

*Empowering with
Intelligent technology, and
Rebuilding value*

2024
INTERIM REPORT



*Forging ahead with keen determination
to consolidate competitive advantages
of core expressway business*

*Striving for breakthrough in reforms to
ensure stable development of securities
business*

During the first half of 2024, the Group focused on its primary responsibilities and core business, actively implemented profit-centered, service-centered and brand-centered development strategy, strived for growth of its existing business and expansion for new ones, and continued to enhance the profitability of its core expressway business. Meanwhile, the Group strengthened digital and technological means to empower the high-quality development of its core business; gave full play to advantages in resources along the expressways under its operations, endeavoured to build a development pattern featuring that the core business drives industries and industries support the core business, and was determined to become an international investment holding company with a focus on transport infrastructure investment and operation.

During the first half of 2024, securities industry was confronted with huge shock. However, Zheshang Securities, a subsidiary of the Group, being always confident in its development, continued to deepen reforms, strengthened risk control and management, adjusted business layout whenever appropriate, and pooled the resources and strengths from all parties to safeguard stable development of its business, with its overall operating performance having outperformed average level of the industry.

2024 INTERIM REPORT

Definition of Terms	2
2024 Interim Results	4
Business Review	5
Financial Analysis	12
Outlook	18
Disclosure of Interests and Other Matters	20
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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	24
Condensed Consolidated Statement of Financial Position	26
Condensed Consolidated Statement of Changes in Equity	28
Condensed Consolidated Statement of Cash Flows	30
Notes to Condensed Consolidated Financial Statements	31
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Corporate Information	70
Corporate Structure of the Group	72
Financial Highlights	73
Location Map of Expressways in Zhejiang Province	74

Definition of Terms

Audit Committee	the audit committee of the Company
Board	the board of directors of the Company
China Merchants Expressway	China Merchants Expressway Network & Technology Holdings Co Ltd. (招商局公路網絡科技控股股份有限公司), a joint stock limited company established in the PRC on December 18, 1993, whose shares are listed on the Shenzhen Stock Exchange
Company or Zhejiang Expressway	Zhejiang Expressway Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability on March 1, 1997
Communications Group	Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司), a state-controlled enterprise established in the PRC, on December 29, 2001 and the Controlling Shareholder of the Company
Controlling Shareholder	has the meaning ascribed to it under the Listing Rules
De'an Co	Deqing County De'an Highway Construction Co., Ltd. (德清縣德安公路建設有限公司), a 80.1% owned subsidiary of the Company, which is established with Zhejiang Hongtu Transportation Construction Company (浙江交工宏途交通建設有限公司) for PPP Project in Deqing County
Directors	the directors of the Company
GDP	gross domestic product
Group	the Company and its subsidiaries
H Shares	the overseas listed foreign shares of Rmb1.00 each in the share capital of the Company which are primarily listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars since May 15, 1997
Hanghui Co	Zhejiang Hanghui Expressway Co., Ltd. (浙江杭徽高速公路有限公司), a 51% owned subsidiary of the Company
HangNing Co	Zhejiang HangNing Expressway Co., Ltd. (浙江杭寧高速公路有限責任公司), a 30% owned associate of the Company
Huihang Co	Huangshan Yangtze Huihang Expressway Co., Ltd. (黃山長江徽杭高速公路有限責任公司), a wholly-owned subsidiary of the Company
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Jinhua Co	Zhejiang Jinhua Yongjin Expressway Co., Ltd. (浙江金華甬金高速公路有限公司), a wholly-owned subsidiary of the Company
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Linping Co	Zhejiang Linping Expressway Co., Ltd. (浙江臨平高速公路有限責任公司), formerly known as "Zhejiang Yuhang Expressway Co., Ltd." (浙江余杭高速公路有限責任公司), a 51% owned subsidiary of the Company
LongLiLiLong Co	Zhejiang LongLiLiLong Expressway Co., Ltd. (浙江龍麗麗龍高速公路有限公司), a wholly-owned subsidiary of the Company
Jiaxing Branch	Jiaxing Branch of Zhejiang LongLiLiLong Expressway Co., Ltd.; Zhejiang Jiaxing Expressway Co., Ltd. has been absorbed and merged by LongLiLiLong Co., and its main assets and business continued to exist under Jiaxing branch
Period	the period from January 1, 2024 to June 30, 2024
PRC	the People's Republic of China

Quzhou Branch	Quzhou Branch of Zhejiang LongLiLiLong Expressway Co., Ltd.; Zhejiang HuangQuNan Expressway Co., Ltd. has been absorbed and merged by LongLiLiLong Co., and its main assets and business continued to exist under Quzhou branch
Rmb	Renminbi, the lawful currency of the PRC
SFO	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
Shangsan Co	Zhejiang Shangsan Expressway Co., Ltd. (浙江上三高速公路有限公司), a limited liability company established in the PRC on January 1, 1998 which is owned as to 73.625% by the Company and 18.375% by China Merchants Expressway, respectively
Shareholders	the shareholders of the Company
Shengxin Co	Zhejiang Shaoxing Shengxin Expressway Co., Ltd. (浙江紹興嵊新高速公路有限公司), a 50% owned joint venture of the Company
Shenjiahuhang Co	Zhejiang Shenjiahuhang Expressway Co., Ltd. (浙江申嘉湖杭高速公路有限公司), an associate company indirectly owned by the Company through its subscribing 30% of the subordinated class of the CICC-Zhejiang Expressway-Shenjiahuhang asset-backed special program
SRCB	Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司) a 4.96% owned associate of the Company
Yangtze Financial Leasing	Yangtze United Financial Leasing Co., Ltd. (長江聯合金融租賃有限公司), a 10.61% owned associate of the Company
Wenzhou YongTaiWen Co	Zhejiang Wenzhou YongTaiWen Expressway Co., Ltd. (浙江溫州甬台溫高速公路有限公司), a 15% owned associate of the Company
Zhajiasu Co	Jiaxing Zhajiasu Expressway Co., Ltd. (嘉興市乍嘉蘇高速公路有限責任公司), a 55% owned subsidiary of the Company
Zhejiang Communications Finance	Zhejiang Communications Investment Group Finance Co., Ltd. (浙江省交通投資集團財務有限責任公司), a 20.08% owned associate of the Company
Zhejiang Grand Hotel	Zhejiang Grand Hotel Limited (浙江大酒店有限公司), a wholly-owned subsidiary of the Company
Zhejiang International Hong Kong	Zhejiang Expressway International (Hong Kong) Co., Ltd. (浙江滬杭甬國際(香港)有限公司), a wholly-owned subsidiary of the Company
Zheshang FoF	Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership), a 24.99% owned associate of the Company
Zheshang Securities	Zheshang Securities Co., Ltd. (浙商證券股份有限公司), a 54.73% owned subsidiary of the Shangsan Co
Zhijiang Communications Holdings	Zhejiang Zhijiang Communications Holdings Co., Ltd. (浙江之江交通控股有限公司), a joint venture owned as to 50% by the Company and China Merchants Expressway, respectively
Zhoushan Co	Zhejiang Zhoushan Bay Bridge Co., Ltd. (浙江舟山跨海大橋有限公司), a 51% owned subsidiary of the Company



2024 Interim Results

The directors (the “Directors”) of Zhejiang Expressway Co., Ltd. (the “Company”) announced the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended June 30, 2024 (the “Period”), with the basis of preparation as stated in note 1 to the condensed consolidated financial statements set out below.

During the Period, revenue for the Group was Rmb8,367.60 million, representing an increase of 1.4% as compared to the same period in 2023. Profit attributable to owners of the Company was Rmb2,680.01 million, representing a year-on-year increase of 4.7%. Basic earnings per share for the Period was Rmb44.72 cents, representing a year-on-year decrease of 20.4%. Diluted earnings per share for the Period was Rmb44.04 cents, representing a year-on-year decrease of 18.4%.

The Board does not recommend the payment of an interim dividend for 2024.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2024 have not been audited or reviewed by the auditors of the Company, but have been reviewed by the Audit Committee of the Company.

Business Review

In the first half of 2024, geopolitical conflicts, international trade frictions, and other issues occurred frequently, resulting in a weak global economic growth momentum. China faced challenges such as the transformation and upgrading of economic structure and insufficient domestic demand. However, benefiting from favorable factors such as the effectiveness of macro policies, the rebound of external demand, and the accelerated development of new quality productive forces, China's economic operation was generally stable in steady progress, with the GDP growing by 5.0% year on year. In the first half of 2024, Zhejiang Province's rapid growth in foreign trade, continued activity in new forms of consumption such as digital consumption, and expansion of investment in transportation and other key areas boosted the year-on-year growth of the Province's GDP by 5.6%, a rate higher than the national average.

During the Period, toll revenue of the Group's expressways continued to grow amid steady recovery of China's economy, while revenue from securities business recorded a decrease lower than industry average despite the impact of downward volatility in the capital market. During the Period, total revenue of the Group was Rmb8,367.60 million, representing a year-on-year increase of 1.4%, of which Rmb5,112.57 million was generated from the nine major expressways operated by the Group, representing a year-on-year increase of 2.2% and 61.1% of total revenue. Revenue generated from securities business for the Group was Rmb2,805.94 million, representing a year-on-year decrease of 11.2% and 35.5% of the total revenue.

Business Review

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

	For the six months ended June 30,		
	2024 <i>Rmb'000</i>	2023 <i>Rmb'000</i> (Restated)	Change
Toll road operation revenue	5,112,572	5,004,028	2.2%
Shanghai-Hangzhou-Ningbo Expressway	2,380,730	2,356,218	1.0%
Shangsang Expressway	550,380	526,991	4.4%
Jinhua Section, Ningbo-Jinhua Expressway	269,258	264,256	1.9%
Hanghui Expressway	354,206	352,995	0.3%
Huihang Expressway	101,398	101,704	-0.3%
Zhoushan Bay Bridge	570,784	550,602	3.7%
LongLiLiLong Expressways	387,120	376,293	2.9%
Zhajiasu Expressway	236,715	226,405	4.6%
HuangQuNan Expressway	261,981	248,564	5.4%
Securities business revenue	2,805,936	3,161,361	-11.2%
Commission and fee income	1,609,014	1,976,906	-18.6%
Interest income	1,196,922	1,184,455	1.1%
Other operation revenue	449,091	83,832	435.7%
Hotel and catering	51,791	60,001	-13.7%
Construction service	376,475	–	N/A
Public-Private Partnership	20,825	23,831	-12.6%
Total revenue	8,367,599	8,249,221	1.4%

Toll Road Operations

During the Period, as China's economy maintained a momentum of steady recovery, the overall traffic volume and toll revenue of the Group's expressways achieved sustained growth as compared to the same period last year.

In the first half of 2024, the added value of industrial enterprises above designated size in Zhejiang Province increased by 8.0% year on year and the total import and export of goods increased by 7.8% year on year, which led to an increase in demand for logistics transportation. The growth of trucks of the Group's expressways returned to normal, with a year-on-year increase of 5.3%; however, the growth of small trucks for short-distance trips was higher than that of medium- and large-sized trucks for long-distance trips, resulting in lower growth in toll revenue than that of traffic volume.

Nevertheless, the growth of passenger vehicles of the Group's expressways slowed down, mainly due to a higher base of passenger vehicles in the same period of 2023 caused by rapid rebound in public travel demand during early stage of optimization of the Covid-19 pandemic control measures, while the growth rate of domestic travel demand slowed down relatively in 2024 when travel consumption returned to normal. In addition, there was abnormal weather, such as rain or snow, in the first half of 2024; the toll-free duration for passenger cars during the Spring Festival and Qingming Day increased by four days year on year, coupled with the additional increase of one day in the toll collection duration in 2024 for the leap year, the toll collection duration for passenger cars decreased by three days year on year in total, which also had a certain negative impact on the toll revenue from passenger vehicles.

