tax assets to be recovered within 12 months	—	—
	—	—
Deferred tax liabilities:		
Deferred income tax liabilities to be recovered after more than 12 months	**1,521,823**	1,510,012
Deferred income tax liabilities to be recovered within 12 months	**7,790**	14,688
	1,529,613	1,524,700
Deferred tax liabilities (net)	**1,529,613**	1,524,700

The gross movement on the deferred income tax account is as follows:

	2014 RMB'000	2013 RMB'000
At 1 January	**1,524,700**	1,529,145
Charged to consolidated income statement (note 10)	**4,913**	25,985
Debit to reserves (Note 27)	—	(30,430)
At 31 December	**1,529,613**	1,524,700

29 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Withholding tax on undistributed profits of subsidiaries and associates RMB'000	Fair value gain on interest in toll highway arising from acquisition of subsidiaries RMB'000	Accelerated amortisation of intangible operating rights RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
At 1 January 2014	**58,393**	**1,193,108**	**273,244**	**(45)**	**1,524,700**
Charged/(credited) to consolidated income statement	**31,194**	**(32,962)**	**40,752**	—	**38,984**
Transferred to current income tax expenses for dividends declared	**(34,071)**	—	—	—	**(34,071)**
At 31 December 2014	**55,516**	**1,160,146**	**313,996**	**(45)**	**1,529,613**
At 1 January 2013	50,470	1,244,875	221,633	30,385	1,547,363
Charged/(credited) to consolidated income statement	37,825	(51,767)	51,611	—	37,669
Debit to reserve	—	—	—	(30,430)	(30,430)
Transferred to current income tax expenses for dividends declared	(29,902)	—	—	—	(29,902)
At 31 December 2013	58,393	1,193,108	273,244	(45)	1,524,700

Deferred tax assets

	Tax losses	
	2014	2013
	RMB'000	RMB'000
At 1 January	—	(18,218)
Credited to consolidated income statement (Note 10)	—	18,218
At 31 December	—	—

30 TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Trade payables	111,797	98,471
Other payables and accrued charges	243,471	250,468
	355,268	348,939

Company

	31 December 2014 RMB'000	31 December 2013 RMB'000
Other payables and accrued charges	59,168	46,049

Trade payables mainly represent construction costs payable to contractors. The ageing analysis of trade payables is as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
0 - 30 days	58,271	20,606
31 - 90 days	13,158	14,453
Over 90 days	40,368	63,412
	111,797	98,471

Trade and other payable and accrued charges are mainly denominated in RMB except for other payable of approximately RMB60.3 million (2013: RMB71.4 million) which was denominated in HKD and the carrying amounts approximated their fair values.

31 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of operating profit to cash generated from operations:

	Note	2014 RMB'000	2013 RMB'000
Operating profit		**996,701**	983,870
Amortisation of intangible operating rights	14	**346,025**	304,210
Depreciation of property, plant and equipment	16	**25,516**	19,132
Fair value gains on investment properties	17	**(793)**	—
Provision for impairment losses	6	**—**	131,074
Exchange loss/(gain) – net		**7,502**	(949)
Loss on disposal of property, plant and equipment		**1,272**	290
Disposal gain of asset classified as held for sale		**—**	(121,543)
Operating profit before working capital changes		**1,376,223**	1,316,084
Changes in working capital:			
– (increase)/decrease in trade and other receivables, deposits and prepayments		**(7,715)**	164,424
– increase/(decrease) in trade and other payables and accrued charges		**77,493**	(13,083)
– decrease/ (increase) in amounts due from non-controlling interests of subsidiaries		**4,006**	(115,366)
– increase in amounts due to non-controlling interests of subsidiaries		**13,537**	828
– decrease in amounts due to holding companies		**(76)**	(14)
Cash generated from operations		**1,463,468**	1,352,873

32 CONSTRUCTION INCOME/COST UNDER SERVICE CONCESSION UPGRADE SERVICES

The construction income/cost associated with the construction and upgrade services provided under the service concessions recognised for the year are as follows:

	2014 RMB'000	2013 RMB'000
Construction income under service concession upgrade services	**23,096**	97,400
Construction cost under service concession upgrade services	**(23,096)**	(97,400)

33 COMMITMENTS

(a) Lease commitment

The Group's future aggregate minimum lease payments/receipts under non-cancellable operating leases of premises and service areas along the expressway are as follows:

	2014 RMB'000	2013 RMB'000
Lease payments		
Within one year	**678**	8,071
Later than one year and not later than five years	—	676
	678	8,747
Lease receipts		
Within one year	**2,292**	460
Later than one year and not later than five years	**9,180**	131
	11,472	591

The Company had no commitments as at 31 December 2014 and 2013.

(b) Capital commitment

Group

	As at 31 December 2014 RMB'000	31 December 2013 RMB'000
Authorised but not contracted for		
Upgrade and construction of toll expressways under concession arrangements and construction of port	**83,559**	34,017
Property, plant and equipment	**24**	1,694
	83,583	35,711
Contracted but not provided for		
Upgrade and construction of toll expressways under concession arrangements and construction of port	**167,520**	68,340
Acquisition of 70% equity interest of the Suiyuenan Expressway (note(a))	**1,742,000**	-
Property, plant and equipment	—	49
	1,909,520	68,389

Note:

(a) The Group entered into an agreement in December 2014 to acquire 70% equity interest of the Suiyuenan Expressway in Hubei and the transaction is expected to be completed in 2015. A deposit of RMB 50,000,000 for the aforesaid acquisition was paid in 2014.

34 CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY WITHOUT CHANGE OF CONTROL

On 10 July 2014, the Group acquired an additional 10% equity interest in Hubei Han-Xiao Highway Construction and Operations Company Limited ("Han-Xiao Company") for the consideration of RMB 88,000,000. Han-Xiao Company became an indirectly wholly owned subsidiary of the Group upon completion of this acquisition.

This is regarded as a transaction with non-controlling interest and is accounted for as an equity transaction under HKFRS 10 – Consolidated Financial Statements. The carrying amount of the non-controlling interest in Han-Xiao Company on the date of acquisition was RMB87,952,000. The excess of approximately RMB 48,000, represented the difference between the fair value of the consideration paid for the acquisition and the carrying value of non-controlling interest acquired at the acquisition date, was charged to the transaction with non-controlling interests reserve. The effect of changes in the ownership interest in Han-Xiao Company on the equity attributable to the shareholders of the Company during the year is summarised as follows:

	As at 31 December 2014 RMB'000
Carrying amount of non-controlling interests acquired	**87,952**
Consideration paid to non-controlling interests	**(88,000)**
Excess of consideration paid recognised in equity (note 27)	**(48)**

There was no other change in ownership interest in the subsidiary in 2013.

35 RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's Directors regard 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) (incorporated in the PRC) as its ultimate holding company and the Guangzhou City Government as its ultimate controlling party.

The table set forth below summarises the names of related parties, with whom the Group has significant transaction during the year, and their relationship with the Company as at 31 December 2014:

Significant related party	Relationship with the Company
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	A wholly-owned subsidiary of ultimate holding Company
Yuexiu Property Company Limited ("Yuexiu Property")	A fellow subsidiary
Blow Light Investments Limited ("Blow Light")	A fellow subsidiary
Chong Hing Bank Limited ("Chong Hing Bank")	A fellow subsidiary
Guangzhou Yuexiu City Construction Jones Lang LaSalle Property Management Co., Ltd. ("YX Jones Lang LaSalle")	A fellow subsidiary
Guangzhou Western Second Ring Expressway Co., Ltd.	A joint venture of a subsidiary
Guangdong Humen Bridge Co., Ltd.	An associate of a subsidiary
Guangdong Qinglian Highway Development Co., Ltd.	An associate of a subsidiary
Guangdong Shantou Bay Bridge Co., Ltd.	An associate of a subsidiary
Guangzhou Northring Freeway Co., Ltd.	An associate of a subsidiary
Guangzhou Yue Xiu City Construction International Finance Center Co., Ltd. ("Yue Xiu IFC")	An associate of a fellow subsidiary

(b) Transactions with related parties

		2014 **RMB'000**	2013 RMB'000
(i)	Administrative service fees paid to Yuexiu Property	**1,029**	1,043
(ii)	Interest expense paid to non-controlling interest of subsidiaries	**337**	159
(iii)	Rental expenses paid to Blow Light Investments Limited	**677**	527
(iv)	Rental expenses paid to Yue Xiu IFC	**7,395**	7,116
(v)	Building management fee paid to YX Jones Lang LaSalle	**1,033**	1,031
(vi)	Interest income received from Chong Hing Bank	**139**	—
(vii)	Management service income received from associates	**3,849**	2,100
		14,459	11,976

35 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

Group

		2014 RMB'000	2013 RMB'000
(i)	Bank balance deposited in Chong Hing Bank	**155,138**	—
(ii)	Dividend receivable from associates	**51,595**	—
(iii)	Amounts due from non-controlling interests of subsidiaries	**111,360**	115,366
(iv)	Amounts due to non-controlling interests of subsidiaries	**80,557**	148,461
(v)	Amounts due to holding companies	**149**	225
(vi)	Amount due to a joint venture	**52,500**	42,000
		451,299	306,052

Company

		2014 RMB'000	2013 RMB'000
(i)	Amounts due from subsidiaries	**3,855,590**	2,934,952
(ii)	Amounts due to subsidiaries	—	18,139
		3,855,590	2,953,091

The amounts due from or to related parties were unsecured, interest free, repayable on demand and denominated in RMB.

(d) Key management compensation

	2014 RMB'000	2013 RMB'000
Salaries and other short-term benefits	**10,316**	15,556

36 GROUP STRUCTURE

As at 31 December 2014, the Company held shares/interest in the following principal subsidiaries, a joint venture and associates.

Principal subsidiaries	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Percentage of attributable interest held by the Company Direct	Indirect	Principal activities
Asian East Worldwide Limited	British Virgin Islands	50,000 Ordinary shares of US$1.00 each	—	100	Investment holding in Guangzhou Northring Freeway Co., Ltd.
Bentfield Limited	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding in Guangzhou Northern Second Ring Expressway Co., Limited
Choice Tone Limited	Hong Kong	1 Ordinary share	—	100	Investment holding in Tianjin Jinfu Expressway Co., Ltd.
Fortune Success Group Ltd.	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding in Guangzhou Tailong Highways Development Company Limited
Frame Bridge Enterprises Ltd.	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding
Grand Speed Limited	Hong Kong	1 Ordinary share	—	100	Investment holding in Guangxi Yuexiu Cangyu Expressway Co., Ltd.
Guangzhou Nanxin Highways Development Company Limited	PRC, limited liability Company	RMB141,463,000	—	80	Development and management of Guangshen Highway linking Guangzhou and Shenzhen (note a)
Guangzhou Northern Second Ring Expressway Company Limited	PRC, limited liability Company	RMB900,000,000	—	60	Development and management of Guangzhou Northern Second Ring Expressway in Guangzhou
Guangzhou Suiqiao Development Company Limited	PRC, limited liability Company	RMB1,000,000	—	100	Investment holding in Guangdong Humen Bridge Co., Ltd.