In addition, the traffic volume of some of the Group's expressways was also affected by the development of neighboring industries and changes in road networks. The development of Zhoushan industrial park and the construction of the Parallel Line of Ningbo-Zhoushan Expressway led to an increase in demand for freight transport, which was conducive to the growth of traffic volume of trucks on Zhoushan Bay Bridge; both the Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway and the Hangzhou-Ningbo Expressway Parallel Line Phase I opened to traffic since January 19, 2024, and the Ningbo-Jinhua Railway opened to traffic since December 31, 2023, leading to a certain diversion of the traffic volume of Hangzhou-Ningbo Expressway and Zhoushan Bay Bridge, as well as Ningbo-Jinhua Expressway, respectively.



Business Review

Looking back at the first half of 2024, the Group actively practiced profit-centered, service-centered, and brand-centered development strategy to continuously enhance the operating capacity of its core expressway business. The Group independently researched and developed an intelligent operation analysis platform to strengthen inspection, promoted unmanned lane panoramic monitoring on a pilot basis, and completed the inclusion of six data assets into the statement of financial position to improve quality and enhance efficiency with technological and digitized empowerment; launched a series of “Expressway+” actions, such as “Holiday Economy” and “Truck Attraction”, and took a combination of measures to reduce the shutdown duration of toll station entrances to constantly tap the potential of revenue from its core business; and won the group champion of the first National Expressway Vehicle Rescue Skills Competition, and seven cases including “Zhoushan Digital Toll Station (舟山掌上收费站)” were evaluated as innovative achievements of management modernization in the traffic industry, thus continuously strengthening the brand influence.

Furthermore, the Group endeavored to build a development pattern of core business driving industry and industry rewarding core business. It optimized the traffic organization plan of Jinhua Section of Ningbo-Jinhua Expressway and Zhajiasu Expressway reconstruction and expansion projects in a coordinated manner, and made every effort to reduce the impact of short-term construction while enhancing the long-term profitability; completed the acquisition of the remaining 40% of the equity interest in January 2024 following the acquisition of 60% of the equity interest in Yonglan Expressway in 2023 through a joint venture investment platform, and continued to make efforts in market-oriented investment and mergers & acquisitions; was entrusted with the management of the Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway and the Hangzhou-Ningbo Expressway Parallel Line Phase I, with an additional operating mileage of 109km, promoting the exportation of expressway management; and focused on advancing recharging and swapping of batteries for heavy trucks of Ningbo-Jinhua Expressway, as well as explored the utilization of idle resources, the development of space under the bridge, traffic management business and other expressway-related industries to accelerate the development of expressway derivative economy.

During the Period, total toll revenue from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 141km Shangsang Expressway, the 70km Jinhua Section of the Ningbo-Jinhua Expressway, the 122km Hanghui Expressway, the 82km Huihang Expressway, the 46km Zhoushan Bay Bridge, the 222km LongLiLiLong Expressways, the 50km Zhajiasu Expressway and the 161km HuangQuNan Expressway was Rmb5,112.57 million.

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

The Group's Expressway Sections	Daily Average Traffic Volume (in Full-Trip Equivalents)	Year-on-year Growth	Toll Revenue (Rmb million)	Year-on-year Growth
Shanghai-Hangzhou-Ningbo Expressway	89,094	2.62%	2,380.73	1.0%
– Shanghai-Hangzhou Section	89,810	3.11%		
– Hangzhou-Ningbo Section	88,571	2.27%		
Shangsang Expressway	33,779	3.43%	550.38	4.4%
Jinhua Section, Ningbo-Jinhua Expressway	33,547	1.35%	269.26	1.9%
Hanghui Expressway	29,501	1.81%	354.21	0.3%
Huihang Expressway	13,108	-0.76%	101.40	-0.3%
Zhoushan Bay Bridge	29,328	3.66%	570.78	3.7%
LongLiLiLong Expressways	16,518	4.89%	387.12	2.9%
Zhajiasu Expressway	41,886	3.93%	236.71	4.6%
HuangQuNan Expressway	12,895	7.53%	261.98	5.4%

Securities Business

In the first half of 2024, under the circumstances of a complicated external environment and insufficient investor confidence, domestic capital market experienced drastic fluctuations, average daily turnover of A shares declined significantly, scale of IPO and refinancing shrank significantly, and regulators continued to promote fees reduction and interest concession, causing a huge impact on the securities industry and a general pressure for the overall performance. In the face of an exceptionally difficult operating environment, Zheshang Securities rose to the challenge, thoroughly deepened its reform, adjusted its business layout in a timely manner, and concentrated resources and strength of all parties to safeguard stability of its overall business development, with overall performance better than industry average despite the decline in its operating results.

During the Period, by seizing the policy opportunities arising from strong support of the regulatory authorities for mergers & acquisitions and restructuring, Zheshang Securities acquired a cumulative total of 34.2546% equity interest in Guodu Securities Co., Ltd. ("Guodu Securities") by way of agreement transfer and public auction, with a view to effectively integrating resources of Guodu Securities through mergers and acquisitions, realizing complementarity of its business strengths, and facilitating expansion of its own scale to enhance its competitiveness in the market and position in the industry.



Business Review

During the Period, Zheshang Securities recorded total revenue of Rmb2,805.94 million, representing a year-on-year decrease of 11.2%, of which commission and fee income amounted to Rmb1,609.02 million, representing a year-on-year decrease of 18.6%, and interest income from securities business was Rmb1,196.92 million, representing a year-on-year increase of 1.1%. During the Period, securities investment gains of Zheshang Securities included in the condensed consolidated statement of profit or loss and other comprehensive income of the Group was Rmb574.77 million, representing a year-on-year decrease of 35.1%.

Hotel and Catering Business

Grand New Century Hotel, owned by Zhejiang Linping Expressway Co., Ltd. (a 51% owned subsidiary of the Company as at the end of the Period), recorded revenue of Rmb32.10 million for the Period, representing a year-on-year decrease of 21.4%.

Zhejiang Grand Hotel, owned by Zhejiang Grand Hotel Limited (a 100% owned subsidiary of the Company as at the end of the Period), recorded revenue of Rmb19.69 million for the Period, representing a year-on-year increase of 2.7%.

Long-Term Investments

Shengxin Co (a 50% owned joint venture of the Company as at the end of the Period) owns the 73km Shaoxing Section of Ningbo-Jinhua Expressway. During the Period, average daily traffic volume in full-trip equivalents was 29,998, representing a year-on-year increase of 2.59%. Toll revenue was Rmb264.21 million, representing a year-on-year increase of 4.4%. During the Period, the joint venture recorded a net profit of Rmb79.83 million, representing a year-on-year increase of 21.4%.

Zhijiang Communications Holdings (a 50% owned joint venture of the Company as at the end of the Period) is primarily engaged in expressway investment and wholly owns the 145km Yonglan Expressway. During the Period, the joint venture recorded a net loss of Rmb71.89 million.

HangNing Co (a 30% owned associate of the Company as at the end of the Period) owns the 99km HangNing Expressway. During the Period, the associate company recorded a net profit of Rmb253.15 million, representing a year-on-year increase of 22.9%.

As at the end of the Period, the Company held 30% of the subordinated class of the CICC-Zhejiang Expressway-Shenjiahuhang asset-backed special program (“Special Program”), which owns the 93km Shenjiahuhang Expressway. During the Period, the Special Program recorded a net loss of Rmb40.09 million.

Wenzhou YongTaiWen Co (a 15% owned associate of the Company as at the end of the Period) operates the Wenzhou section of YongTaiWen Expressway with a total length of 139km. During the Period, the associate company achieved a net profit of Rmb134.09 million.

Zhejiang Communications Finance (a 20.08% owned associate of the Company as at the end of the Period) derives income mainly from interest, fees and commissions for providing financial services, including arranging loans and receiving deposits, for Communications Group, the Controlling Shareholder of the Company, and its subsidiaries. During the Period, the associate company recorded a net profit of Rmb215.16 million, representing a year-on-year decrease of 49.9%.

Yangtze United Financial Leasing Co., Ltd. (a 10.61% owned associate of the Company as at the end of the Period) is primarily engaged in finance leasing business, transferring and receiving of financial leasing assets, fixed-income securities investment, and other businesses approved by the National Financial Regulatory Administration. During the Period, the associate company recorded a net profit of Rmb335.27 million, representing a year-on-year increase of 3.2%.

Shanghai Rural Commercial Bank Co., Ltd. (a 4.96% owned associate of the Company as at the end of the Period) is primarily engaged in commercial banking business, including deposits, short-, medium-, and long-term loans, domestic and overseas settlements and other businesses that are approved by the National Financial Regulatory Administration. During the Period, the associate company recorded a net profit attributable to the owners of Rmb6,962.85 million, representing a year-on-year increase of 0.5%.

Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership) (a 24.99% owned associate of the Company as at the end of the Period) was primarily engaged in equity investments, investment management and investment consultation. During the Period, the share of net loss of the associate attributable to the Company is Rmb8.59 million.



Financial Analysis

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

During the Period, profit attributable to owners of the Company was approximately Rmb2,680.01 million, representing a year-on-year increase of 4.7%, basic earnings per share was Rmb44.72 cents, representing a year-on-year decrease of 20.4%, diluted earnings per share was Rmb44.04 cents, representing a year-on-year decrease of 18.4%, and return on owners' equity was 6.6%, representing a year-on-year decrease of 20.5%.

Liquidity and financial resources

As at June 30, 2024, current assets of the Group amounted to Rmb136,507.89 million in aggregate (December 31, 2023: Rmb152,862.43 million), of which bank balances, clearing settlement fund, deposits and cash accounted for 17.6% (December 31, 2023: 18.4%), bank balances and clearing settlement fund held on behalf of customers accounted for 29.1% (December 31, 2023: 29.7%), financial assets at FVTPL accounted for 25.2% (December 31, 2023: 27.3%), and loans to customers arising from margin financing business accounted for 13.5% (December 31, 2023: 13.0%). The current ratio (current assets over current liabilities) of the Group as at June 30, 2024 was 1.50 (December 31, 2023: 1.50). Excluding the effect of the customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less bank balances and clearing settlement fund held on behalf of customers over current liabilities less balance of accounts payable to customers arising from securities business) was 1.90 (December 31, 2023: 1.80).

The amount of financial assets at FVTPL included in current assets of the Group as at June 30, 2024 was Rmb34,435.26 million (December 31, 2023: Rmb41,729.11 million), of which 58.6% was invested in bonds, 3.9% was invested in stocks, 23.8% was invested in equity funds, and the rest were invested in structured products and trust products, etc.

The proceeds raised from the rights issue in 2023 had a remaining balance of Rmb5.98 billion based on the closing exchange rate as at December 31, 2023. As of June 30, 2024, Rmb0.48 billion has been used for expenses related to existing expressway expansion and reconstruction projects, leaving a balance of proceeds equivalent to Rmb5.28 billion based on the exchange rate at the end of the Period, of which Rmb4.60 billion will be used for expenses related to existing expressway expansion and reconstruction projects, and the remaining will be used for replenishing working capital and repaying loans and other daily operating expenses.

During the Period, net cash from the Group's operating activities amounted to Rmb6,491.97 million. The currency mix in which cash and cash equivalents are held has not substantially changed as compared to the same period last year.

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

Borrowings and solvency

As at June 30, 2024, total liabilities of the Group amounted to Rmb135,740.32 million (December 31, 2023: Rmb147,328.69 million), of which 12.8% was bank and other borrowings, 1.7% was short-term financing note, 21.2% was bonds payable, 14.9% was financial assets sold under repurchase agreements, and 29.1% was accounts payable to customers arising from securities business.

As at June 30, 2024, total interest-bearing borrowings of the Group amounted to Rmb55,297.91 million, representing a decrease of 3.7% compared to that as at December 31, 2023. The borrowings comprised borrowings from domestic commercial banks of Rmb16,454.06 million, borrowings from overseas commercial banks of Rmb77.38 million, borrowings from other domestic financial institutions of Rmb729.83 million, borrowings from other domestic institutions of Rmb52.28 million, short-term financing notes of Rmb2,004.90 million, beneficial certificates of Rmb280.66 million, mid-term notes of Rmb3,049.94 million, subordinated bonds of Rmb6,173.68 million, corporate bonds of Rmb18,103.33 million, asset backed securities of Rmb1,480.13 million, convertible bonds of Rmb6,671.91 million, and convertible bonds denominated in Euro that equivalents to Rmb219.81 million. Of the interest-bearing borrowings, 79.0% was not payable within one year.