36 GROUP STRUCTURE (Continued)

Principal subsidiaries	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Percentage of attributable interest held by the Company Direct	Indirect	Principal activities
Guangzhou Tailong Highways Development Company Limited	PRC, limited liability Company	RMB116,667,000	—	90	Development and management of Guangcong Highway Section II linking Guangzhou and Conghua and Provincial Highway 1909 linking Conghua and Longtan (note a)
Guangzhou Weian Highways Development Company Limited	PRC, limited liability Company	RMB175,750,000	—	80	Development and management of Guangshan Highway linking Guangzhou and Shantou (note a)
Guangzhou Xinguang Highways Development Company Limited	PRC, limited liability Company	RMB143,333,000	—	90	Development and management of Guanghua Highway linking Guangzhou and Huadu (note a)
Guangzhou Yue Peng Information Limited	PRC, limited liability Company	RMB260,000,000	—	100	Investment holding
Guangxi Yuexiu Cangyu Expressway Company Limited	PRC, limited liability Company	RMB190,925,000	—	100	Development and management of Cangyu Expressway in Guangxi
Henan Ruibeika Industrial Company Limited	PRC, limited liability Company	RMB660,754,500	—	100	Development and management of Henan Weixu Expressway
Hunan Yue Tung Highway and Bridge Development Company Limited	PRC, limited liability Company	RMB21,000,000	—	75	Development and management of Xiang Jiang Bridge II in Hunan Province (note 22)
Hunan Changzhu Expressway Development Company Limited	PRC, limited liability Company	RMB929,328,460	—	90	Development and management of Changzhu Expressway in Hunan Province
Ickleton Limited	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding in Guangzhou Taihe Highways Development Company Limited

36 GROUP STRUCTURE (Continued)

Principal subsidiaries	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Percentage of attributable interest held by the Company Direct	Indirect	Principal activities
Kam Cheong Limited	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding
Kinleader Co., Ltd.	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding
Kiu Fung Limited	British Virgin Islands	2 Ordinary shares of HKD1.00 each	100	—	Investment holding
Onwell Enterprises Limited	British Virgin Islands	100 Ordinary shares of US$1.00 each	—	100	Investment holding in Guangdong Qinglian Highway Development Company Limited
Pioneer Business Limited	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding
Profit Optima Ltd.	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding
Shaanxi Jinxiu Transport Company Limited	PRC, limited liability Company	RMB100,000,000	—	100	Development and management of Xian-Lintong Expressway in Shaanxi Province
Smart Top Enterprises Limited	Hong Kong	2 Ordinary shares	—	100	Property holding
Sparco Development Limited	British Virgin Islands	100 Ordinary shares of US$1.00 each	—	100	Investment holding in Shaanxi Jinxiu Transport Company Limited
Super Praise Ltd.	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding in Guangdong Shantou Bay Bridge Company Limited
Superfield Limited	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding in Guangzhou Nanxin Highways Development Company Limited

36 GROUP STRUCTURE (Continued)

Principal subsidiaries	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Percentage of attributable interest held by the Company Direct	Indirect	Principal activities
Swift Full Limited	Hong Kong	1 Ordinary share	—	100	Investment holding in Hubei Han Xiao Highway Construction and Operations Company Limited
Teckstar Limited	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding in Guangzhou Weian Highways Development Company Limited
Top Global Holdings Ltd.	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding in Guangzhou Xinguang Highways Development Company Limited
Unionwin Investment Limited	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding
Unique Wealth Investment Ltd.	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding
Yan Tung Investment Limited	British Virgin Islands	10,000 Ordinary shares of US$1.00 each	—	83.3	Investment holding in Hunan Yue Tung Highway and Bridge Development Company Limited
Tianjin Jinfu Expressway Company Limited	PRC, limited liability Company	RMB265,200,000	—	60 (note b)	Development and management of Jinbao Expressway in Tianjin
Wuzhou Yue Xin Chishui Terminal Company Limited	PRC, limited liability Company	RMB171,000,000	—	51	Development and management of Wuzhou Port in Guangxi
Hubei Han Xiao Highway Construction and Operations Company Limited	PRC, limited liability Company	RMB495,089,000	—	100	Development and management of Hubei Han-Xiao Expressway
Guangzhou Yue Tong Expressway Operations and Management Company Limited	PRC, limited liability Company	RMB1,000,000	100	—	Investment holding
Yuexiu (China) Transport Infrastructure Investment Company Limited	PRC, limited liability Company	RMB1,900,000,000	100	—	Investment holding

36 GROUP STRUCTURE (Continued)

Joint venture	Place of incorporation/ establishment and operation and kind of legal entity	Registered capital	Percentage of Interest in ownership/voting power/ profit sharing indirectly held by the Company			Principal activities
			Ownership	Voting power	Profit sharing	
Guangzhou Western Second Ring Expressway Company Limited	PRC, limited liability Company	RMB1,000,000,000	35	33	35	Development and management of Guangzhou Western Second Ring Expressway in Guangzhou

Associates	Place of incorporation/ establishment and operation and kind of legal entity	Registered capital	Percentage of attributable interest held by the Company		Principal activities
			Direct	Indirect	
Guangdong Humen Bridge Company Limited	PRC, limited liability Company	RMB273,900,000	—	27.78 (note c)	Development and management of Humen Bridge in Humen
Guangdong Qinglian Highway Development Company Limited	PRC, limited liability Company	RMB3,105,959,997	—	23.63	Development and management of Qinglian Expressway and National Highway 107 linking Qingyuan and Lianzhou
Guangdong Shantou Bay Bridge Company Limited	PRC, limited liability Company	RMB75,000,000	—	30	Development and management of Shantou Bay Bridge in Shantou
Guangzhou Northring Freeway Company Limited	PRC, limited liability Company	US$19,255,000	—	24.3	Development and management of Guangzhou City Northern Ring Road

Notes:

(a) Operation ceased on 31 October 2010.

(b) The profit sharing ratio is 90% up to 2012, 40% from 2013 to 2015 and 60% from 2016 onwards.

(c) The profit sharing ratio is 27.78% up to 2009 and 18.446% from 2010 onwards.

37 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. There is no impact on net profit, net assets or net cash flows as a result of the reclassification.

BUSINESS REVIEW

Summary Information of Operating Toll Roads and Bridges

	Tolled Mileage	Width (lanes)	Toll Station(s)	Road Type	Attributable Interest (%)	Remaining Operating Term (years)
Subsidiaries						
GNSR Expressway	42.5	6	5(1)	Expressway	60.00	18
Xian Expressway	20.1	4	3	Expressway	100.00	2
Cangyu Expressway	23.3	4	1	Expressway	100.00	16
Jinbao Expressway	23.9	4	3	Expressway	60.00(2)	16
Han-Xiao Expressway	38.5	4	2	Expressway	100.00(3)	22
Changzhu Expressway	46.5	4	5	Expressway	90.00	26
Weixu Expressway	64.3	6	2	Expressway	100.00	21
Associates and Joint Ventures						
GWSR Expressway	42.1	6	4(1)	Expressway	35.00	16
Humen Bridge	15.8	6	4	Suspension Bridge	27.78(4)	15
Northern Ring Road	22.0	6	8(1)	Expressway	24.30	9
Shantou Bay Bridge	6.5	6	3	Suspension Bridge	30.00	14
Qinglian Expressway	215.2	4	16	Expressway	23.63	20

(1) Since the implementation of the unified tolling system in Guangdong Province since 29th June 2014, toll stations of main lane and code stations of various Guangdong projects invested and operated by the Group were removed as required.

(2) The Group holds 60% interests; profit sharing ratio: 90% up to 2012, 40% from 2013 to 2015, and 60% from 2016 onwards.

(3) The Group acquired the remaining 10% equity interest in Han-Xiao Expressway on 10 July 2014.

(4) The profit sharing ratio was 18.446% commencing from 2010.

Toll Summary of Toll Roads and Bridges

For the twelve months ended 31 December 2014

	Average daily toll traffic volume		Average daily toll revenue		Weighted average toll revenue per vehicle	
	(vehicle/day)	Y-O-Y Change %	(RMB/day)	Y-O-Y Change %	(RMB)	Y-O-Y Change %
Subsidiaries						
GNSR Expressway	148,780	13.2%	2,314,202	11.8%	15.6	-1.3%
Xian Expressway	44,471	-13.5%	711,810	3.6%	16.0	N/A(1)
Cangyu Expressway	7,128	-40.2%	177,273	-38.9%	24.9	2.1%
Jinbao Expressway	25,371	-2.0%	267,714	-9.6%	10.6	-7.8%(2)
Han-Xiao Expressway	17,468	16.7%	369,763	6.0%	21.2	-9.2%(3)
Changzhu Expressway	16,100	21.3%	460,297	18.9%	28.6	-2.0%
Weixu Expressway	16,298	20.0%	779,552	7.8%	47.8	-10.1%(4)
Associates and Joint Ventures						
GWSR Expressway	45,813	8.2%	917,208	11.2%	20.0	2.8%
Humen Bridge	92,951	9.7%	3,606,011	8.5%	38.8	-1.1%
Northern Ring Road	250,773	5.8%	1,765,239	2.7%	7.0	-2.9%
Shantou Bay Bridge	19,820	7.6%	686,770	2.3%	34.7	-5.0%
Qinglian Expressway	33,026	16.5%	2,136,303	9.7%	64.7	-5.9%(5)

(1) Since the implementation of a reconstruction and expansion project which is to change the existing four lanes to eight lanes of Xian Expressway from August 2014, traffic control measures have been accordingly carried out which resulted in the significant decline of tolled traffic volumes. However, pursuant to the agreement with the parties involved in the renovation and expansion project, toll revenue for the remaining concessions since 1st January 2014 will be projected to increase on average by 3.5% annually based on the actual figure of 2013.

(2) Affected by the implementation of the policy on restricted movement of motor vehicles (including measures to restrict non-local vehicles and goods vehicles in different hours, regional restriction policy according to the last digit of license during working days) in Tianjin with effect from 1 March 2014, the traffic flow of goods vehicles on Jinbao Expressway had decreased and the weighted average toll revenue per vehicle had decreased year-on-year.

(3) Affected by the traffic control measures implemented as a result of closure of neighbouring road sections for construction purpose, the traffic volumes of long-haul vehicles on Han-Xiao Expressway had decreased, resulting in a decline in the weighted average toll revenue per vehicle year-on-year.