Financial Analysis

	Gross amount <i>Rmb'000</i>	Maturity Profile		
		Within 1 year <i>Rmb'000</i>	2-5 years inclusive <i>Rmb'000</i>	Beyond 5 years <i>Rmb'000</i>
Floating rates				
Borrowings from domestic commercial banks	15,765,455	1,169,337	8,206,798	6,389,320
Borrowings from overseas commercial banks	43,950	43,950	–	–
Borrowings from other domestic financial institutions	138,824	16,208	68,655	53,961
Beneficial certificates	280,662	280,662	–	–
Asset backed securities	1,480,132	–	–	1,480,132
Fixed rates				
Borrowings from domestic commercial banks	688,605	688,605	–	–
Borrowings from overseas commercial banks	33,426	33,426	–	–
Borrowings from other domestic financial institutions	591,006	231,006	360,000	–
Borrowings from other domestic institutions	52,275	52,275	–	–
Short-term financing notes	2,004,903	2,004,903	–	–
Subordinated bonds	6,173,682	3,173,682	3,000,000	–
Corporate bonds	18,103,332	2,253,775	15,849,557	–
Mid-term notes	3,049,943	1,449,943	1,600,000	–
Convertible bonds	6,891,715	221,766	6,669,949	–
Total as at June 30, 2024	55,297,910	11,619,538	35,754,959	7,923,413
Total as at December 31, 2023	57,400,737	13,965,959	34,470,055	8,964,723

As at June 30, 2024, the Group's borrowings from domestic commercial banks bore annual fixed interest rates ranged from 2.69% to 4.0%, annual floating interest rates ranged from 2.75% to 3.75%, the annual fixed interest rates of borrowings from overseas commercial banks were 5.25% and 6.96%, the annual floating interest rate was 5.8%, the annual fixed interest rate of borrowings from other domestic institutions was 3.0%, the annual fixed interest rates of borrowings from other domestic financial institutions ranged from 3.08% to 3.7%, and the annual floating interest rate was 3.68%. As at June 30, 2024, the annual fixed interest rates for short-term financing notes were 2.01% and 1.9%. The annual floating interest rates of beneficial certificates ranged from 4.15% to 7.0%. The annual fixed interest rate for mid-term notes were 2.80% and 2.97%. The annual fixed annual interest rates for subordinated bonds ranged from 2.28% to 4.08%. The annual fixed interest rate for corporate bonds ranged from 1.638% to 3.27%. The annual coupon rate for convertible bonds denominated in Rmb was 0.6%. The annual coupon rate for convertible bonds denominated in Euro was nil.

Total interest expenses and profit before interest and tax for the Period amounted to Rmb909.96 million and Rmb5,065.71 million, respectively. The interest cover ratio (profit before interest and tax over interest expenses) stood at 5.6 times (Corresponding period of 2023 (Restated): 5.0 times).

As at June 30, 2024, the asset-liability ratio (total liabilities over total assets) of the Group was 68.7% (December 31, 2023: 70.9%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of accounts payable to customers arising from securities business over total assets less bank balances and clearing settlement fund held on behalf of customers) of the Group was 61.0% (December 31, 2023: 63.2%).

Capital structure

As at June 30, 2024, the Group had Rmb61,768.41 million in total equity, Rmb98,811.98 million in fixed-rate liabilities, Rmb17,709.02 million in floating-rate liabilities, and Rmb19,219.32 million in interest-free liabilities, representing 31.3%, 50.0%, 9.0% and 9.7% of the Group's total capital, respectively. The gearing ratio, which is computed by dividing the total liabilities less accounts payable to customers arising from the securities business by total equity, was 155.7% as at June 30, 2024 (December 31, 2023: 169.7%).



Financial Analysis

Capital expenditure commitments and utilization

During the Period, capital expenditure of the Group totaled Rmb646.84 million. Amongst the total capital expenditure, Rmb147.62 million was incurred for acquiring equity investment, Rmb20.20 million was incurred for acquisition and construction of properties, Rmb102.70 million was incurred for acquisition and construction of equipment and facilities, and Rmb376.32 million was incurred for reconstruction and expansion projects of existing expressways.

As at June 30, 2024, the remaining capital expenditure committed by the Group amounted to Rmb5,591.56 million in total. Amongst the remaining balance of total capital expenditure committed by the Group, Rmb913.63 million will be used for acquiring equity investments, Rmb408.57 million will be used for acquisition and construction of properties, Rmb865.69 million for acquisition and construction of equipment and facilities, Rmb3,403.67 million for reconstruction and expansion projects of existing expressways.

The Group will first consider financing the above-mentioned capital expenditure commitments with internal resources, and then will comprehensively consider using debt financing and equity financing to meet any shortfalls.

Contingent liabilities and pledge of assets

The Company and Shaoxing Communications Investment Group Co., Ltd. (the other joint venture partner that holds 50% equity interest in Shengxin Co) provided Shengxin Co with joint guarantee for its bank loans of Rmb2.20 billion, in accordance with their proportionate equity interests in Shengxin Co. As at June 30, 2024, the remaining bank loan balance was Rmb481.00 million.

Zhoushan Co, a subsidiary of the Company, pledged its rights of toll on expressway for its bank borrowing, and as at June 30, 2024, the remaining bank loan balance was Rmb5,173.70 million.

De'an Co, a subsidiary of the Company, pledged its trade receivables for its bank borrowing, and as at June 30, 2024, the remaining bank loan balance was Rmb466.01 million.

LongLiLiLong Co, a subsidiary of the Company, pledged its rights of toll on expressway for its bank and other borrowing, and as at June 30, 2024, the remaining bank and other borrowing balance was Rmb8,914.82 million.

Zhajiasu Co, a subsidiary of the Company, pledged its right of toll on expressway for its bank borrowing, and as at June 30, 2024, the remaining bank loan balance was Rmb1,243.36 million.

Zheshang International Financial Holding Co., Ltd., a subsidiary of Zheshang Securities, pledged its customers' stock for its bank borrowing, and as at June 30, 2024, the remaining bank loan balance was Rmb77.38million.

Except for the above, during the Period the Group did not have any other contingent liabilities, pledge of assets or guarantees.

Foreign exchange exposure

During the Period, save for (i) dividend payments to the holders of H shares in Hong Kong dollars; (ii) Zheshang International Financial Holding Co., Ltd. operating in Hong Kong; (iii) issuance of the zero coupon convertible bond with a principal amount of Euro230 million in Hong Kong capital market in January 2021, which will be due in January 2026, such redemption rights were executed at Euro202.6 million on January 20, 2024 and the outstanding Bonds in the principal amount of Euro27.4 million will be due in January 2026; (iv) issuance of the senior fixed-rate bonds with a principal amount of USD470 million in Hong Kong capital market in July 2021, which will be due in July 2026 and has an coupon rate of 1.638%; and (v) the portion of proceeds raised from the 2023 rights issue denominated in Hong Kong dollars; the Group's principal operations were transacted and booked in Renminbi.

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

Use of proceeds from convertible bond

The Company issued a zero coupon convertible bond due 2026 in an aggregate principal amount of Euro230.00 million on January 20, 2021, to improve the debt structure, increase liquidity to meet financial and operational needs and enhance the investment capability of the Group. After deducting cost of issue of approximately Euro1.00 million, the net proceeds from the issuance of the convertible bond were approximately Euro229.00 million, and were used to repay existing borrowings.



Outlook

Looking ahead to the second half of 2024, geopolitical tensions are unlikely to ease in the short term, and results of elections in many countries will affect the global political and economic landscape, with instability and uncertainty in external environment on the rise. China is still in a critical period of economic recovery, transformation and upgrading, and the government will actively embrace various difficulties and challenges in the current economic development, adhere to the general principle of seeking progress while maintaining stability, accelerate the establishment of a new development pattern, continue to foster and strengthen new quality productive forces, and make greater efforts to stimulate market's vitality and inherent momentum, so as to consolidate and enhance economic upturn momentum. On the premise that macro-economy continues to improve, overall traffic volume and toll revenue of the Group's expressways are expected to achieve continued growth.

The Group shall focus on its main responsibilities and businesses, while continue to pursue the service-centered, profit-centered, and brand-centered development strategies. For the profit-centered strategy, the Group will devote greater effort in “discounts for designated trips (跑滿送)” for trucks, “expressway + tourism” and other activities to attract traffic to generate revenue, while implementing cost quota management, independent operation and maintenance of toll station electromechanical equipment, and other initiatives, in order to improve operating efficiency through striving to promote cost reduction and efficiency enhancement; for the service-centered strategy, the Group will deepen the management of congested sections, and focus on promoting intensive construction at night and the application of preventive maintenance technology to meet the needs of users for better travel through ensuring the safe and unimpeded expressways; for the brand-centered strategy, the Group will continue to make efforts in its main business brands, such as “Intelligent Driving Forward (智在行)” APP, introduce groups and enterprises standards related to expressway operation and management, and strengthen the feedback on the implementation of the standardized manual for the operation and management of Yonglan Expressway, so as to constantly form a recognizable brand system, technical system and management standards for the purpose of enhancing its influence in the industry.

In the second half of 2024, the securities industry still needs to cope with challenges of market volatility, tighter regulation and intensified market competition, but it also faces opportunities such as comprehensive deepening of capital market reform and development of financial technology. Zheshang Securities will pay close attention to market dynamics and policy changes, actively seize development opportunities, and enhance its risk management capabilities; focus on growing demand of corporate clients, continue to enrich and improve integrated financial services, and deeply integrate into and serve real economy; enhance its overall competitiveness through comprehensive synergy of business, resources and strategies, forming a new development engine; coordinate and optimize resource allocation structure, effectively enhance operational efficiency, and accelerate to foster a medium-to-large-sized securities firm.

In the face of complex domestic and international state of affairs, the Group will continue to strengthen its market awareness and business mindset as well as focus on improving its core competitiveness to boost high-quality and sustainable development. The Group will make every effort to safeguard progress of reconstruction and expansion of existing expressways, and promote investment and merger & acquisition of high-quality expressway projects to continuously expand the scale of its core business; focus on intelligent transportation, integration of transportation and energy, and expressway-related economy, give full play to advantages of resources along expressways, and plan to cultivate new points of industrial growth; accelerate the process of digitalization, promote the inclusion of data assets into the statements of financial position, and strive to improve the transformation and industrialization capacity for innovation results, so as to empower high-quality development through digital and intelligent technology.



Disclosure of Interests and Other Matters

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed in this report, neither the Company nor any of its subsidiaries has purchased, sold, redeemed or cancelled any of the Company's listed securities during the Period.

DISCLOSURE OF DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2024, none of the Directors, supervisors and chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 to the Listing Rules.

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

As at June 30, 2024, the following Shareholders held 5% or more of the issued share capital the Company according to the register of interests in shares required to be kept by the Company pursuant to Section 336 of the SFO:

Substantial shareholders	Capacity	Percentage of	
		Numbers held in domestic shares of the Company	the issued domestic share capital of the Company
Communications Group ^{Note 1}	Beneficial owner	4,014,778,800	100%

Note 1: Communications Group, through its wholly-owned subsidiary, Universal Cosmos Limited, indirectly holds 75,971,195 H Shares of the Company, representing 3.84% of the issued H Shares of the Company.

Substantial shareholders	Capacity	Numbers held in H Shares of the Company	Percentage of the issued H Share capital of the Company
China Merchants Expressway	Beneficial Owner	363,914,280(L)	18.39%
BlackRock, Inc.	Interest of controlled corporations	116,650,393(L) 1,122,000(S)	5.90% 0.06%
JP Morgan Chase & Co.	Person having a security interest in shares	99,190,043(L) 7,588,480(S) 80,985,856(P)	5.01% 0.38% 4.09%

The letter "L" denotes a long position. The letter "S" denotes a short position. The letter "P" denotes interest in a lending pool.