(4) Affected by the closure of the Hebei section of the G4 National Expressway for expansion works during the period from May 2013 to December 2014, traffic volumes were partially diverted to Weixu Expressway, resulting in a change of traffic mix. Also, the clean-up campaign against vehicles exceeding weighting limits has taken effect since 1 May 2013 in Henan Province, resulting in a decrease in goods vehicles exceeding weighting limits, the weighted average toll revenue per vehicle had decreased year-on-year.

(5) Affected by diversion impact due to the completion and commencement of operation of the Guangle Expressway since 27 September 2014, the goods vehicle volumes on the Qinglian Expressway had decreased, and the weighted average toll revenue per vehicle had declined as a result year-on-year.

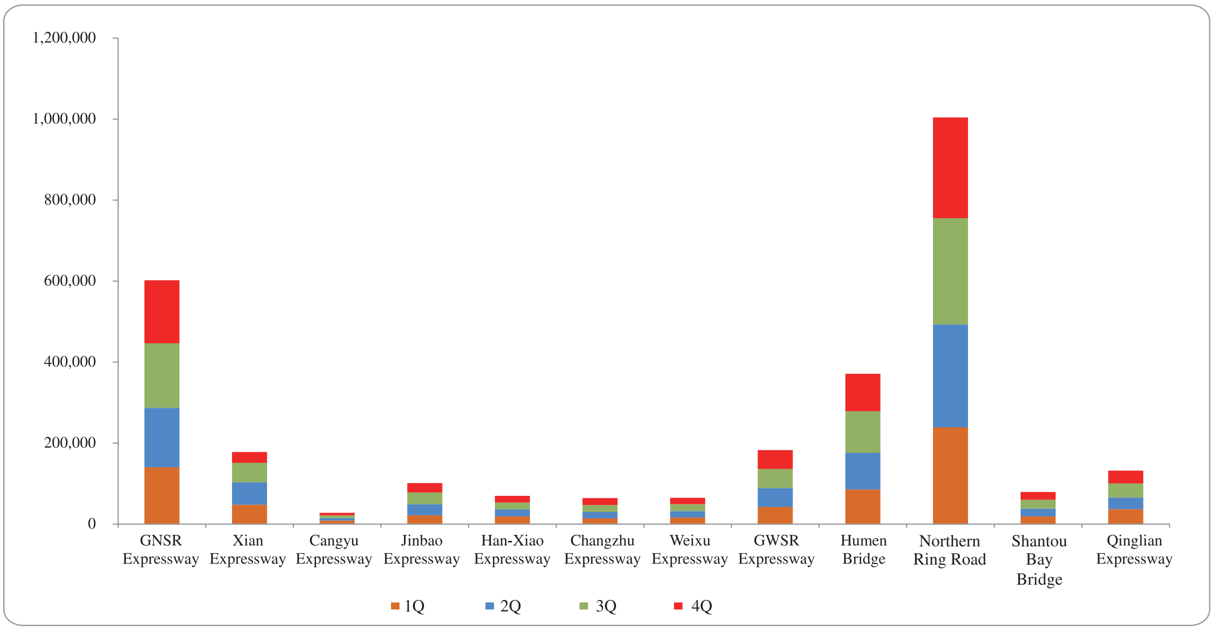
Toll Roads and Bridges

Quarterly analysis of average daily toll traffic volume for 2014

	Average daily toll traffic volume (vehicle/day)			
	First quarter	Second quarter	Third quarter	Fourth quarter
Subsidiaries				
GNSR Expressway	140,520	141,828	157,512	155,005
Xian Expressway	48,122	55,332	47,968	26,661
Cangyu Expressway(1)	8,705	6,392	7,222	6,219
Jinbao Expressway	22,162	27,056	29,081	23,133
Han-Xiao Expressway	19,019	17,278	17,378	16,231
Changzhu Expressway	14,412	15,604	17,694	16,647
Weixu Expressway	16,661	15,979	16,777	15,779
Associates and Joint Ventures				
GWSR Expressway	42,300	46,548	47,591	46,744
Humen Bridge	85,575	90,892	102,294	92,862
Northern Ring Road	238,960	252,429	262,690	248,776
Shantou Bay Bridge	19,438	18,759	22,392	18,670
Qinglian Expressway(1)	37,088	28,992	34,883	31,184

(1) The traffic volumes are usually peak during the Spring Festival on Cangyu Expressway which is an important road connecting Guangdong and Guangxi, and Qinglian Expressway which is an important road connecting Guangdong and Hunan. Therefore, the average daily toll traffic volumes of these two roads were higher in the first quarter than the second quarter.

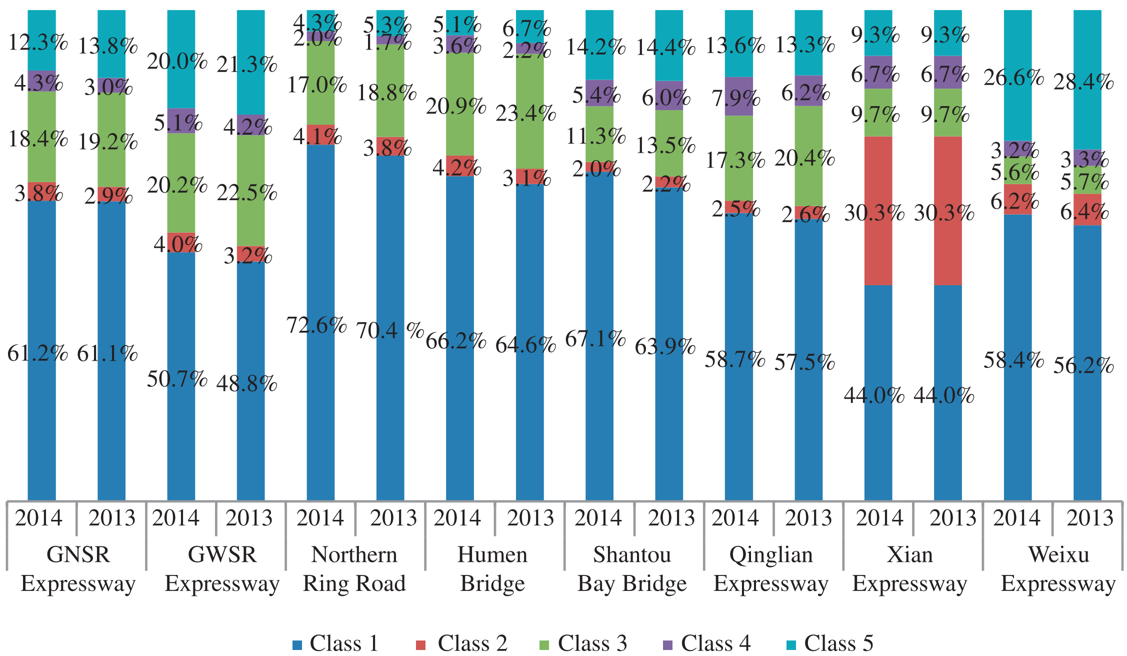
Quarterly analysis of average daily toll traffic volume for 2014



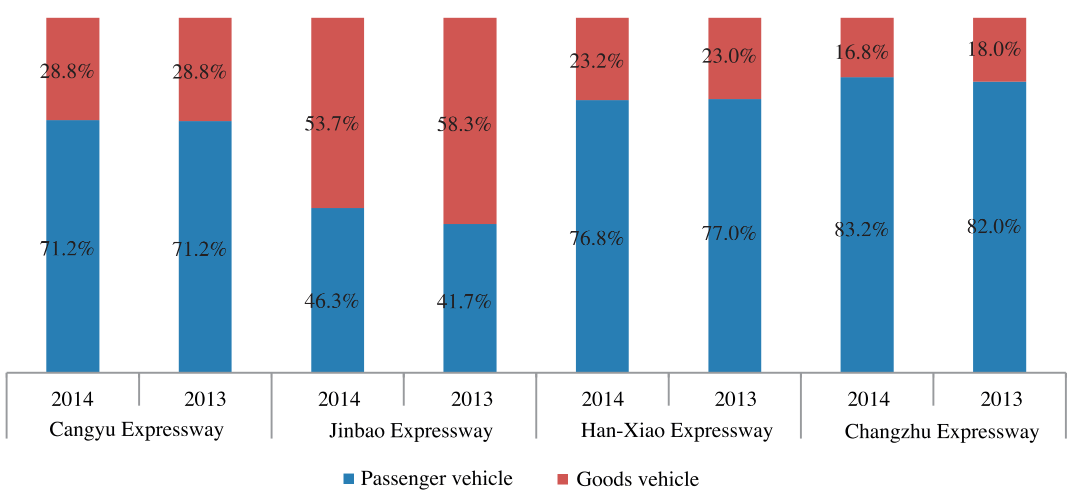
Vehicle type analysis (based on statistics of traffic volume)

During the Reporting Year, the Group's operating projects are distributed in seven provinces/municipal including Guangdong, Guangxi, Hunan, Hubei, Shaanxi, Henan and Tianjin. According to the vehicle type classification, which was based on the location where the Group invested and operated its projects, the vehicle types of projects operated in the provinces of Guangdong, Shaanxi and Henan were classified as Class 1 to Class 5, for projects operated in other areas, the vehicle types were classified into passenger (vehicle) and goods (vehicle).

Vehicle type analysis on projects operated in Guangdong Province, Shaanxi Province and Henan Province in 2014 (based on statistics of traffic volume)



Vehicle type analysis on projects operated in other regions in 2014 (based on statistics of traffic volume)



Due to a series of vehicle traffic restriction polices carried out in Tianjin since 1 March 2014, both the amount and proportion of goods vehicle volumes declined year on year for Jinbao Expressway.

Summary of Operating Performance

Macroeconomic Environment

During the Reporting Year, the PRC government, confronting the complicated and changing international environment and the burdensome task of achieving stability through domestic reforms and developments, adhered to a general principle of making progress while ensuring stability and deepened reforms in all aspects to maintain continuity and stability in macroeconomic policies, conducted advance adjustments and micro adjustments at targeted areas, the household living standards were enhanced and the economy was operating within a reasonable range, and positive changes occurred in economic structural adjustments. According to preliminary estimation, the GDP of China in 2014 amounted to RMB63,646.3 billion, representing a year on year growth of 7.4%.

In 2014, the investment of fixed transportation assets continued to remain at a high level, of which investments in highway construction increased by 11.4%, the investment mix was further optimized. The overall economic operation of transportation was orderly across the nation, as highway's passenger and freight volumes grew by 2.8% and 8.7% respectively year on year.