Save as disclosed above, as at June 30, 2024, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

During the Period, the Company complied with all the code provisions in the Corporate Governance Code (the "Code") set out in Appendix C1 to the Listing Rules, and adopted the recommended best practices in the Code as and when applicable during the Period.

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Specific enquiry has been made to all the Directors and the Directors have confirmed their full compliance with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions during the Period.



Disclosure of Interests and Other Matters

EMPLOYEE AND REMUNERATION POLICIES

As at June 30, 2024, there were 10,500 employees within the Group (December 31, 2023: 10,653), amongst whom 5,220 worked in the related positions of the toll road operation business (December 31, 2023: 5,407) and 5,280 worked in the related positions of the securities business (December 31, 2023: 5,246).

The number of employees employed by the Group is subject to change from time to time based on business needs. While salary and benefits are kept competitive, and are determined by market conditions and the performance, qualification and experience of individual employees.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group plans to continue the Zhajiasu Expressway, the Jinhua Section of Ningbo-Jinhua Expressway and the Shaoxing Section of Ningbo-Jinhua Expressway reconstruction and expansion projects in the second half of 2024, which are expected to be funded by the Group's self-owned funds, borrowings (if applicable) and the proceeds raised from the Rights Issue (as defined and disclosed in the circular of the Company dated June 26, 2023). Save as disclosed above, the Group has no other plans for material investments or capital assets as at June 30, 2024. The Group will keep abreast of the changing market conditions and proactively identify suitable investment opportunities with good prospects to enhance its future financial performance and profitability.

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

As disclosed in the announcement of the Company dated June 28, 2024, Mr. Chen Bin and Mr. Lu Xinghai ceased to be an independent non-executive Director and a supervisor representing the employees of the Company after June 30, 2024, respectively; and Mr. Yu Mingyuan and Mr. Fang Yong have been elected as an independent non-executive Director and a supervisor representing the employees of the tenth session of the Company with effect from July 1, 2024, respectively.

Save as disclosed above, there had been no substantial changes to the information of Directors as set out in the 2023 annual report and during the Period and up to the date of this report.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE INTERIM REPORT AND ACCOUNTS

Each of the Directors of the Company, whose name and function are listed in the section headed “Corporate Information” of this report, confirms that, to the best of his/her knowledge:

- the condensed consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants give a true and fair view of the assets, liabilities, financial position and performance of the Group and the undertakings included in the consolidation taken as a whole;
- the management discussion and analysis included in the interim report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole during the Period, together with a description of the principal risks and uncertainties that the Group faces for the remaining six months of the financial year; and
- the interim report includes a fair review of the material related party transactions that have taken place during the Period and any material changes in the related party transactions described in the Company’s annual report for the year ended December 31, 2023.

By order of the Board
Zhejiang Expressway Co., Ltd.
YUAN Yingjie
Chairman

Hangzhou, the PRC, August 23, 2024

The electronic version of this report is published on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the Company’s website (www.zjec.com.cn).

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the six months ended June 30,	
		2024 <i>Rmb'000</i> <i>(Unaudited)</i>	2023 <i>Rmb'000</i> <i>(Unaudited and restated)</i>
Revenue	4	8,367,599	8,249,221
Including: Interest income under effective interest method		1,196,922	1,184,455
Operating costs		(4,681,165)	(4,784,670)
Gross profit		3,686,434	3,464,551
Securities investment gains		574,768	885,857
Other income and gains and losses	5	446,564	80,759
Administrative expenses		(57,646)	(65,315)
Other expenses		(64,638)	(43,829)
Impairment losses under expected credit loss model, net of reversal		(29,664)	(60,415)
Share of profit of associates		505,922	577,254
Share of profit of joint ventures		3,969	32,876
Finance costs	6	(909,955)	(972,072)
Profit before tax	7	4,155,754	3,899,666
Income tax expense	8	(811,948)	(625,906)
Profit for the Period		3,343,806	3,273,760
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on equity and debt instruments measured at fair value through other comprehensive income		125,587	31,997
Impairment loss for debt instruments at fair value through other comprehensive income		1,402	215
Income tax impact relating to items that may be reclassified subsequently to profit or loss		(31,747)	(8,053)
Exchange differences on translation of financial statements of foreign operations		2,268	8,502
Share of other comprehensive income of an associate, net of related income tax		59,952	71,136
Other comprehensive income for the Period, net of income tax		157,462	103,797
Total comprehensive income for the Period		3,501,268	3,377,557

	Notes	For the six months ended June 30, 2024 Rmb'000 (Unaudited)	2023 Rmb'000 (Unaudited and restated)
Profit for the Period attributable to:			
Owners of the Company		2,680,010	2,558,492
Non-controlling interests		663,796	715,268
		3,343,806	3,273,760
Total comprehensive income attributable to:			
Owners of the Company		2,779,243	2,642,756
Non-controlling interests		722,025	734,801
		3,501,268	3,377,557
Earnings per share	9		
Basic (Rmb cents)		44.72	56.18
Diluted (Rmb cents)		44.04	53.96

Condensed Consolidated Statement of Financial Position

	Notes	As at June 30, 2024 Rmb'000 (Unaudited)	As at December 31, 2023 Rmb'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		5,434,989	6,202,021
Right-of-use assets		869,235	934,837
Expressway operating rights		20,415,963	21,012,910
Goodwill		86,867	86,867
Other intangible assets		377,064	388,384
Interests in associates		11,889,346	11,491,055
Interests in joint ventures		2,086,260	1,497,891
Financial assets at fair value through profit or loss ("FVTPL")		188,627	189,527
Equity instruments at fair value through other comprehensive income		518,792	–
Debt instruments at fair value through other comprehensive income		9,836,109	7,718,725
Other receivables and prepayments	12	885,029	854,473
Deferred tax assets		1,403,967	1,446,067
Time deposits		7,008,591	3,048,619
		61,000,839	54,871,376
CURRENT ASSETS			
Inventories		1,171,307	1,306,370
Trade receivables	10	1,094,575	831,478
Loans to customers arising from margin financing business	11	18,395,377	19,934,761
Other receivables and prepayments	12	8,265,389	5,990,540
Dividends receivable		–	1,631
Derivative financial assets		2,357,975	1,279,110
Financial assets at FVTPL		34,435,258	41,729,113
Debt instruments at fair value through other comprehensive income		529,120	445,173
Financial assets held under resale agreements	13	6,573,353	7,729,402
Bank balances and clearing settlement fund held on behalf of customers		39,726,799	45,415,217
Bank balances, cleaning settlement fund, deposits and cash			
– Restricted bank balances and cash		68,575	100,631
– Time deposits with original maturity over three months		3,258,214	4,268,560
– Cash and cash equivalents		20,631,944	23,830,440
		136,507,886	152,862,426

	Notes	As at June 30, 2024 Rmb'000 (Unaudited)	As at December 31, 2023 Rmb'000 (Audited)
CURRENT LIABILITIES			
Placements from other financial institutions		1,000,000	1,950,000
Accounts payable to customers arising from securities business		39,543,771	44,803,323
Trade payables	14	1,149,855	1,265,174
Tax liabilities		522,659	654,107
Other taxes payable		175,537	232,461
Other payables and accruals	15	12,439,362	13,954,591
Dividends payable		2,567,960	168,573
Contract liabilities		175,964	104,000
Derivative financial liabilities		1,613,195	996,027
Bank and other borrowings		2,234,807	4,593,399
Short-term financing note payable		2,285,565	2,137,611
Bonds payable		6,877,400	5,404,107
Convertible bonds	17	221,766	1,830,842
Financial assets sold under repurchase agreements	16	20,225,873	24,592,145
Financial liabilities at FVTPL		85,460	472,061
Lease liabilities		156,289	147,914
		91,275,463	103,306,335
NET CURRENT ASSETS		45,232,423	49,556,091
TOTAL ASSETS LESS CURRENT LIABILITIES		106,233,262	104,427,467
NON-CURRENT LIABILITIES			
Bank and other borrowings		15,078,734	13,213,544
Bonds payable		21,929,689	23,610,144
Convertible bonds	17	6,669,949	6,611,090
Deferred tax liabilities		489,327	260,060
Lease liabilities		297,156	327,516
		44,464,855	44,022,354
		61,768,407	60,405,113
CAPITAL AND RESERVES			
Share capital		5,993,498	5,993,498
Reserves		34,781,458	33,798,718
Equity attributable to owners of the Company		40,774,956	39,792,216
Non-controlling interests		20,993,451	20,612,897
		61,768,407	60,405,113

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Capital reserve	Investment revaluation reserve	Share of differences arising on translation	Dividend reserve	Special reserves	Retained profits	Sub-total		
	Rmb '000	Rmb '000	Rmb '000	Rmb '000	Rmb '000	Rmb '000	Rmb '000	Rmb '000	Rmb '000	Rmb '000	Rmb '000	Rmb '000
At January 1, 2023 (Originally stated)	4,343,115	3,355,621	5,966,512	1,712	16,307	7,055	1,628,668	6,928,156	8,671,144	30,918,290	19,291,372	50,209,662
Adjustment	-	-	-	-	-	-	-	2,035,302	(2,944,750)	(909,448)	-	(909,448)
At January 1, 2023 (Restated)	4,343,115	3,355,621	5,966,512	1,712	16,307	7,055	1,628,668	8,963,458	5,726,394	30,008,842	19,291,372	49,300,214
Profit for the Period	-	-	-	-	-	-	-	-	2,558,492	2,558,492	715,268	3,273,760
Other comprehensive income for the Period	-	-	-	-	80,881	3,383	-	-	-	84,264	19,533	103,797
Total comprehensive income for the Period	-	-	-	-	80,881	3,383	-	-	2,558,492	2,642,756	734,801	3,377,557
Issuance of convertible bond by a subsidiary	-	-	-	-	-	-	-	-	-	-	395,710	395,710
Conversion of convertible bond of a subsidiary	-	-	-	-	-	-	-	-	-	-	(10)	(10)
Deemed partial disposal of interest in a subsidiary upon conversion of convertible bond	-	-	-	-	-	-	-	30	-	30	65	95
Establishment of a subsidiary	-	-	-	-	-	-	-	-	-	-	700	700
Repurchase of shares by a subsidiary	-	-	-	-	-	-	-	(184,348)	-	(184,348)	(200,116)	(384,464)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(339,219)	(339,219)
2022 dividend	-	-	-	-	-	-	(1,628,668)	-	-	(1,628,668)	-	(1,628,668)
At June 30, 2023 (Restated)	4,343,115	3,355,621	5,966,512	1,712	97,188	10,438	-	8,779,140	8,284,886	30,838,612	19,883,303	50,721,915

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Capital reserve	Investment revaluation reserve	Share of differences arising on translation	Dividend reserve	Special reserves	Retained profits	Sub-total		
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At January 1, 2024 (Audited)	5,993,498	7,804,112	6,560,840	1,712	118,893	8,609	1,917,919	8,948,807	8,437,826	39,792,216	20,612,897	60,405,113
Profit for the Period	-	-	-	-	-	-	-	-	2,680,010	2,680,010	663,796	3,343,806
Other comprehensive income for the Period	-	-	-	-	98,331	902	-	-	-	99,233	58,229	157,462
Total comprehensive income for the Period	-	-	-	-	98,331	902	-	-	2,680,010	2,779,243	722,025	3,501,268
Conversion of convertible bond of a subsidiary	-	-	-	-	-	-	-	-	-	-	(3,982)	(3,982)
Deemed partial disposal of interest in a subsidiary upon conversion of convertible bond	-	-	-	-	-	-	-	121,416	-	121,416	(78,456)	42,960
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(259,033)	(259,033)
2023 dividend	-	-	-	-	-	-	(1,917,919)	-	-	(1,917,919)	-	(1,917,919)
At June 30, 2024 (Unaudited)	5,993,498	7,804,112	6,560,840	1,712	217,224	9,511	-	9,070,223	11,117,836	40,774,956	20,993,451	61,768,407

Condensed Consolidated Statement of Cash Flows

	For the six months ended June 30,	
	2024 <i>Rmb'000</i> <i>(Unaudited)</i>	2023 <i>Rmb'000</i> <i>(Unaudited and restated)</i>
Net cash inflow generated from operating activities	6,491,968	8,187,704
Net cash used in operating activities	(7,693,002)	(7,072,847)
Net cash used in financing activities	(1,999,731)	(182,226)
Net (decrease) increase in cash and cash equivalents	(3,200,765)	932,632
Cash and cash equivalents at beginning of the Period	23,830,440	23,990,165
Effect of foreign exchange rate changes	2,269	8,502
Cash and cash equivalents at end of the Period	20,631,944	24,931,299

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. MERGER ACCOUNTING RESTATEMENT

The Group accounts for all its business combinations involving entities under common control using the principles of merger accounting in accordance with Accounting Guideline 5 (“AG 5”) “Merger Accounting for Common Control” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

On September 28, 2023, Zhejiang LongLiLiLong Expressway Co., Ltd. (“LongLiLiLong Co”), a wholly-owned subsidiary of the Company, entered into an equity purchase agreement (“HuangQuNan Equity Purchase Agreement”) with Communications Group for the acquisition of 100% equity interest in Zhejiang HuangQuNan Expressway Co., Ltd. (“HuangQuNan Co”) held by Communications Group at a cash consideration of Rmb16,700,000. HuangQuNan Co is principally engaged in the operation and management of toll collection rights of the Zhejiang section of the HuangQuNan Expressway located in Zhejiang Province, the PRC, with a total length of 161 kilometers. The acquisition has been approved by the Board on September 7, 2023. Pursuant to the HuangQuNan equity purchase agreement, upon the revision of Articles of Association and change of business registration, HuangQuNan Co became an indirect subsidiary of the Company at the end of November. During the Period, HuangQuNan Co was absorbed and merged by LongLiLiLong Co and renamed as Zhejiang LongLiLiLong Expressway Co., Ltd. Quzhou Branch.

Since Communications Group is the direct and ultimate holding company of the Company, the above acquisitions were regarded as business combinations involving entities under common control and were accounted for using AG 5. As a result, the comparative condensed consolidated statements of profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the period ended June 30, 2023 have therefore been restated in order to include the financial performance, assets and liabilities of the combining entities since the date on which they first come under common control.



Notes to Condensed Consolidated Financial Statements

2. MERGER ACCOUNTING RESTATEMENT (Continued)

The application of merger accounting in respect of the Group's acquisition of 100% equity interest in HuangQuNan Co resulted in a decrease in the total comprehensive income attributable to owners of the Company by Rmb104,604,000, a decrease in profit for the period attributable to owners of the Company by Rmb104,604,000, a decrease in basic earnings per share by Rmb5.14 cents and a decrease in diluted earnings per share by Rmb4.71 cents for the period ended June 30, 2023.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2023.

Application of amendments to HKFRSs

In the Period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

4. REVENUE AND SEGMENT INFORMATION

Segment revenue and results

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

For the six months ended June 30, 2024 (Unaudited)

	Toll operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Rmb'000
Revenue – external customers	5,112,572	2,805,936	449,091	8,367,599
Segment profit	2,125,371	803,521	414,914	3,343,806

For the six months ended June 30, 2023 (Unaudited and restated)

	Toll operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Rmb'000
Revenue – external customers	5,004,028	3,161,361	83,832	8,249,221
Segment profit	1,787,860	1,022,513	463,387	3,273,760

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

Notes to Condensed Consolidated Financial Statements

4. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major services

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

	For the six months ended June 30,	
	2024 Rmb'000 (Unaudited)	2023 Rmb'000 (Unaudited and restated)
Toll operation revenue	5,112,572	5,004,028
Commission and fee income from securities operation	1,609,014	1,976,906
Interest income from securities operation	1,196,922	1,184,455
Hotel and catering revenue	51,791	60,001
Construction service revenue	376,475	–
PPP revenue	20,825	23,831
Total	8,367,599	8,249,221

Note: The Group provides construction services to customers in the reconstruction and expansion projects for the Jinhua section of the Ningbo-Jinhua Expressway and the Zhajiasu Expressway. Such services are recognised over time as a performance obligation in the course of the Group's construction and upgrading of the assets as if they were construction and upgrading under the control of the customers. Revenue from such construction services is recognised based on the stage of completion of the contract using the input method.

5. OTHER INCOME AND GAINS AND LOSSES

	For the six months ended June 30,	
	2024 Rmb'000 (Unaudited)	2023 Rmb'000 (Unaudited and restated)
Interest income on financial institutions	234,017	163,732
Rental income	37,075	32,554
Gain on change in fair value in respect of the derivative component of convertible bonds	2,987	32,282
Exchange gain (loss), net	2,914	(209,834)
Gain (loss) on commodity trading, net	29,297	(33,544)
Management fee income	10,033	7,018
Gain on disposal of assets	20,524	1,030
Government subsidies	25,960	38,154
Others	83,757	49,367
Total	446,564	80,759

6. FINANCE COSTS

	For the six months ended June 30,	
	2024 Rmb'000 (Unaudited)	2023 Rmb'000 (Unaudited and restated)
Bank and other borrowings	316,129	411,186
Short-term financing note	14,431	52,028
Bonds payable	450,865	390,232
Convertible bonds	116,771	107,527
Lease liabilities	11,759	11,099
Total	909,955	972,072

Notes to Condensed Consolidated Financial Statements

7. PROFIT BEFORE TAX

The Group's profit before tax has been arrived after charging:

	For the six months ended June 30,	
	2024 <i>Rmb'000</i> (Unaudited)	2023 <i>Rmb'000</i> (Unaudited and restated)
Depreciation of property, plant and equipment	449,827	378,456
Amortisation of expressway operating rights	1,356,384	1,345,259
Amortisation of other intangible assets	53,201	39,205
Depreciation of right-of-use assets	106,271	66,597

8. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2024 <i>Rmb'000</i> (Unaudited)	2023 <i>Rmb'000</i> (Unaudited and restated)
Current tax:		
PRC Enterprise Income Tax ("EIT")	572,230	754,134
Deferred tax	239,718	(128,228)
	811,948	625,906

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

No Hong Kong profits tax has been provided as the Group has no estimated assessable profit in Hong Kong during the Period.

9. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	For the six months ended June 30,	
	2024 Rmb'000 (Unaudited)	2023 Rmb'000 (Unaudited and restated)
Profit for the Period attributable to owners of the Company	2,680,010	2,558,492
Earnings for the purpose of basic earnings per share	2,680,010	2,558,492
Effect of dilutive potential ordinary shares arising from convertible bonds	(23,109)	51,161
Earnings for the purpose of diluted earnings per share	2,656,901	2,609,653

Number of shares

	For the six months ended June 30,	
	2024 '000 (Unaudited)	2023 '000 (Unaudited and restated)
Number of ordinary shares for the purpose of basic earnings per share	5,993,498	4,553,764
Effect of dilutive potential ordinary shares arising from convertible bonds	38,968	282,891
Weighted average number of ordinary shares for the purpose of diluted earnings per share	6,032,466	4,836,655

Note: The Group offered rights issue to its existing domestic and H shareholders in December 2023, respectively, as the price of share was below the market price at the time of rights issue, there were bonus elements for rights issue and the weighted average number of ordinary shares were adjusted retrospectively. As a result, the weighted average number of ordinary shares and the basic earnings per share for the six months ended June 30, 2023 were restated.

Notes to Condensed Consolidated Financial Statements

10. TRADE RECEIVABLES

	As at June 30, 2024 Rmb'000 (Unaudited)	As at December 31, 2023 Rmb'000 (Audited)
Trade receivables comprise:		
– contracts with customers	1,097,172	837,226
Less: Allowance for credit losses	(2,597)	(5,748)
	1,094,575	831,478
Fellow subsidiaries		
Third parties	12,753	19,520
Total trade receivables	1,084,419	817,706
	1,097,172	837,226

The Group has no credit period granted to its trade customers of toll operation business. The Group's trade receivable balance for toll operation is toll receivables from the respective expressway fee settlement centres of Zhejiang Province and Anhui Province, Transportation Bureau of Linping County of Hangzhou, Transportation Bureau of Hangzhou, Transportation Bureau of Yiwu, Transportation Bureau of Lin'an of Hangzhou, Transportation Bureau of Jiaxing, etc.

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

10. TRADE RECEIVABLES (Continued)

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

	As at June 30, 2024 Rmb'000 (Unaudited)	As at December 31, 2023 Rmb'000 (Audited)
Within 3 months	527,177	420,733
3 months to 1 year	531,701	381,569
1 to 2 years	34,099	23,734
Over 2 years	1,598	5,442
Total	1,094,575	831,478

11. LOANS TO CUSTOMERS ARISING FROM MARGIN FINANCING BUSINESS

The Group has provided customers with margin financing and security lending for securities transactions, the credit facility limits to margin clients are determined by the discounted market value of the pledged securities accepted by the Group or the market value of cash collaterals.

All of the loans to margin clients which are secured by the underlying pledged securities are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call which the customers have to make good of the shortfall. The Group has the right to process forced liquidation if the customer fails to make good of the shortfall within a short period of time.

Notes to Condensed Consolidated Financial Statements

11. LOANS TO CUSTOMERS ARISING FROM MARGIN FINANCING BUSINESS (Continued)

As at June 30, 2024, loans to customers under the margin financing and securities lending activities carried out in the PRC were secured by the customers' securities and cash collaterals. The undiscounted total value of the securities collaterals amounted to Rmb47,528,885,000 (December 31, 2023: Rmb53,641,550,000). Cash collateral of Rmb2,611,880,000 (December 31, 2023: Rmb2,380,641,000) received from clients was included in accounts payable to customers arising from securities business.

No aged analysis is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of business of securities margin financing.

12. OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2024 Rmb'000 (Unaudited)	As at December 31, 2023 Rmb'000 (Audited)
Non-current:		
Prepayments	6,382	12,350
Receivables from government cooperation projects	878,647	842,123
Current:		
Prepayments	671,977	431,595
Prepayments for share purchase	1,356,208	–
Trading deposits	5,708,878	4,951,608
Entrusted loan	180,138	180,151
Receivables from government cooperation projects	98,047	148,270
Others	250,141	278,916
Total	9,150,418	6,845,013

13. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at June 30, 2024 Rmb'000 (Unaudited)	As at December 31, 2023 Rmb'000 (Audited)
Analysed by collateral type:		
Bonds	2,716,144	3,590,327
Stock securities	3,982,242	4,256,006
Less: Impairment allowance	(125,033)	(116,931)
	6,573,353	7,729,402
Analysed by market:		
Inter-bank market	162,755	186,805
Shanghai/Shenzhen Stock Exchange	6,535,631	7,659,528
Less: Impairment allowance	(125,033)	(116,931)
	6,573,353	7,729,402

The collaterals include both equity and debt securities listed in the PRC. As at June 30, 2024, the fair value of equity and debt securities as collaterals was Rmb8,875,301,000 (December 31, 2023: Rmb11,215,727,000) and Rmb1,216,985,000 (December 31, 2023: Rmb3,844,169,000), respectively.