Meanwhile, the automobile market in China continued to maintain a steady growing trend in 2014, as production and sales volume continued to rank the top of in global markets and amounted to 23,723,000 vehicles and 23,492,000 vehicles, respectively, increased by 7.3% and 6.9%, respectively, year-on-year.

During the Reporting Year, the economy of Guangdong Province operated steadily, with continuous improvement in economic rebalancing, and transformation and upgrading of the economy continued to make progress, indicating the overall trend of rebounding and operating steadily. The GDP was RMB6,779.2 billion, increased by 7.8% year-on-year. The economic growth in regions where the Group had controlling interests in projects including Shaanxi, Tianjin, Guangxi, Hunan, Hubei and Henan remained relatively fast. The GDPs of these regions in 2014 grew by 9.7%, 10%, 8.5%, 9.5%, 9.7% and 8.9%, respectively, all of which were higher than the national level for the same period.

(RMB100 million)

	National	Guang-dong Province	Shaanxi Province	Tianjin Municipality	Guangxi Autonomous Region	Hunan Province	Hubei Province	Henan Province
2014 GDP	636,463	67,792	17,690	15,722	15,673	27,049	27,367	34,939
2014 GDP Growth	7.4%	7.8%	9.7%	10.0%	8.5%	9.5%	9.7%	8.9%
2013 GDP Growth	7.7%	8.5%	11.0%	12.5%	10.2%	10.1%	10.1%	9.0%

Sources: National and Provincial Bureaux of Statistic, Ministry of Transport

Policy Environment of the Sector

During the Reporting Year, policies in the toll road industry remained stable and favourable. In some regions, including Guangdong, Shandong, Guangxi, Henan and Xinjiang, approvals were granted for some local expressways to increase toll rates or extend concession periods. The joint network of ETC system were strongly promoted on nationwide expressways, part of which were completed in 14 provinces and municipalities, including Beijing, Tianjin, Hebei and Shaanxi, in late December 2014.

During the Reporting Year, the joint network for toll collection was implemented on all expressways together with the toll-by-weight measures across Guangdong Province on 29 June 2014 according to schedule, which positively catalyzed the GNSR Expressway and the GWSR Expressway to some extent.

During the Reporting Year, Tianjin implemented the policy on restricted movement of vehicles with effect from 1 March 2014 (including measures to ban non-local vehicles and goods vehicles in different hours, regional restriction policy according to the last digit of license during working days), resulted in a decrease in both toll traffic volume and toll revenue on the Jinbao Expressway year-on-year.

During the Reporting Year, the "Green Passage Toll Free Policy" was enforced on the expressways and bridges of the Group in compliance with the relevant national requirements. The enforcement of this policy resulted in a decrease of approximately RMB110.28 million in the Group's toll revenue (In 2013, a decrease of approximately RMB128.23 million was recorded).

During the Reporting Year, the "toll-free policy for passenger cars with seven seats or less during major holidays" was enforced on expressways and bridges of the Group in compliance with the relevant national requirements, there were a total of 20 days of major holidays meeting such requirements in 2014.

Business Improvements and Innovations

During the Reporting Year, the Group continued to deepen standardization management in the businesses of road maintenance, safe and smooth traffic flow and toll collection management, and strived to provide safe, fast and comfortable transportation service for vehicle passengers, for enhancing the operational performance of the projects. Meanwhile, core capabilities in operating businesses such as road administration and mechanical and electrical engineering were further strengthened. In addition, the Group continued to enhance internal management efficiency, optimization in systems and mechanisms, including information technology construction, professional managers, comprehensive risk management, had achieved remarkable effectiveness.

Progress of Investments

During the Reporting Year, the Group entered into agreement for acquisition of the Suiyuenan Expressway project successfully, and upon completion, the size of assets and toll length of subsidiaries will both be enhanced significantly. In future, the Group will continue to focus on the investments of high quality expressways, the focus of attention will be on investment opportunities in the central and western provinces which are supported by national policies as well as in the coastal provinces.

Performance of Expressways and Bridges

Subsidiaries

GNSR Expressway

During the Reporting Year, the average daily toll traffic volume was 148,780 vehicles and the average daily toll revenue was RMB2,314,000 representing an increase of 13.2% and 11.8%, respectively, when compared with 2013.

Benefiting from the stabilization and recovery of regional economy, growth of passenger vehicle ownership and the escalated traffic restriction regarding certain types of goods vehicles during specific hours enforced on the First Ring Road of Guangzhou since 25 February 2014, and the positive influence of the implementation of the toll-by-weight policy with effect from 29 June 2014 in Guangdong Province, the average daily toll traffic volume and average daily toll revenue maintained continuous growth year-on-year.

Xian Expressway

During the Reporting Year, the average daily toll traffic volume was 44,471 vehicles and the average daily revenue was RMB712,000, representing a decrease of 13.5% and an increase of 3.6%, respectively, when compared with 2013.

The project expansion work of converting "4 to 8" lanes on the Xian Expressway commenced implementation of traffic control measures in August 2014 resulting in a relatively significant reduction in toll traffic volume, and pursuant to the agreement with the project expansion party in respect of toll revenue, it was agreed that the normal expected toll revenue during the remaining toll operation period with effect from 1 January 2014 will be calculated by using the actual toll revenue of 2013 as base figure and increasing by 3.5% on average per year (During the Reporting Year, the year-on-year increase was higher than 3.5% which was mainly due to the recognition of a sum of unallocated revenue of approximately RMB490,000 in December 2013).

Cangyu Expressway

During the Reporting Year, the average daily toll traffic volume was 7,128 vehicles and the average daily toll revenue was RMB177,000, representing a decrease of 40.2% and 38.9%, respectively, when compared with 2013.

Due to the diversion impact from the full commencement of Yunluo Expressway and Guanghe Expressway since 28 December 2013, the average daily toll traffic volume and average daily toll revenue both declined significantly year-on-year.

Jinbao Expressway

During the Reporting Year, the average daily toll traffic volume was 25,371 vehicles and the average daily toll revenue was RMB268,000, representing a decrease of 2% and 9.6%, respectively, when compared with 2013.

Due to the impact of the implementation of the policy on restricted movement of motor vehicles in Tianjin with effect from 1 March 2014 (including measures to restrict non-local vehicles and goods vehicles in different hours, regional restriction policy according to the last digit of license during working days), traffic volume of goods vehicles had declined, resulting in a decrease in the average daily toll traffic volume and average daily toll revenue year-on-year.

Han-Xiao Expressway

During the Reporting Year, the average daily toll traffic volume was 17,468 vehicles and the average daily toll revenue was RMB370,000, representing an increase of 16.7% and 6%, respectively, when compared with 2013.

Benefited from rapid regional economic growth and rising vehicle ownership, average daily toll traffic volume and the average daily toll revenue continued to increase year-on-year. Affected by traffic closure and implementation of traffic control measures due to construction works on neighbouring road sections (construction work period for connection between Dai-Huang Expressway and Liudian: 9 June 2014 to 30 June 2016, construction work period for Tianhe Airport North Road in Wuhan: 24 May 2014 to 30 May 2017), toll revenue increased at a slower rate year-on-year.

Changzhu Expressway

During the Reporting Year, the average daily toll traffic volume was 16,100 vehicles and the average daily toll revenue was RMB460,000, representing an increase of 21.3% and 18.9%, respectively, when compared with 2013.

Benefited from the completion and commencement of operation of the northeast and southeast sections of the Changsha City Ring Expressway, both toll traffic volume and toll revenue continued to maintain double-digit growth.

Weixu Expressway

During the Reporting Year, the average daily toll traffic volume was 16,298 vehicles and the average daily toll revenue was RMB780,000, representing an increase of 20% and 7.8%, respectively, when compared with 2013.

Benefiting from the rapid regional economic growth and the closure of the Hebei section of the G4 National Expressway for expansion works during the period from May 2013 to December 2014, the average daily toll traffic volume and the average daily toll revenue during the reporting period recorded continuous growth year-on-year.

Associates and Joint Ventures

GWSR Expressway

During the Reporting Year, the average daily toll traffic volume was 45,813 vehicles and the average daily toll revenue was RMB917,000, representing an increase of 8.2% and 11.2%, respectively, when compared with 2013.

Benefiting from the regional economic stability, growth in ownership of passenger vehicles, the escalated traffic restriction of goods vehicles on the First Ring Road of Guangzhou since 25 February 2014 and the positive influence of the implementation of the toll-by-weight policy with effect from 29 June 2014 in Guangdong Province, the average daily toll traffic volume and average daily toll revenue maintained continuous growth year-on-year.

Humen Bridge

During the Reporting Year, the average daily toll traffic volume was 92,951 vehicles and the average daily toll revenue was RMB3,606,000, representing an increase of 9.7% and 8.5%, respectively, when compared with 2013.

Benefiting from the regional economic stability and growth in ownership of passenger vehicles, the average daily toll traffic volume and the average daily toll revenue maintained continuous growth year-on-year.

North Ring Road

During the Reporting Year, the average daily toll traffic volume was 250,773 vehicles and the average daily toll revenue was RMB1,765,000, representing an increase of 5.8% and 2.7%, respectively, when compared with 2013.

Benefiting from the regional economic stability, the growth in ownership of passenger vehicles, and the enhanced traffic efficiency due to the escalated traffic restriction of goods vehicles on the First Ring Road of Guangzhou since 25 February 2014, traffic volume of small vehicles increased more significantly, the average daily toll traffic volume and the average daily toll revenue maintained continuous growth year-on-year.

Shantou Bay Bridge

During the Reporting Year, the average daily toll traffic volume was 19,820 vehicles and the average daily toll revenue was RMB687,000, representing an increase of 7.6% and 2.3%, respectively, when compared with 2013.

Benefiting from the relocation of industries in surrounding areas and the continuous growth in car ownership, the average daily toll traffic volume and the average daily toll revenue maintained continuous growth year-on-year.

Qinglian Expressway

During the Reporting Year, the average daily toll traffic volume was 33,026 vehicles and the average daily toll revenue was RMB2,136,000, representing an increase of 16.5% and 9.7%, respectively, when compared with 2013.

Benefiting from the continuous improvements in the surrounding road networks, the average daily toll traffic volume and the average daily toll revenue maintained continuous growth year-on-year. Affected by the diversion of traffic flow upon completion and commencement of operation of the Guangle Expressway on 27 September 2014, revenue increased at a slower rate year-on-year.