Notes to Condensed Consolidated Financial Statements

14. TRADE PAYABLES

Trade payables mainly represent the payables for the expressway improvement projects. The following is an aged analysis of trade payables presented based on the invoice date at the end of the Period:

	As at June 30, 2024 <i>Rmb'000</i> (Unaudited)	As at December 31, 2023 <i>Rmb'000</i> (Audited)
Within 3 months	275,589	668,425
3 months to 1 year	461,554	127,248
1 to 2 years	108,994	154,917
2 to 3 years	45,455	78,708
Over 3 years	258,263	235,876
Total	1,149,855	1,265,174

15. OTHER PAYABLES AND ACCRUALS

	As at June 30, 2024 Rmb'000 (Unaudited)	As at December 31, 2023 Rmb'000 (Audited)
Accrued payroll and welfare	1,307,085	1,630,360
Advances	38,719	28,932
Advance payments for settlement	122,906	103,439
Advance payment of futures insurance	140	85
Trading deposit	9,269,222	10,096,481
Deposit received for disposal of an associate	207,000	207,000
Retention payable	144,561	138,312
Pledge deposit for futures	442,968	521,454
Compensations for highway crossing	46,474	45,977
Payables to be settled for fund redemption	144,992	524,597
Toll collected on behalf of other toll roads	7,929	7,708
Futures risk reserve	187,615	179,764
Government subsidies from removal of expressway toll station on provincial borders	39,648	48,067
Deferred income	56,794	60,700
Notes payable	110,000	170,000
Balance payable of share purchase	27,500	27,500
Others	285,809	164,215
Total	12,439,362	13,954,591

Notes to Condensed Consolidated Financial Statements

16. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at June 30, 2024 Rmb'000 (Unaudited)	As at December 31, 2023 Rmb'000 (Audited)
Analysed by collateral type:		
Bonds	18,939,862	24,569,621
Securities	1,286,011	22,524
Analysed by market:		
Shanghai/Shenzhen Stock Exchange	4,253,974	4,206,992
Inter-bank market	15,971,899	20,385,153
	20,225,873	24,592,145

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities are not derecognised from the financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these securities. In addition, the cash received is recognised as financial liability.

As at June 30, 2024, the Group entered into repurchase agreements with certain counterparties. The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred securities during the term of the arrangement.

17. CONVERTIBLE BONDS

Convertible Bond 2021

On January 20, 2021, the Company issued a zero coupon convertible bond due 2026 in an aggregate principal amount of Euro230,000,000 (the “Convertible Bond 2021”). The Convertible Bond 2021 is listed and traded on the Stock Exchange.

The principal terms of the Convertible Bond 2021 are set out below:

(1) Conversion right

The Convertible Bond 2021 will, at the option of the holder (the “Bondholders 2021”), be convertible (unless previously redeemed, converted or purchased and cancelled) on or after March 2, 2021 up to January 10, 2026 into fully paid ordinary shares with a par value of Rmb1.00 each at an initial conversion price (the “Conversion Price 2021”) of HK\$8.83 per H share and a fixed exchange rate of HK\$9.5145 to Euro1.00 (the “Fixed Exchange Rate”). The Conversion Price 2021 is subject to the anti-dilutive adjustments and certain events including mainly: share consolidation, subdivision or re-classification, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities and issues at less than current market price. As at June 30, 2024, the conversion price was HK\$6.29 per H share.



Notes to Condensed Consolidated Financial Statements

17. CONVERTIBLE BONDS (Continued)

Convertible Bond 2021 (Continued)

(2) Redemption

(i) Redemption at maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Convertible Bond 2021 at 100 percent of its outstanding principal amount on the maturity date of January 20, 2026 (the “CB Maturity Date 2021”).

(ii) Redemption at the option of the Company

The Company may, having given not less than 30 nor more than 60 days' notice, redeem the Convertible Bond 2021 in whole and not some only at 100 percent of their outstanding principal amount as at the relevant redemption date.

- (a) at any time after January 20, 2024 but prior to the CB Maturity Date 2021, provided that no such redemption may be made unless the closing price of an H share translated into Euro at the prevailing rate applicable to each Stock Exchange business day, for any 20 Stock Exchange business days within a period of 30 consecutive Stock Exchange business days, the last of such Stock Exchange business day shall occur not more than 10 days prior to the date upon which notice of such redemption is given, was, for each such 20 Stock Exchange business days, at least 130 percent of the Conversion Price 2021 (translated into Euro at the Fixed Exchange Rate); or
- (b) if at any time the aggregate principal amount of the Convertible Bond 2021 outstanding is less than 10 percent of the aggregate principal amount originally issued.

17. CONVERTIBLE BONDS (Continued)

Convertible Bond 2021 (Continued)

(2) Redemption (Continued)

(iii) Redemption at the option of the Bondholders 2021

The Company will, at the option of the Bondholders 2021, redeem whole or some of that holder's bond on January 20, 2024 (the "Put Option Date") at 100 percent of their outstanding principal amount on that date.

The Convertible Bond 2021 comprises two components:

- (a) Debt component was initially measured at fair value amounted to approximately Euro183,297,000 (equivalent to Rmb1,443,009,000). It is subsequently measured at amortised cost by applying effective interest rate method after considering the effect of the transaction costs. The effective interest rate used is 4.74%.
- (b) Derivative component comprises conversion right of the Bondholders 2021, redemption option of the Company, and redemption option of the Bondholders 2021.

Transaction costs totalling Rmb8,427,515 that relate to the issue of the Convertible Bond 2021 are allocated to the debt and derivative components in proportion to their respective fair values.

Transaction costs amounting to approximately Rmb1,711,247 relating to the derivative component were charged to profit or loss during the year ended December 31, 2021. Transaction costs amounting to approximately Rmb6,716,268 relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the Convertible Bond 2021 using the effective interest method.

Notes to Condensed Consolidated Financial Statements

17. CONVERTIBLE BONDS (Continued)

Convertible Bond 2021 (Continued)

The derivative component was measured at fair value with reference to valuation carried out by a firm of independent professional valuers.

The movement of the debt and derivative components of the Convertible Bond 2021 as of June 30, 2024 is set out as below:

	Debt component at amortised cost		Derivative components at FVTPL		Total	
	<i>Euro'000</i>	<i>Rmb'000</i>	<i>Euro'000</i>	<i>Rmb'000</i>	<i>Euro'000</i>	<i>Rmb'000</i>
On December 31, 2022 (Audited)	199,401	1,480,135	41,530	308,266	240,931	1,788,401
Exchange realignment	–	79,600	–	–	–	79,600
Interest charge	28,080	228,084	–	–	28,080	228,084
Gain on changes in fair value	–	–	(38,012)	(280,620)	(38,012)	(280,620)
On December 31, 2023 (Audited)	227,481	1,787,819	3,518	27,646	230,999	1,815,465
Exchange realignment	–	(4,914)	–	–	–	(4,914)
Interest charge	590	4,520	–	–	590	4,520
Redemption	(202,600)	(1,592,274)	–	–	(202,600)	(1,592,274)
Gain on changes in fair value	–	–	(299)	(2,987)	(299)	(2,987)
On June 30, 2024 (Unaudited)	25,471	195,151	3,219	24,659	28,690	219,810

As at June 30, 2024, Euro202,600,000 of Convertible Bonds 2021 had been redeemed by the holders, and the remaining principal amount was Euro27,400,000 upon such redemption.

17. CONVERTIBLE BONDS (Continued)

Convertible Bond 2022

On June 14, 2022, Zheshang Securities, a subsidiary of the Company, issued a convertible bond due June 13, 2028 (the “Maturity Date 2022”) in an aggregate principal amount of Rmb7,000,000,000 (the “Convertible Bond 2022”). The Convertible Bond 2022 was listed on the Shanghai Stock Exchange on July 8, 2022. The coupon rate is 0.2% for the first year, 0.4% for the second year, 0.6% for the third year, 1.0% for the fourth year, 1.5% for the fifth year, 2.0% for the sixth year, and will be paid annually.

Out of the principal amount of Rmb7,000,000,000, Rmb3,833,185,000 was subscribed by Shangsang Co, another subsidiary of the Group. As at June 30, 2024, Shangsang Co has disposed all of these Convertible Bond 2022.

The principal terms of the Convertible Bond 2022 are set out below:

(1) Conversion right

The Convertible Bond 2022 will, at the option of the holders (the “Bondholders 2022”), be convertible (unless previously redeemed, converted or purchased and cancelled) during the period from December 20, 2022 up to June 13, 2028, into fully paid ordinary shares of Zheshang Securities with a par value of Rmb1.00 each at an initial conversion price (the “Conversion Price 2022”) of Rmb10.49 per share. The Conversion Price 2022 will be adjusted when Zheshang Securities distributes stock dividends, capitalises common reserves into share capital, issues new shares or places new shares, distributes cash dividend (excluding the increase in share capital due to the conversion of the Convertible Bond 2022 issued).

When the share price of Zheshang Securities is less than 80% of the Conversion Price 2022 for any 15 business days within a period of 30 consecutive business days prior to the Maturity Date 2022, the board of directors of Zheshang Securities has the right to propose a downward revision resolution on the Conversion Price 2022, and submits it to the shareholder’s meeting of Zheshang Securities for approval. As at June 30, 2024, the Conversion Price 2022 was Rmb10.19 per share.



Notes to Condensed Consolidated Financial Statements

17. CONVERTIBLE BONDS (Continued)

Convertible Bond 2022 (Continued)

(2) Redemption right

(i) Redemption at maturity

Zheshang Securities will redeem all the outstanding Convertible Bond 2022 at 106% of its principal amount (including the last instalment of interest payment) within five business days from the Maturity Date 2022.

(ii) Redemption on conditions

During the conversion period of the Convertible Bond 2022, upon the occurrence of any of the following two conditions, Zheshang Securities is entitled to redeem all or part of the outstanding Convertible Bond 2022 based on the par value and interest in arrears:

- (a) During the conversion period of the Convertible Bond 2022, for any 15 business days within a period of 30 consecutive business days, the closing share price of Zheshang Securities is not less than 130 percent (including 130 percent) of the Conversion Price 2022;
- (b) When the aggregate principal amount of the outstanding Convertible Bond 2022 is less than Rmb30,000,000.

17. CONVERTIBLE BONDS (Continued)

Convertible Bond 2022 (Continued)

The Convertible Bond 2022 contains a liability component and an equity component. At initial recognition, the equity component of the Convertible Bond 2022 was separated from the liability component. As the Convertible Bond 2022 was issued by a subsidiary of the Company and is convertible into that subsidiary's own shares, the equity element is considered as non-controlling interests. The effective interest rate of the liability component is 3.3564% per annum.

Changes in the liability and equity component of the Convertible Bond 2022 at June 30, 2024 are set out as below:

	Liability component <i>Rmb'000</i>	Equity component <i>Rmb'000</i>	Total <i>Rmb'000</i>
On 31 December, 2022 (Audited)	3,923,672	476,247	4,399,919
Interest charge	184,217	—	184,217
Interest paid	(11,163)	—	(11,163)
Addition	2,529,887	804,528	3,334,415
Conversion into shares	(146)	(15)	(161)
As at December 31, 2023 (Audited)	6,626,467	1,280,760	7,907,227
Interest charge	112,251	—	112,251
Interest paid	(27,836)	—	(27,836)
Conversion into shares	(38,977)	(3,982)	(42,959)
As at June 30, 2024 (Unaudited)	6,671,905	1,276,778	7,948,683

Note:

As at June 30, 2024, the Bondholders 2022 converted the Convertible Bond 2022 with a principal amount of Rmb40,762,000 to the shares of Zheshang Securities.

As at June 30, 2024, Zheshang Securities had not exercised the redemption rights.

Notes to Condensed Consolidated Financial Statements

18. RELATED PARTY TRANSACTIONS AND BALANCES

The following is a summary of the related party transactions of the Group in the course of operation during the Period:

(1) Transactions and balances with Communications Group and government related parties

Details of significant transactions with Communications Group are summarised below:

Borrowings

Pursuant to the entrusted loan contract entered into between the Company and Zhejiang Highway Logistic Company Limited (“Logistic Co”), a wholly-owned subsidiary of the Communications Group, on July 21, 2023, Logistic Co agreed to provide the Company with entrusted loans amounting to Rmb50,810,000 at a fixed interest rate of 3.00% per annum, with maturity date of July 20, 2024.

Pursuant to the entrusted loan contract entered into between HuangQuNan Co and Communications Group on March 7, 2023, Communications Group agreed to provide the Company with entrusted loans amounting to Rmb2,330,000,000 with a maturity date of March 7, 2024 and at a fixed interest rate of 3.65% per annum. A principal amount of Rmb30,000,000 was repaid on January 30, 2024. A principal amount of Rmb2,300,000,000 was repaid on March 7, 2024.

Pursuant to the entrusted loan contract entered into between HuangQuNan Co and Communications Group on March 7, 2023, Communications Group agreed to provide it with entrusted loans amounting to Rmb2,300,000,000 with a maturity date of March 7, 2025 and at a fixed interest rate of 3.45% per annum. A principal amount of Rmb2,300,000,000 was repaid on June 28, 2024.