FINANCIAL REVIEW

Key operating results figures	Reporting Year RMB' 000	2013 RMB' 000	Change %
Revenue	**1,858,706**	1,753,084	6.0
Gross profit	**1,167,891**	1,171,459	-0.3
Operating profit	**996,701**	983,870	1.3
Earnings before interests, tax, depreciation and amortization ("EBITDA")[1]	**1,670,146**	1,687,068	– 1.0
Finance costs	**(284,192)**	(337,430)	-15.8
Share of results of associates	**250,256**	192,133	30.3
Share of result of a joint venture	**21,216**	14,404	47.3
Profit attributable to shareholders of the Company	**609,370**	554,419	9.9
Basic and diluted earnings per share	**RMB0.3642**	RMB0.3314	9.9
Dividends	**371,835**	344,552	

1 EBITDA includes profit from associates and joint venture and excludes non-cash gains and losses

I. Overview of operating results

The Group recorded total revenue growth of 6.0 percent to RMB1,858.7 million and profit attributable to the shareholders of the Company increased by 9.9 percent to RMB609.4 million in 2014 ("Reporting Year"). The Directors have recommended the payment of final dividend for 2014 of HK$0.17 which is equivalent to approximately RMB0.134885 (2013: HK$0.16 which was equivalent to approximately RMB0.126387), together with the interim dividend of HK$0.11 which was equivalent to approximately RMB0.087350 (2013 HK$0.10 which was equivalent to approximately RMB0.079542) per share, total dividends for the year ended 31 December 2014 will amount to HK$0.28 which is equivalent to approximately RMB0.222235 (2013: HK$0.26 which was equivalent to approximately RMB0.205929) per share, represented a dividend payout ratio of 61.0 percent (2013: 62.1 percent).

During the Reporting Year, the unified tolling system and toll by weight policy were carried out in June 2014 in Guangdong Province, of which GNSR Expressway and GWSR Expressway were most benefited with toll revenue grew by 11.8 percent and 11.2 percent respectively. However, the relevant traffic restriction policy implemented in March 2014 has caused Jinbao Expressway's toll revenue to decline by 9.6 percent. There are certain road network changes and maintenance works undergoing in the Reporting Year which has brought obvious impact to the Group's toll expressways. Changzhu Expressway was benefited from the opening of the Northeast Line and Southeast Line of Changsha City Ring Expressway and had recorded double digits growth of 18.9 percent. Weixu Expressway was benefitted from the reconstruction and expansion of the Hebei section of the G4 National Expressway with its toll revenue increased 7.8 percent in the Reporting Year. Han-Xiao Expressway was affected by the traffic control implemented due to the vicinity roads' construction works in progress, its toll revenue growth slowed down to 6.0 percent in the Reporting Year. Cangyu Expressway's traffic was diverted from the commencement of Yunluo Expressway and Guanghe Expressway, its toll revenue dropped 38.9 percent in the Reporting Year. Toll revenue of non-controlled toll projects in aggregate have grown by 7.4 percent in the Reporting Year, with Humen Bridge grew 8.5 percent; Northern Ring Road grew 2.7 percent; Qinglian Expressway grew 9.7 percent; Shantou Bay Bridge grew 2.3 percent and GWSR Expressway grew 11.2 percent.

In the profit attributable to shareholders of the Company, controlled projects contributed RMB539.3 million in the Reporting Year with a 34.0 percent increase as compared with 2013 (after impairment loss impact of Jinbao Expressway) or 21.6 percent (before impairment loss impact of Jinbao Expressway). Changzhu Expressway (commenced toll operation only in August 2010), has turned to profit of RMB6.3 million in the Reporting Year. GNSR Expressway with its strong toll revenue growth which led to its net profit increased by 16.1 percent to RMB251.2 million. Xian Expressway's net profit decreased by 1.4 percent to RMB131.7 million in the Reporting Year which was mainly due to the provision of repair and maintenance expenditures in relation to the restoration of the Xian Expressway for handing over by the end of the service concession period. Weixu Expressway has contributed net profit of RMB87.0 million in the Reporting Year represented a 31.9 percent increase. Han-Xiao Expressway continued to grow with its net profit increased by 91.1 percent in the Reporting Year to RMB44.1 million. Due to drop in toll revenue from traffic diversion impact, Cangyu Expressway has recorded net profit decrease of 62.8 percent to RMB15.0 million. Jinbao Expressway recorded net profit drop of 19.4 percent (as compared to 2013's normal operating profit attributable to shareholders of the Company) to RMB10.5 million. The Port operation being commenced operation in September 2014 has recorded loss of RMB6.5 million. The non-controlled toll projects in aggregate contributed RMB271.5 million of net profit to the Group with 31.4 percent increase as compared with 2013 (after disposal loss impact of Qinglian Class 2 Road) or 6.6 percent (before disposal loss impact of Qinglian Class 2 Road). Northern Ring Road and Shantou Bay Bridge's net profits attributable to the Group in the Reporting Year were approximately similar to the level of 2013. Humen Bridge grew 8.2 percent to RMB147.8 million. Northern Ring Road contributed RMB65.5 million net profit. Shantou Bay Bridge contributed RMB34.9 million net profits. Qinglian Expressway contributed RMB2.1 million net profits, represented a decrease of 22.3 percent. GWSR Expressway has recorded 47.3 percent increase in net profit attributable to the Group of RMB21.2 million in the Reporting Year.

There were no material corporate level transactions which have significant impacts to the overall profit attributable to the shareholders of the Company during the Reporting Year except for the devaluation of RMB against HKD and USD, resulting in an aggregate of RMB10.8 million exchange loss of which RMB3.3 million was in respect of the translation of offshore loans which balances as at 31 December 2014 were HK$2.3 billion and US$50.0 million (equivalent to aggregate RMB2.1 billion).

II. Analysis of operating results

Revenue

The Group recorded total revenue of RMB1,858.7 million in the Reporting Year, represented a 6.0 percent growth over 2013. Revenue from toll operation amounted RMB1,854.4 million in the Reporting Year, represented a 5.8 percent growth over 2013. Revenue from the Port operation which commenced operation in September 2014 amounted to RMB4.3 million.

Analysis of revenue by each controlled project

Controlled Projects	Reporting Year RMB'000	Percentage of total %	2013 RMB'000	Percentage of total %	Change %
GNSR Expressway	**844,684**	**45.4**	755,836	43.0	11.8
Weixu Expressway	**284,537**	**15.3**	263,930	15.1	7.8
Xian Expressway	**259,811**	**14.0**	250,696	14.3	3.6
Changzhu Expressway	**168,008**	**9.0**	141,344	8.1	18.9
Han-Xiao Expressway	**134,964**	**7.3**	127,322	7.3	6.0
Jinbao Expressway	**97,715**	**5.3**	108,073	6.2	-9.6
Cangyu Expressway	**64,704**	**3.5**	105,883	6.0	-38.9
Total from toll operation	**1,854,423**	**99.8**	1,753,084	100.0	5.8
Port Operation	**4,283**	**0.2**	—	—	N/A
Total	**1,858,706**	**100.0**	1,753,084	100.0	6.0

GNSR Expressway accounted for 45.4 percent (2013: 43.0 percent) of the total toll revenue of the Group's controlled toll projects in the Reporting Year. With increase in car ownership volume, stricter restrictions on trucks on the Guangzhou First Ring Road since 25 February 2014 and full implementation of toll by weight system since 29 June 2014, toll revenue of GNSR Expressway in the Reporting Year increased by 11.8 percent to RMB844.7 million.

Weixu Expressway, ranked second in terms of toll revenue contribution accounted for approximately 15.3 percent (2013: 15.1 percent) of the total revenue from controlled toll projects. Toll revenue of Weixu Expressway grew 7.8 percent to RMB284.5 million in the Reporting Year.

Xian Expressway, ranked third in terms of toll revenue contribution from controlled toll projects representing approximately 14.0 percent (2013: 14.3 percent) of the total revenue from controlled toll projects. Toll revenue of Xian Expressway grew 3.6 percent to RMB259.8 million in the Reporting Year.

Changzhu Expressway, ranked fourth in terms of toll revenue contribution representing approximately 9.0 percent (2013: 8.1 percent) of the total toll revenue from controlled toll projects. Toll revenue in the Reporting Year amounted to RMB168.0 million being 18.9 percent higher than 2013.

Being affected by the traffic control implemented due to the vicinity roads' construction works in progress, Han-Xiao Expressway's toll revenue growth has slowed down to 6.0 percent to the amount of RMB135.0 million in the Reporting Year. Han-Xiao Expressway ranked fifth in toll revenue contribution representing approximately 7.3 percent (2013: 7.3 percent) of the total toll revenue from controlled toll projects.

Jinbao Expressway, ranked sixth in terms of toll revenue contribution representing approximately 5.3 percent (2013: 6.2 percent) of the total toll revenue from controlled toll projects. With the relevant traffic restriction policy implemented in March 2014, Jinbao Expressway's toll revenue declined 9.6 percent in the Reporting Year to RMB97.7 million.

Cangyu Expressway, accounted for 3.5 percent (2013: 6.0 percent) of the total toll revenue from controlled toll projects. Being affected by traffic diversion, Cangyu Expressway recorded a decrease in toll revenue of 38.9 percent to RMB64.7 million.

Yuexin Chishui Port has commenced its operation in September 2014 and contributed RMB4.3 million to the Group's total revenue.

Cost of services

In the Reporting Year, total cost of services of the Group amounted to RMB690.8 million (2013: RMB581.6 million), representing an increase of RMB109.2 million or 18.8 percent over 2013. Cost ratio was 37.2 percent in the Reporting Year which was 4.0 percentage point higher than 2013. An analysis of cost of services showed that the increase was mainly due to increase in amortization of intangible operating rights; and maintenance expenses in the Reporting Year. In the total cost of services, cost related to controlled toll projects amounted RMB682.0 million and cost of Port operation amounted RMB8.8 million (mainly depreciation of other fixed assets of RMB5.7 million).

Analysis of cost of services by each controlled project

Controlled Projects	Reporting Year RMB'000	Percentage of total %	2013 RMB'000	Percentage of total %	Change %
GNSR Expressway	**262,631**	**38.0**	243,889	41.9	7.7
Weixu Expressway	**92,771**	**13.4**	77,154	13.3	20.2
Xian Expressway	**109,477**	**15.8**	68,479	11.8	59.9
Changzhu Expressway	**69,022**	**10.0**	55,710	9.6	23.9
Han-Xiao Expressway	**52,747**	**7.6**	48,010	8.3	9.9
Jinbao Expressway	**65,169**	**9.4**	58,011	10.0	12.3
Cangyu Expressway	**30,175**	**4.4**	30,372	5.1	-0.6
Total from toll operation	**681,992**	**98.6**	581,625	100.0	17.3
Port operation	**8,823**	**1.4**	—	—	N/A
Total	**690,815**	**100.0**	581,625	100.0	18.8

Analysis of cost of services by nature

	Reporting Year RMB'000	Percentage of total %	2013 RMB'000	Percentage of total %	Change %
Amortization of intangible operating rights	**346,025**	**50.1**	304,210	52.3	13.7
Toll highways and bridges maintenance expenses	**115,986**	**16.8**	70,155	12.1	65.3
Staff costs	**88,461**	**12.8**	82,955	14.3	6.6
Business tax	**63,262**	**9.2**	59,477	10.2	6.4
Toll highways and bridges operating expenses	**58,619**	**8.5**	52,370	9.0	11.9
Depreciation of other fixed assets	**18,462**	**2.6**	12,458	2.1	48.2
Total	**690,815**	**100.0**	581,625	100.0	18.8

Gross profit

Gross profit in the Reporting Year slightly decreased by 0.3 percent to RMB1,167.9 million, of which gross profit related to toll operation was RMB1,172.4 million and gross loss related to Port operation was RMB4.5 million. Gross profit margin in the Reporting Year was 62.8 percent being 4.0 percentage point lower than 2013, of which gross profit margin of toll operation in the Reporting Year was 63.2 percent being 3.6 percentage point lower than that of 2013.

Analysis of gross profit by each controlled project

Controlled Projects	**Reporting Year** **Gross Profit RMB'000**	**Gross Margin**	2013 Gross Profit RMB'000	Gross Margin
GNSR Expressway	**582,053**	**68.9%**	511,947	67.7%
Weixu Expressway	**191,766**	**67.4%**	186,776	70.8%
Xian Expressway	**150,334**	**57.9%**	182,217	72.7%
Changzhu Expressway	**98,986**	**58.9%**	85,634	60.6%
Han-Xiao Expressway	**82,217**	**60.9%**	79,312	62.3%
Jinbao Expressway	**32,546**	**33.3%**	50,062	46.3%
Cangyu Expressway	**34,529**	**53.4%**	75,511	71.3%
Total from toll operation	**1,172,431**	**63.2%**	1,171,459	66.8%
Port operation	**(4,540)**	**N/A**	—	N/A
Total	**1,167,891**	**62.8%**	1,171,459	66.8%

General and administrative expenses

The Group's general and administrative expenses in the Reporting Year amounted to RMB204.0 million (2013: RMB203.0 million), just a slight RMB1.0 million or 0.5 percent higher than 2013.

Other income, gains and losses — net

With the depreciation of RMB against HKD and USD, the exchange difference arose from the translation of the Group's monetary assets and liabilities (other than the offshore loans) was at a loss of RMB7.5 million as compared to the exchange gain of RMB0.9 million in 2013. Apart from the aforementioned, there were no material other income, gains and losses - net in the Reporting Year.

Finance income/Finance costs

The Group's finance income in the Reporting Year amounted to RMB30.3 million which was 69.9 percent lower than 2013 mainly due to the depreciation of RMB against HKD and USD in the Reporting Year as compared to the appreciation position in 2013. An aggregate of RMB42.7 million exchange gain in respect of the translation of HK dollar and US dollar denominated offshore loans was recorded in 2013 while a net exchange loss of RMB3.3 million was recorded during the Reporting Year and classified under finance costs (refer to subsequent paragraph). Moreover, in 2013, there was interest income in respect of compensation receivable of RMB36.6 million while no such income was recorded in the Reporting Year.

The Group's finance costs in the Reporting Year amounted to RMB284.2 million (net of amount capitalized in construction in progress of RMB15.1 million) as compared to 2013 of RMB337.4 million (net of amount capitalized in construction in progress of RMB19.7 million), representing a decrease of approximately 15.8 percent or RMB53.2 million. As stated in the aforementioned paragraph, a net exchange loss was included in the finance costs in the Reporting Year amounted to RMB3.3 million. There was a net decrease of RMB803.3 million in the total borrowings as at 31 December 2014 of which repayments during the Reporting Year were RMB1.8 billion and new loans drawn were RMB957.3 million. The Group's overall weighted average interest rate in the Reporting Year was 5.4 percent as compared to 5.72 percent in 2013 which has reflected the benefits from loan restructuring carried out in 2013.

Share of results of associates and a joint venture

The Group's share of results of associates and joint venture has increased by 31.4 percent in the Reporting Year to RMB271.5 million as compared with 2013 (after disposal loss impact of Qinglian Class 2 Road) or 6.6 percent (before disposal loss impact of Qinglian Class 2 Road).

Share of post-tax profit of Humen Bridge in the Reporting Year amounted to RMB147.8 million, representing 8.2 percent increase over 2013. Having benefited from continued growth in car ownership, toll revenue at the project company level increased by 8.5 percent to RMB1,316.2 million in the Reporting Year.

Share of post-tax profit of Northern Ring Road in the Reporting Year was RMB65.5 million which was approximately similar to the same level as 2013. Toll revenue at the project company level grew 2.7 percent to RMB644.3 million with the implementation of stricter restriction on trucks in Guangzhou First Ring Road on 25 February 2014 which has further improved its traffic conditions.

Share of post-tax profit of Shantou Bay Bridge in the Reporting Year was RMB34.9 million which was approximately similar to the same level as 2013. Toll revenue at project company level grew 2.3 percent to RMB250.7 million in the Reporting Year.

Share of post-tax profit of Qinglian Expressway in the Reporting Year was RMB2.1 million, a decrease of 22.3 percent. Toll revenue at the company level grew 9.7 percent to RMB779.8 million.

Share of post-tax profit of GWSR Expressway in the Reporting Year increased by 47.3 percent to RMB21.2 million. Toll revenue at the project company level grew 11.2 percent to RMB334.8 million with the implementation of stricter restriction on trucks in Guangzhou First Ring Road on 25 February 2014 which has further improved its traffic conditions.

Analysis of share of results of associates and a joint venture and respective revenue					
		Revenue[1]		**Share of results**	
	Profit Sharing ratio **%**	**Reporting Year RMB' 000**	YoY change %	**Reporting Year** RMB' 000	YoY change %
Associates					
Humen Bridge	18.446	**1,316,194**	8.5	**147,761**	8.2
Northern Ring Road	24.3	**644,312**	2.7	**65,481**	0.0
Shantou Bay Bridge	30.0	**250,671**	2.3	**34,867**	-1.8
Qinglian Expressway	23.63	**779,751**	9.7	**2,147**	-22.3
Sub-total		**2,990,928**	7.0	**250,256**	30.3[2]
Joint venture					
GWSR Expressway	35.0	**334,781**	11.2	**21,216**	47.3
Total		**3,325,709**	7.4	**271,472**	31.4[2]

(1) Represented figures at the respective project companies' level.

(2) Represented comparison with 2013 figure after disposal loss impact of Qinglian Class 2 Road.

Income tax expense

Total income tax expense of the Group in the Reporting Year amounted to RMB236.5 million, representing a decrease of RMB24.1 million or 9.3 percent in the Reporting Year mainly due to certain one off tax expenses incurred in 2013.

Profit attributable to shareholders of the Company

The Company reported profit attributable to its shareholders of RMB609.4 million in the Reporting Year, representing an increase of 9.9 percent over 2013. During the Reporting Year and 2013, the Group has carried out certain loan restructuring plans between onshore and offshore loans so as to take advantage of the interest rate differentials between the two markets. As part of the restructuring process, there were inter-company loan interests incurred between the controlled projects level and the corporate entities level which would be eliminated ultimately.

Analysis of the profit attributable to shareholders of the Company after elimination of inter-company loan interests

	Reporting Year RMB'000	**Percentage of total %**	2013 RMB'000	Percentage of total %	Change %
Net profit from controlled projects	**539,332**	**66.5**	402,437	66.1	34.0
Net profit from non-controlled projects[1]	**271,472**	**33.5**	206,537	33.9	31.4
Net profit from projects	**810,804**	**100.0**	608,974	100.0	33.1
Withholding tax on PRC dividends/income	**(36,503)**		(49,600)		-26.4
Corporate expenses	**(123,819)**		(110,436)		12.1
Corporate income/gains, net	**9,096**		24,579		-63.0
Corporate finance income	**16,801**		49,531		-66.1
Corporate finance costs	**(67,009)**		(56,848)		17.9
Net impact of interest income on compensation receivable	—		24,301		N/A
Goodwill impairment	—		(39,470)		N/A
Disposal gain of asset classified as held for sale (net of estimated corporate tax)	—		103,388		N/A
Profit attributable to shareholders of the Company	**609,370**		554,419		9.9

(1) Representing share of results of associates and a joint venture.

An analysis of the profit attributable to shareholders of the Company showed net profit derived from controlled projects amounted to RMB539.3 million in the Reporting Year, accounted for 66.5 percent (2013: 66.1 percent) while net profit from non-controlled projects amounted to RMB271.5 million in the Reporting Year, accounted for 33.5 percent (2013: 33.9 percent).

Net profit from controlled projects of RMB539.3 million represented growth of 34.0 percent or RMB136.9 million higher than 2013. Of which net profit from toll operation amounted to RMB545.8 million with 35.6 percent as compared to 2013 (after impairment loss impact of Jinbao Expressway) or 23.0 percent (before impairment loss impact of Jinbao Expressway). Yuexin Chishui Port has commenced its operation in September 2014 and was operating at a loss of RMB6.5 million in its initial year of operation.

Analysis of net profit by each controlled project after elimination of inter-company loan interests					
Controlled Projects	**Reporting Year RMB'000**	**Percentage of total %**	2013 RMB'000	Percentage of total %	Change %
GNSR Expressway	**251,243**	**31.0**	216,426	35.6	16.1
Xian Expressway	**131,737**	**16.3**	133,638	22.0	-1.4
Weixu Expressway	**86,976**	**10.7**	65,959	10.8	31.9
Cangyu Expressway	**14,977**	**1.8**	40,280	6.6	-62.8
Han-Xiao Expressway	**44,079**	**5.4**	23,065	3.8	91.1
Jinbao Expressway – normal operation	**10,524**	**1.3**	13,054	2.1	-19.4
Jinbao Expressway – impairment loss	**—**	**0.0**	(41,221)	– 6.8	N/A
Changzhu Expressway	**6,301**	**0.8**	(48,764)	– 8.0	turned profit
Total from toll operation	**545,837**	**67.3**	402,437	66.1	35.6
Port operation	**(6,505)**	**-0.8**	—	—	N/A
Total	**539,332**	**66.5**	402,437	66.1	34.0

Analysis of net profit by each controlled project before elimination of inter-company loan interests					
Controlled Projects	**Reporting Year RMB'000**	**Percentage of total %**	2013 RMB'000	Percentage of total %	Change %
GNSR Expressway	**251,243**	**34.0**	216,426	37.9	16.1
Xian Expressway	**131,737**	**11.8**	133,638	11.5	-1.4
Weixu Expressway	**86,976**	**17.8**	65,959	23.4	31.9
Cangyu Expressway	**14,977**	**2.0**	40,280	7.1	-62.8
Han-Xiao Expressway	**27,578**	**3.7**	12,309	2.2	124.0
Jinbao Expressway – normal operation	**10,524**	**1.4**	13,054	2.3	-19.4
Jinbao Expressway – impairment loss	**—**	**0.0**	(41,221)	– 7.2	N/A
Changzhu Expressway	**(47,989)**	**– 6.5**	(75,655)	– 13.2	Loss reduced 36.6
Total from toll operation	**475,046**	**64.2**	364,790	64.0	30.2
Port operation	**(7,706)**	**-1.0**	—	—	N/A
Total	**467,340**	**63.2**	364,790	64.0	28.1

Net profit from non-controlled projects (which were all toll projects with analysis shown in the aforementioned table "analysis of share of results of associates and a joint venture and respective revenue") has increased by 31.4 percent in the Reporting Year to RMB271.5 million as compared with 2013 (after disposal loss impact of Qinglian Class 2 Road) or 6.6 percent (before disposal loss impact of Qinglian Class 2 Road). Among the non-controlled toll projects, profits attributable to the shareholders of the Company from Humen Bridge, Northern Ring Road, Shantou Bay Bridge, Qinglian Expressway and GWSR Expressway accounted for 18.2 percent (2013: 22.4 percent), 8.1 percent (2013: 10.7 percent), 4.3 percent (2013: 5.8 percent), 0.3 percent (2013: 0.5 percent) and 2.6 percent (2013: 2.4 percent) of the net profit from projects respectively.