	For the six months ended June 30,	
	2024 Rmb'000 (Unaudited)	2023 Rmb'000 (Unaudited and restated)
Interest expenses incurred	36,121	69,475

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(1) Transactions and balances with Communications Group and government related parties (Continued)

Management and Administrative services

The Company has entered into agreements with the Communications Group and its subsidiaries, pursuant to which, the Company would provide the management and administrative services for ten toll roads, including Shensuzhewan Expressway, South Line of Qianjiang Channel, Ningbo Yongtaiwen Expressway, HangNing Expressway, Hangrao Expressway, Zhoushan North Channel, North Line of Qianjiang Channel, Linjian Expressway, Hangzhou-Shaoxing-Ningbo Expressway and Hangzhou-Ningbo Expressway Parallel Line Phase I. According to the agreements, the Company would charge the Communications Group and its subsidiaries management fee on actual cost basis. During the Period, a total management fee of Rmb10,033,000 (corresponding period of 2023: Rmb7,018,000) has been charged.

LongLiLiLong Co has entered into an entrusted management agreement with Zhejiang Communications Operating Company (“Zhejiang Operating Co”, a subsidiary of Communications Group), pursuant to which, Zhejiang Operating Co would provide the management and administrative services for LongLiLiLong Expressways, and would charge LongLiLiLong Co management fee on actual cost basis. A total management fee of Rmb4,000,000 (corresponding period of 2023 (restated): Rmb5,100,000) has been charged.

Other transactions

	For the six months ended June 30,	
	2024 Rmb'000 (Unaudited)	2023 Rmb'000 (Unaudited and restated)
Toll road service area leasing income earned (Note i)	6,076	6,001
Toll road service area management fee paid (Note i)	2,970	2,970
Property leasing income earned	1,851	1,711
Road maintenance service expenses incurred (Note ii)	133,377	188,899
Information system services expenses incurred	—	688



Notes to Condensed Consolidated Financial Statements

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(1) Transactions and balances with Communications Group and government related parties (Continued)

Other transactions (Continued)

Note i: Pursuant to the leasing and operation agreement entered into between Zhejiang Jinhua Yongjin Expressway Co., Ltd. ("Jinhua Co", a wholly-owned subsidiary of the Company), Zhejiang Hanghui Expressway Co., Ltd. ("Hanghui Co", a non-wholly-owned subsidiary of the Company), Zhejiang Zhoushan Bay Bridge Co., Ltd. ("Zhoushan Co", a non-wholly-owned subsidiary of the Company), LongLiLiLong Co (a wholly-owned subsidiary of the Company), and Zhejiang Commercial Group Co., Ltd. ("Zhejiang Commercial Group", a fellow subsidiary of Communications Group), the toll road service area were leased to Zhejiang Commercial Group, and Zhejiang Commercial Group managed the operation of the service area in respect of the toll road service area. Such businesses began from January 1, 2011, and will be expired at the same time with the operating rights.

Note ii: Pursuant to the daily and specific road maintenance agreements entered into between the Company and the relevant subsidiaries of the Company and the subsidiaries of Communications Group, the subsidiaries of Communications Group agreed to provide the daily and specific road maintenance service to the Group's expressways, namely: the Shanghai-Hangzhou-Ningbo Expressway, the Shangsang Expressway, Jinhua section, Ningbo-Jinhua Expressway, the Hanghui Expressway, the Huihang Expressway, the Zhoushan Bay Bridge, the LongLiLiLong Expressways, the HuangQuNan Expressway and the Zhajiasu Expressway.

Other transactions with government related parties

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("government-related entities"). In addition, the Group itself is part of a larger group of companies under the Communications Group which is controlled by the PRC government. However, due to the business nature, in respect of the Group's toll road and securities business, the Directors are of the opinion that it is impracticable to ascertain the identity of counterparties and accordingly whether the transactions are with other government-related entities in the PRC.

In addition, the Group has entered into other banking transactions, including deposit placements, borrowings and other general banking facilities, with certain banks and financial institution which are government-related entities in its ordinary course of business. In view of the nature of those banking transactions, the Directors are of the opinion that separate disclosure would not be meaningful.

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Transactions and balances with associates and other non-government related parties

Financial service provided by Zhejiang Communications Finance (an associate of the Company)

The Group has entered into a financial services agreement with Zhejiang Communications Finance. Pursuant to the agreement, Zhejiang Communications Finance agreed to provide the Group with deposit services, the loan and financial leasing services, the clearing services and other financial services.

Loans advanced from Zhejiang Communications Finance

During the Period, Zhejiang Communications Finance provided LongLiLiLong Co with additional short-term loans in the aggregate principal amount of Rmb20,000,000 and additional long-term loans in the aggregate principal amount of Rmb120,000,000, both at a fixed interest rate of 3.08% per annum. Short-term loans in the aggregate principal amount of Rmb53,000,000 and long-term loans in the aggregate principal amount of Rmb825,418,000 were repaid during the Period.

During the Period, Zhejiang Communications Finance provided De'an Co with additional short-term loans in the aggregate principal amount of Rmb20,000,000, at a fixed interest rate of 3.45% per annum.

	June 30, 2024 Rmb'000 (Unaudited)	December 31, 2023 Rmb'000 (Audited)
Outstanding loan payable balances:		
Within one year	247,214	179,288
One to five years	428,655	870,318
Over five years	53,961	399,616
	729,830	1,449,222

Notes to Condensed Consolidated Financial Statements

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Transactions and balances with associates and other non-government related parties (Continued)

Loans advanced from Zhejiang Communications Finance (Continued)

	For the six months ended June 30,	
	2024 Rmb'000 (Unaudited)	2023 Rmb'000 (Unaudited and restated)
Interest expenses incurred	18,291	41,118

Deposits to Zhejiang Communications Finance

	June 30, 2024 Rmb'000 (Unaudited)	December 31, 2023 Rmb'000 (Audited)
Bank balances and cash –Cash and cash equivalents	2,962,859	2,936,333

	For the six months ended June 30,	
	2024 Rmb'000 (Unaudited)	2023 Rmb'000 (Unaudited and restated)
Interest income earned	24,011	26,064

Sales of asset management schemes to Zhejiang Communications Finance

During the Period, Zhejiang Zheshang Securities Asset Management Co., Ltd. (“Asset Management”) sold 447,696,066 units, equivalent to Rmb500,000,000, (corresponding period of 2023: 180,618,621 units, equivalent to Rmb200,000,000) of the asset management schemes to Zhejiang Communications Finance; 931,685,516 units (corresponding period of 2023: 68,745,854 units) of the asset management schemes were redeemed, and management fee income of Rmb3,805,000 (corresponding period of 2023: Rmb2,112,000) was generated from the asset management schemes.

18. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Transactions and balances with associates and other non-government related parties (Continued)

Purchase/Sales of inventory from/to Zheshang Development Group Co., Ltd. and its subsidiaries (the “Zheshang Development Group”) and conducting over-the-counter derivatives business with Zheshang Development Group

During the Period, Zhejiang Zheqi Industrial Co., Ltd. (“Zheqi Industrial”, indirectly owned subsidiary of the Company) did not purchase commodities from Zheshang Development Group (corresponding period of 2023: Rmb95,015,000) but sold commodities of Rmb144,623,000 (corresponding period of 2023: Rmb231,347,000).

As at June 30, 2024, Zheqi Industrial received deposits of Rmb24,860,000 (December 31, 2023: Rmb5,998,000) from Zheshang Development Group. Zheshang Futures had the balance of RMB292,836,000 (December 31, 2023: Rmb210,274,000) with the Zheshang Development Group in the accounts payable to customers arising from securities business.

During the Period, Zheqi Industrial conducted over-the-counter derivatives business with Zheshang Development Group, and the investment loss was Rmb59,554,000 (corresponding period of 2023: loss of Rmb87,899,000) in total.

Zhajiasu Co provides China Merchants Expressway Network & Technology Holdings Co. Ltd. (“China Merchants Expressway”, other shareholder of Zhajiasu Co) with an entrusted loan

According to the entrusted loan contract entered into between Zhajiasu Co and China Merchants Expressway on July 30, 2021, Zhajiasu Co provided China Merchants Expressway an entrusted loan of Rmb180,000,000 at a fixed interest rate of 2.75% per annum. Interest income during the Period was Rmb2,348,000 (corresponding period of 2023: Rmb2,348,000).

Notes to Condensed Consolidated Financial Statements

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used).

	Financial assets	Classified as	Fair value as at June 30, 2024 Rmb'000 (Unaudited)	Fair value as at December 31, 2023 Rmb'000 (Audited)	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
(1)	Equity investments listed in stock exchange	Financial assets at FVTPL	1,425,043	3,689,142	Level 1	Quoted bid prices in an active market	N/A	N/A
(2)	Equity securities traded in inactive market	Financial assets at FVTPL	44,028	120,800	Level 2	Recent transaction prices	N/A	N/A
		Financial assets at FVTPL	45,457	65,617	Level 3	Recent transaction prices, with discount rate adjustments for marketability	Discounted for lack of marketability	The higher the discount rate, the lower the fair value
(3)	Unlisted equity investment	Financial assets at FVTPL	188,627	189,527	Level 3	Recent transaction prices, with discount rate adjustments for marketability	Discounted for lack of marketability	The higher the discount rate, the lower the fair value

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis
(Continued)

	Financial assets	Classified as	Fair value as at June 30, 2024 Rmb'000 (Unaudited)	Fair value as at December 31, 2023 Rmb'000 (Audited)	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
(4)	Investment funds	Financial assets at FVTPL	2,666,482	1,406,449	Level 1	Quoted bid prices in an active market	N/A	N/A
		Financial assets at FVTPL	5,332,942	7,157,799	Level 2	Based on the net asset values of the equity investment, with reference to observable market price	N/A	N/A
(5)	Debt investments listed in stock exchange and debt investments in interbank market	Financial assets at FVTPL	744,389	6,344,926	Level 1	Quoted bid prices in an active market	N/A	N/A
		Financial assets at FVTPL	19,438,147	19,115,369	Level 2	Discounted cash flow. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter	N/A	N/A
		Financial assets at FVTPL	4,500	4,500	Level 3	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability	Discount rate	The higher the discount rate, the lower the fair value

Notes to Condensed Consolidated Financial Statements

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis (Continued)

	Financial assets	Classified as	Fair value as at June 30, 2024 Rmb'000 (Unaudited)	Fair value as at December 31, 2023 Rmb'000 (Audited)	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
(6)	Investment in structured products	Financial assets at FVTPL	4,727,071	3,792,244	Level 2	The fair value was based on the net value of the underlying assets. The net asset value of the products was calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expenses	N/A	N/A
(7)	Investments in trust products	Financial assets at FVTPL	7,200	32,267	Level 3	The fair value is determined with reference to the net asset value of the underlying investments with an adjustment of discount for the credit risk of counterparty	Discount rate	The higher the discount rate, the lower the fair value

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis
(Continued)

	Financial assets	Classified as	Fair value as at June 30, 2024 Rmb '000 (Unaudited)	Fair value as at December 31, 2023 Rmb '000 (Audited)	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
(8)	Other debt investments	Financial assets at fair value through other comprehensive income	–	514,806	Level 1	Quoted bid prices in an active market	N/A	N/A
		Financial assets at fair value through other comprehensive income	10,365,228	7,649,092	Level 2	Recent transaction prices	N/A	N/A
(9)	Investment in other equity instruments	Financial assets at fair value through other comprehensive income	515,927	–	Level 2	Recent transaction prices	N/A	N/A
		Equity instruments at fair value through other comprehensive income	2,865	–	Level 3	Recent transaction prices, with discount rate adjustments for marketability	Discounted for lack of marketability	The higher the discounted rate, the lower the fair value

Notes to Condensed Consolidated Financial Statements

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis (Continued)