There were no material corporate level transactions which have significant impacts to the overall profit attributable to the shareholders of the Company during the Reporting Year except for the devaluation of RMB against HKD and USD, resulting in an aggregate of RMB10.9 million exchange loss of which RMB3.3 million was in respect of the translation of offshore loans which balances as at 31 December 2014 were HK$2.3 billion and US$50.0 million (equivalent to aggregate RMB2.1 billion).

Final dividend

The Directors have recommended the payment of final dividend for 2014 of HK$0.17 which is equivalent to approximately RMB0.134885 (2013: HK$0.16 which was equivalent to approximately RMB0.126387) per share payable to shareholders whose names appear on the register of members of the Company on 5 June 2015. Subject to the approval of shareholders at the Annual General Meeting to be held on 28 May 2015, the final dividend will be paid on or about 26 June 2015. Together with the interim dividend of HK$0.11 which was equivalent to approximately RMB0.087350 (2013 HK$0.10 which was equivalent to approximately RMB0.079542) per share, total dividends for the year ended 31 December 2014 will amount to HK$0.28 which is equivalent to approximately RMB0.222235 (2013: HK$0.26 which was equivalent to approximately RMB0.205929) per share, representing a dividend payout ratio of 61.0 percent (2013: 62.1 percent).

Dividend payable to shareholders will be paid in Hong Kong dollars ("HK$"). The exchange rate adopted by the Company for its dividend payable is the average middle rate of HK$ to RMB, as announced by the People's Bank of China, for the five business days preceding the date of declaration of dividends.

III. Analysis of financial position

Key financial position figures

	Reporting Year RMB' 000	2013 RMB' 000	Change %
Total assets	**17,509,960**	18,225,968	-3.9
Total liabilities	**7,065,391**	7,947,642	-11.1
Cash and cash equivalents	**1,123,517**	1,604,676	-30.0
Total borrowings	**4,998,577**	5,801,885	-13.8
Bank borrowings	**4,876,843**	5,660,479	-13.8
Current ratio	**1.6 times**	1.4 times	
Interest coverage	**5.6 times**	4.5 times	
Equity attributable to the shareholders of the Company	**8,527,595**	8,275,767	3.0

Assets, Liabilities and Equity

As at 31 December 2014, the Group's total assets amounted to RMB17.5 billion which was 3.9 percent lower than the balance as at 31 December 2013. The Group's total assets comprised mainly of intangible operating rights of RMB13.0 billion (31 December 2013: RMB13.3 billion); investments in a joint venture and associates of RMB1.86 billion (31 December 2013: RMB1.91 billion); and cash and cash equivalents of RMB1.1 billion (31 December 2013: RMB1.6 billion).

As at 31 December 2014, the Group's total liabilities amounted to RMB7.1 billion which was 11.1 percent lower than the balance as at 31 December 2013. The Group's total liabilities comprised mainly of bank borrowings of RMB4.9 billion (31 December 2013: RMB5.66 billion); loans from non-controlling interests of RMB107.5 million (31 December 2013: RMB110.4 million); deferred income tax liabilities of RMB1.53 billion (31 December 2013: RMB1.52 billion). Movement in deferred income tax liabilities during the Reporting Period included payments made in respect of PRC distributable dividend tax of RMB30.9 million.

As at 31 December 2014, the Group's total equity amounted to RMB10.4 billion (31 December 2013: RMB10.3 billion), of which amount attributable to the shareholders of the Company amounted to RMB8.5 billion, an increase of RMB251.8 million over the balance as at 31 December 2013.

Analysis of major assets, liabilities and equity items

Items	Reporting Year RMB'000	31 December 2013 RMB'000	Change %
Total assets	**17,509,960**	18,225,968	-3.9
Approximately 90.0 % of which:			
Intangible operating rights	**12,991,487**	13,314,416	-2.4
Investments in joint venture and associates	**1,855,924**	1,913,088	-3.0
Cash and cash equivalents	**1,123,517**	1,604,676	-30.0
Total liabilities	**7,065,391**	7,947,642	-11.1
Approximately 90.0 % of which:			
Bank borrowings – current portion	**358,338**	674,472	-46.9
– long term portion	**4,518,505**	4,986,007	-9.4
Other loans	**14,200**	31,032	-54.2
Loans from non-controlling interests	**107,534**	110,374	-2.6
Deferred income tax liabilities	**1,529,613**	1,524,700	0.3
Total equity	**10,444,569**	10,278,326	1.6
Of which: Attributable to the shareholders of the Company	**8,527,595**	8,275,767	3.0

Cash flows

It has been the primary objective of the Group to focus on preventing risk and managing liquidity. The Group has maintained an appropriate level of cash on hand so as to prevent liquidity risk. As at the end of the Reporting Year, the Group's cash and cash equivalents amounted to approximately RMB1.1 billion which was 30.0 percent lower than the level at 31 December 2013. The Group's cash was deposited in commercial banks, with no deposit in non-bank institutions or any amount applied to securities investment. As at 31 December 2014 there were short term bank deposits in aggregate of RMB27.4 million with original maturity over 3 months placed in PRC banks.

Analysis of cash flow movement

	Reporting Year RMB'000	2013 RMB'000
Net cash generated from operating activities	**1,211,502**	1,142,090
Net cash (used in)/generated from investing activities	**(19,202)**	817,717
Net cash used in financing activities	**(1,674,669)**	(1,412,939)
(Decrease)/increase in cash and cash equivalents	**(482,369)**	546,868
Cash and cash equivalents at 1 January	**1,604,676**	1,057,124
Effect of foreign exchange rate changes	**1,210**	684
Cash and cash equivalents at 31 December	**1,123,517**	1,604,676

Net cash generated from operating activities during the Reporting Year amounted to RMB1,211.5 million (2013: RMB1,142.1 million) which was arrived from cash generated from operations of RMB1,463.5 million (2013: RMB1,352.9 million) less China enterprise income tax and withholding tax paid of RMB252.0 million (2013: RMB210.8 million).

Net cash used in investing activities during the Reporting Year amounted to RMB19.2 million (2013: net cash generated of RMB817.7 million). The outflow were mainly capital expenditures amounted to approximately RMB400.7 million (2013: RMB140.9 million); and net investment of RMB5.4 million (2013: RMB22.0 million) placed to bank fixed deposits with original maturity over 3 months. The inflow mainly consisted of dividend distributions from associates of RMB325.0 million (2013: RMB238.6 million); proceeds from compensation arrangement of RMB16.9 million (2013: RMB490.7 million); interest received in aggregate of approximately RMB22.5 million (2013: RMB13.2 million); and government grant received in connection with construction of expressway of approximately RMB22.6 million (2013: nil).

Net cash used in financing activities during the Reporting Year amounted to RMB1,674.7 million (2013: RMB1,412.9 million). The outflow mainly included repayment of bank borrowings amounted to RMB1,742.9 million (2013: RMB1,617.7 million); payment of bank borrowings interest and bank facilities fees of RMB280.5 million (2013: RMB342.2 million); repayments of loans from non-controlling interest of subsidiaries in the Reporting Year of RMB3.6 million (2013: RMB43.7 million); repayment of short term loan of RMB16.9 million (2013: nil); dividends paid to non-controlling interests of RMB152.9 million (2013: RMB221.9 million); dividends paid to the shareholders of the Company of RMB357.6 million (2013: RMB281.9 million); and acquisition of additional interest in a subsidiary without change in control of RMB88.0 million (2013: nil). The inflow mainly included new bank borrowings amounted to approximately RMB957.3 million (2013: RMB1,074.6 million); no addition of loans from non-controlling interest of subsidiary in the Reporting Year (2013: RMB4.9 million); no capital injection from non-controlling interest in the Reporting Year (2013: RMB4.5 million); and increase in amount due from a joint venture of RMB10.5 million (2013: RMB10.5 million).

Current ratio

The current ratio (current assets over current liabilities) as at 31 December 2014 was 1.6 times (31 December 2013: 1.4 times). The current assets balance as at 31 December 2014 was RMB1.5 billion (31 December 2013: RMB1.8 billion) and current liabilities balance was RMB895.5 million (31 December 2013: RMB1.3 billion). Cash and cash equivalents were the major components of the Group's current assets with balance as at 31 December 2014 of RMB1.1 billion (31 December 2013: RMB1.60 billion). As at 31 December 2014 there were short term bank deposits in aggregate of RMB27.4 million (31 December 2013: RMB22.0 million) with original maturity over 3 months placed in PRC banks. Included in the Group's current liabilities as at 31 December 2014 were short term borrowings (i.e. maturities within one year) of approximately RMB358.3 million (31 December 2013: RMB705.5 million), of which bank borrowings amounted to RMB358.3 million (31 December 2013: RMB674.5 million). In view of the various capital expenditures committed and investments acquired since the second half of 2010 which had utilized a significant portion of the Group's cash and cash equivalents and increased the Group's bank borrowings level, management will take a prudent approach to effectively match the existing cash and cash equivalents and future operating cash flow and cash return from investments with capital and debt commitments to minimize liquidity risk.

Interest coverage

The interest coverage is measured as the ratio of earnings before interests, tax, depreciation and amortisation ("EBITDA") to interest expenses (with cash flow effect). Interest coverage for the year ended 31 December 2014 was 5.6 times (31 December 2013: 4.5 times).

Capital expenditures and investments

During the Reporting Year, total capital expenditures amounted to RMB488.7 million. Capital expenditures related to investment in subsidiaries and associate included: (a) payments of remaining considerations to acquisition of subsidiaries of approximately RMB114.9 million; (b) deposit to new acquisition pending Completion of RMB50.0 million; (c) additional capital injection to an associate of RMB60.3 million; and (d) acquisition of additional interest in a subsidiary without change of control of RMB88.0 million. Capital expenditures related to intangible operating rights and fixed assets included: (a) payments of construction costs of toll highways and bridges upgrade services of RMB101.5 million and (b) purchase of property, plant and equipment of RMB74.0 million. Apart from the aforementioned, no material capital expenditures were incurred during the Reporting Year. Going forward, management believes that the Group's steady operating cash flow and appropriate financing arrangements can satisfy its future capital expenditures and investments needs..

Capital structures

It is also one of the Group's financial policies to maintain a rational capital structure which aims to enhance profitability on one hand while ensuring financial leverage ratios to remain at safe levels on the other hand.

Analysis of capital structures	**Reporting Year RMB' 000**	2013 RMB' 000
Bank borrowings	**4,876,843**	5,660,479
Other loan	**14,200**	31,032
Loans from non-controlling interests	**107,534**	110,374
Amounts due to non-controlling interests of subsidiaries	**53,395**	42,254
Amount due to a joint venture	**52,500**	42,000
Total debts	**5,104,472**	5,886,139
Less: cash and cash equivalents	**(1,123,517)**	(1,604,676)
Net debts	**3,980,955**	4,281,463
Total Equity	**10,444,569**	10,278,326
Of which: Equity attributable to the shareholders of the Company	**8,527,595**	8,275,767
Total capitalization (Net debts + Total equity)	**14,425,524**	14,559,789
Financial ratios		
Gearing ratio (net debts/total capitalization)	**27.6%**	29.4%
Debt to Equity ratio (net debts/total equity)	**38.1%**	41.7%
Total liabilities/Total assets ratio	**40.4%**	43.6%

Financing structures

In a way to ensure the Group is carrying out its financing activities at a safe leverage level, the Company is keeping a close watch on the Group's overall borrowing structure from time to time, so as to optimize its debt portfolio further. In order to effectively control the increase of finance costs, the Group will continue to maintain close banking relationship with financial institutions both in Hong Kong and China to capitalize on the different levels of liquidity offered by and to take advantage of the cost differentials of these two markets. As at the end of the Reporting Year, the Group's borrowings comprised of bank borrowings, other loans and loans from non-controlling interests.

Bank borrowings of the Group as at 31 December 2014 amounted to approximately RMB4.88 billion (31 December 2013: RMB5.66 billion). During the Reporting Year, the Group has carried out its debt optimization plan which resulted in onshore bank loans' ratio falling to 56.1 percent from 68.8 percent in 2013 (2012: 81.0 percent). Secured bank loans' ratio fell to 54.0 percent from 57.3 percent in 2013 (2012: 70.9 percent). All the bank borrowings are at floating rates. The effective interest rate of these bank borrowings at 31 December 2014 was 5.0 percent (31 December 2013: 5.43 percent).

Analysis of bank borrowings

	Reporting Year Percentage of total	2013 Percentage of total
Source		
Onshore	**56.1%**	68.8%
Offshore	**43.9%**	31.2%
	100.0%	100.0%
Repayment term		
Within 1 year	**7.3%**	11.9%
1 to 2 year	**20.1%**	12.9%
More than 2 years and less than 5 years	**44.0%**	41.4%
Above 5 years	**28.6%**	33.8%
	100.0%	100.0%
Currency		
RMB	**56.0%**	68.8%
HKD	**37.7%**	22.2%
USD	**6.3%**	9.0%
	100.0%	100.0%
Terms of credit		
Secured	**54.0%**	57.3%
Unsecured	**46.0%**	42.7%
	100.0%	100.0%

The other loans represented the unsecured long term borrowings from third parties amounted to RMB14.2 million (2013: RMB31.0 million short term) which carried interest at a rate of 7.04 percent (2013: 6.55 percent) per annum.

Loans from non-controlling interests of certain subsidiaries are unsecured, interest-free and repayable between one and two years. The carrying amounts of these loans approximate their fair values which are calculated based on cash flows discounted at a rate of 5.6 percent (2013: 6.00 percent) per annum.

Amounts due to non-controlling interests of subsidiaries/holding companies and joint venture are unsecured, interest free, repayable on demand and are mainly denominated in RMB.

Foreign-currency denominated assets and liabilities

The Group's businesses are principally conducted in the PRC. Except that certain fund-raising exercises were conducted in Hong Kong, all of its revenue, operating payments, expenses and capital expenditures are denominated in RMB. As at the end of the Reporting Year, the Group has cash and cash equivalent of approximately RMB110.2 million and RMB0.025 million denominated in HK$ and US$ respectively, equivalent to HK$139.7 million and US$0.004 million respectively; and approximately RMB1,837.4 million and RMB305.2 million offshore bank borrowings denominated in HK$ and US$ respectively, equivalent to HK$2,329.2 million and US$49.9 million respectively. The Group will closely review and assess its currency risk and will adopt appropriate currency hedge measures when appropriate. Meanwhile, the Group has taken advantage of the current relaxed measures in the RMB business in Hong Kong with dividends from PRC joint venture can now be remitted to Hong Kong either in Hong Kong dollar or directly in Renminbi.

IV. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2014, the Group had capital commitments related to intangible operating rights and property, plant and equipment of approximately RMB167.5 million being contracted but not provided for and approximately RMB83.6 million being authorized but not contracted for. There was capital commitment in respect of new acquisition pending completion of the transaction of approximately RMB1,742.0 million.

Except for the aforementioned, the Group had no material capital commitments as at 31 December 2014. There were no significant contingent liabilities as at 31 December 2014.

V. EMPLOYEES

As at 31 December 2013, the Group had approximately 1,728 employees of whom about 1,434 were directly engaged in the daily operation, management and supervision of toll projects. The Group remunerates its employees largely based on industry practice, including contributory provident funds and other staff benefits.

INVESTOR RELATIONS REPORT

Investor relations is very important for a listed company so as to reinforce its communications with investors and prospective investors, gain investors' further understanding and recognition on the company, enhance corporate governance, maximize the overall benefits of the company and protect the lawful interests of investors through information disclosure and exchange.

Since the establishment of the Investor Relations Department, the Group has been actively developing continuous and focused investor relations. Through establishing and continuously improving the platform for the Group to exchange information with capital markets and financial media, the Group continued to enhance its transparency to gain an objective and reasonable assessment for its intrinsic value.

INVESTOR RELATIONS ACTIVITIES

During the Reporting Year, the Group has actively organized and engaged in various types of investor relations activities. For example, the Group has participated in the post results non deal roadshows ("NDR") in Hong Kong, Singapore and major cities in mainland China (such as Beijing, Shanghai) respectively and major conferences organized by investment banks. Through persistent efforts, investors obtain more in-depth knowledge of the Company and generally agree to the Company's development strategies and continuously pay attention to its operating conditions.

COVERAGE REPORTS

During the Reporting Year, the Group obtained a total of 22 coverage reports issued by professional analysts from renowned international investment banks, such as HSBC and Daiwa Capital, mostly assigning a "Buy" or "Hold" rating to the Group, reflecting the recognition of the development strategies of the Company by the analysts and their positive outlook of the Company's future prospects.

The market awareness of the Group has been enhanced significantly in the securities markets. Currently, substantial shareholders are long-term value investors from Europe, United States, Singapore and Australia, etc., which indicated that the Group's operation, development and intrinsic value have been further acknowledged by renowned international institutional investors.

PUBLIC MEDIA RELATIONS

Through various forms of events, the Group has strengthened and developed good relationship with the mainstream and internet financial media in Hong Kong. During the Reporting Year, media coverage on the Group continued to increase and received four awards for listed companies from the mainstream financial media in Hong Kong as follows:

Capital Weekly: The 9th Outstanding China Enterprise Awards

Capital Weekly: The Excellence of Listed Enterprise Awards 2014

Economic Digest: Hong Kong Outstanding Enterprise 2014

Wen Wei Po : Hong Kong Outstanding Enterprise 2014

In particular, the Group has received both The Excellence of Listed Enterprise Awards and the Hong Kong Outstanding Enterprise Award for five consecutive years and The Outstanding China Enterprise Awards for three consecutive years.

During our communication with investors, they have provided us with their valuable suggestions and opinions which are beneficial to the development of the Group and we would like to hereby express our sincere gratitude to investors for their active feedback and constructive opinions, such that the Company will be able to formulate development strategies in line with shareholders' interest and be capable of delivering more fruitful rewards to our shareholders.

PARTICIPATION OF INVESTOR RELATIONS ACTIVITIES IN 2014

March	Hong Kong	NDR organized by HSBC
	Singapore	NDR organized by Bank of America Merrill Lynch
April	Japan	NDR organized by Daiwa Capital
June	Beijing	Conference organized by J.P. Morgan
	Hong Kong	Conference organized by Bank of America Merrill Lynch
August	Hong Kong	NDR organized by Daiwa Capital
September	Singapore	NDR organized by Hai Tong International
	Beijing	NDR organized by CCBI
	Shanghai	NDR organized by CCBI
	Shenzhen	NDR organized by Essence International
	Taiwan	NDR organized by HSBC
	Suzhou	Conference organized by Hai Tong International
November	Macau	Conference organized by CITI
December	Hong Kong	Conference organized by J.P. Morgan

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2014, the Company has complied with the code provisions as set out in the Corporate Governance Code, with the exception of code provision A.4.1.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Bye-Laws. All non-executive directors of the Company had retired by rotation and have been re-elected during the past three years.

REVIEW OF ANNUAL RESULTS ANNOUNCEMENT

The annual results announcement has been reviewed by the audit committee of the Company.

PURCHASE, SALE OF REDEMPTION OF THE COMPANY'S SHARES

During the year, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 22 May 2015 to Thursday, 28 May 2015, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the forthcoming annual general meeting of the Company to be held on 28 May 2015, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 21 May 2015.

In addition, the register of members of the Company will be closed from Wednesday, 3 June 2015 to Friday, 5 June 2015, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to the final dividend. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Abacus Limited, no later than 4:30 p.m. on Tuesday, 2 June 2015.

By Order of the Board
Yuexiu Transport Infrastructure Limited
ZHU Chunxiu
Chairman

Hong Kong, 17 March 2015

As at the date of this announcement, the Board comprises:

Executive Directors:	*ZHU Chunxiu (Chairman), LIANG Youpan, HE Baiqing and QIAN Shangning*
Independent Non-executive Directors:	*FUNG Ka Pun, LAU Hon Chuen Ambrose and CHEUNG Doi Shu*