	Financial assets	Classified as	Fair value as at June 30, 2024 Rmb '000 (Unaudited)	Fair value as at December 31, 2023 Rmb '000 (Audited)	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
(10)	Derivative instruments	Derivative financial assets	163,502	141,810	Level 2	The fair value was determined based on option pricing model with market observable inputs, such as quoted market price, dividend yield, volatility as key parameters	N/A	N/A
		Derivative financial assets	2,194,473	1,137,300	Level 3	An option pricing model was used, which was calculated based on the option exercise price, the price of the underlying equity instrument considering the volatility, the timing of the option exercise and the risk-free rate	Volatility of the underlying equity instrument	The higher the volatility of the underlying equity instrument, the higher the fair value

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis
(Continued)

	Financial liabilities	Classified as	Fair value as at June 30, 2024 Rmb'000 (Unaudited)	Fair value as at December 31, 2023 Rmb'000 (Audited)	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
(1)	Securities	Financial liabilities at FVTPL	–	327,658	Level 1	Quoted bid prices in an active market	N/A	N/A
		Financial liabilities at FVTPL	3,151	3,692	Level 2	Discounted cash flow. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter	N/A	N/A
(2)	Funds	Financial liabilities at FVTPL	–	33,114	Level 2	Based on the net asset values of the equity investment with reference to observable market prices	N/A	N/A

Notes to Condensed Consolidated Financial Statements

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis (Continued)

	Financial liabilities	Classified as	Fair value as at June 30, 2024 Rmb'000 (Unaudited)	Fair value as at December 31, 2023 Rmb'000 (Audited)	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
(3)	Other investor's interest in consolidation of structured entities	Financial liabilities at FVTPL	62,086	87,571	Level 2	Shares of the net assets of the products, determined with reference to the net asset value of the products, calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expense	N/A	N/A

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis
(Continued)

	Financial liabilities	Classified as	Fair value as at June 30, 2024 Rmb '000 (Unaudited)	Fair value as at December 31, 2023 Rmb '000 (Audited)	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
		Financial liabilities at FVTPL	20,223	20,026	Level 3	Shares of the net value of the structured entities, determined with reference to the net asset value of the structured entities, calculated based on pricing/ yield of comparable companies with an adjustment of discount for lack of marketability of underlying investment portfolio	P/E multiples Discounted for lack of marketability	The higher the multiples, the higher the fair value. The higher the discount rate, the lower the fair value
(4)	Derivative component of Convertible Bond	Derivative component of Convertible Bond	24,659	27,646	Level 3	Binomial option pricing model	Expected volatility of 27.26%, taking into account the actual historical share price of the Company over the corresponding period as the Convertible Bond's remaining time to maturity	The higher the expected volatility, the higher the fair value

Notes to Condensed Consolidated Financial Statements

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis (Continued)

	Financial liabilities	Classified as	Fair value as at June 30, 2024 Rmb '000 (Unaudited)	Fair value as at December 31, 2023 Rmb '000 (Audited)	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
(5)	Derivative instruments	Derivative financial liabilities	116,491	104,513	Level 2	The fair value was determined based on binomial option pricing model. Key parameters used in the binomial option pricing model include the underlying yield curve, exchange rate and volatility levels	N/A	N/A
(6)	Derivative instruments	Derivative financial liabilities	1,496,704	891,514	Level 3	An option pricing model was used, which was calculated based on the option exercise price, the price of the underlying equity instrument considering the volatility, the timing of the option exercise and the risk-free rate	Volatility of the underlying equity instrument	The higher the volatility of the underlying equity instrument, the higher the fair value

There was no transfer between Level 1 and Level 2 during the Period.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis
(Continued)

The following table represents the changes in level 3 financial instruments during the year ended December 31, 2023 and the period ended June 30, 2024.

Changes in level 3 financial instruments

	Financial assets at FVTPL <i>Rmb'000</i>	Derivative financial assets <i>Rmb'000</i>	Financial liabilities at FVTPL <i>Rmb'000</i>	Derivative financial liabilities <i>Rmb'000</i>	Total <i>Rmb'000</i>
As at January 1, 2023	511,619	625,227	12	341,360	1,478,218
Additions	144,560	460,160	20,000	453,377	1,078,097
Disposal	(386,486)	54,411	(12)	273,455	(58,632)
Transfer out	(4,617)	–	–	–	(4,617)
Changes in fair value	26,835	(2,498)	26	(176,678)	(152,315)
As at December 31, 2023	291,911	1,137,300	20,026	891,514	2,340,751
Additions	15,100	201,110	197	2,048,451	2,264,858
Disposal	(39,980)	(692,187)	–	9,344	(722,823)
Changes in fair value	(18,382)	1,548,250	–	(1,452,605)	77,263
As at June 30, 2024	248,649	2,194,473	20,223	1,496,704	3,960,049

Notes to Condensed Consolidated Financial Statements

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurements recognised in the condensed consolidated statement of financial position that are measured at fair value on a recurring basis (Continued)

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities at amortised costs recognised in the condensed consolidated statement of financial position approximate their fair values.

	As at June 30, 2024		As at December 31, 2023	
	Carrying amount <i>Rmb'000</i> (Unaudited)	Fair value <i>Rmb'000</i> (Unaudited)	Carrying amount <i>Rmb'000</i> (Audited)	Fair value <i>Rmb'000</i> (Audited)
Debt component of Convertible Bond 2021	219,810	186,142	1,815,465	1,779,176
Debt component of Convertible Bond 2022	6,671,905	6,703,374	6,626,467	6,698,743

The fair values of the debt components of Convertible Bond 2022 and Convertible Bond 2021 as at June 30, 2024 and December 31, 2023 are under level 3 category and were determined by the Directors with reference to the valuation performed by independent professional valuers. The fair value of the debt component of Convertible Bond 2022 and Convertible Bond 2021 was determined by using inputs including estimated cash flows over the remaining terms of the Convertible Bond 2022 and Convertible Bond 2021 and discount rate that reflected the credit risk of the Company.

20. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

	As at June 30, 2024 Rmb'000 (Unaudited)	As at December 31, 2023 Rmb'000 (Audited)
Interests in subsidiaries	11,376,886	10,766,236
Amounts due from subsidiaries	1,280,173	1,280,194
Other assets	31,668,930	31,097,777
	44,325,989	43,144,207
Total liabilities	18,947,994	17,065,349
Capital and reserves		
Share capital	5,993,498	5,993,498
Reserves	19,384,497	20,085,360
Total	25,377,995	26,078,858

21. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on August 23, 2024.



Corporate Information

CHAIRMAN

YUAN Yingjie

EXECUTIVE DIRECTORS

WU Wei

LI Wei

NON-EXECUTIVE DIRECTORS

YANG Xudong

FAN Ye

HUANG Jianzhang

INDEPENDENT NON-EXECUTIVE DIRECTORS

PEI Ker-Wei

LEE Wai Tsang, Rosa

YU Mingyuan (*Appointed on July 1, 2024*)

CHEN Bin (*Resigned on July 1, 2024*)

SUPERVISORS

LU Wenwei

HE Meiyun

WU Qingwang

FANG Yong (*Appointed on July 1, 2024*)

LU Xinghai (*Resigned on July 1, 2024*)

WANG Yubing

COMPANY SECRETARY

Tony ZHENG

AUTHORIZED REPRESENTATIVES

YUAN Yingjie

WU Wei

STATUTORY ADDRESS AND PRINCIPAL PLACE OF BUSINESS

Room 501, No. 2, Mingzhu International
Business Center

199 Wuxing Road, Shangcheng District
Hangzhou City

Zhejiang Province

PRC 310020

Tel: 86-571-8798 5588

Fax: 86-571-8798 5599

LEGAL ADVISERS

As to Hong Kong law:

Ashurst Hong Kong

43/F, Jardine House

1 Connaught Place

Central, Hong Kong

As to PRC law:

T & C Law Firm

11/F, Block A, Dragon Century Plaza

1 Hangda Road

Hangzhou City, Zhejiang Province

PRC 310007

AUDITORS

Deloitte Touche Tohmatsu

35/F, One Pacific Place

88 Queensway

Hong Kong

INVESTOR RELATIONS CONSULTANT

Wonderful Sky Financial Group Holdings
Limited
9/F, The Center,
99 Queen's Road Central, Hong Kong
Tel: 852-3977 1892
Fax: 852-2815 1352

PRINCIPAL BANKERS

Industrial and Commercial Bank of China,
Hangzhou Jiefang Road Branch
Shanghai Pudong Development Bank,
Hangzhou Branch

H SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Room 1712–1716, 17/F, Hopewell Centre
183 Queen's Road East
Hong Kong

H SHARES LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Code: 0576

REPRESENTATIVE OFFICE IN HONG KONG

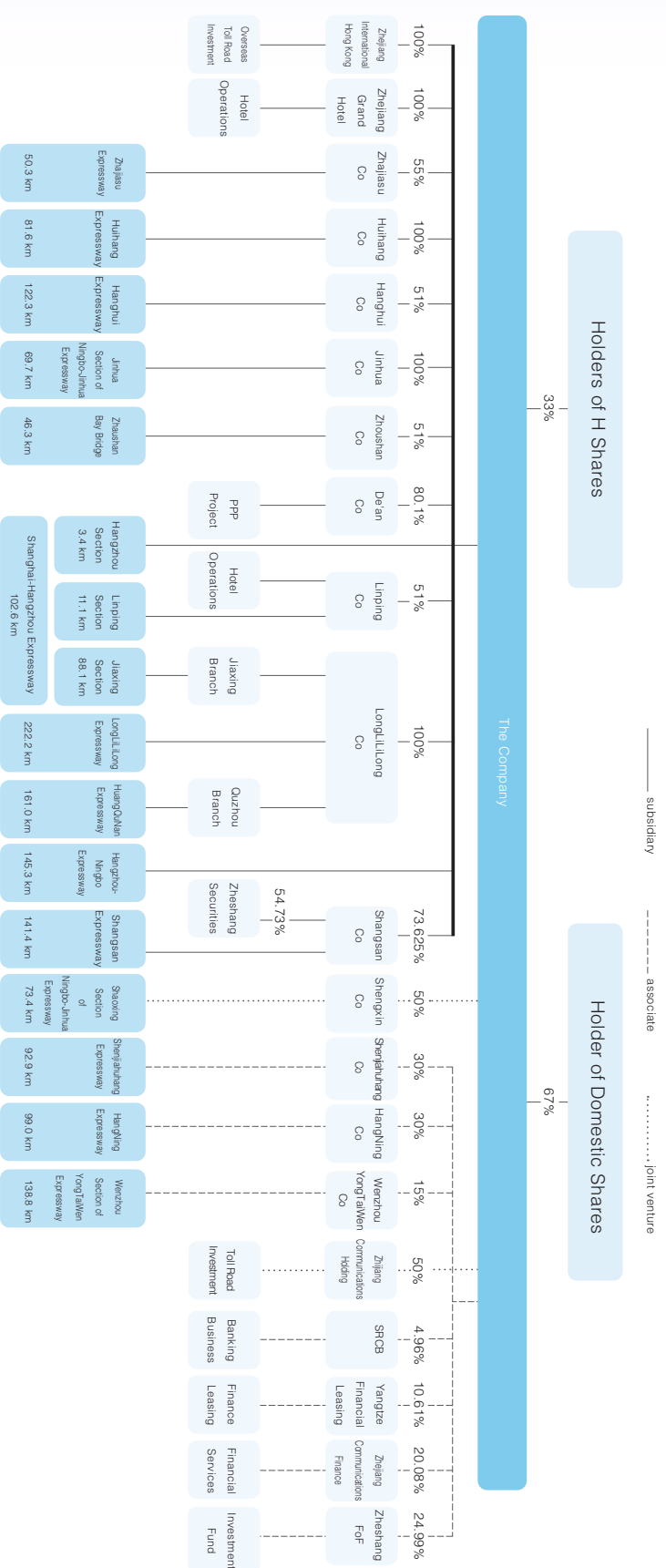
Room 1710B
Office Tower
Convention Plaza
1 Harbour Road
Wan Chai, Hong Kong
Tel: 852-2537 4295
Fax: 852-2537 4293

WEBSITE

www.zjtec.com.cn

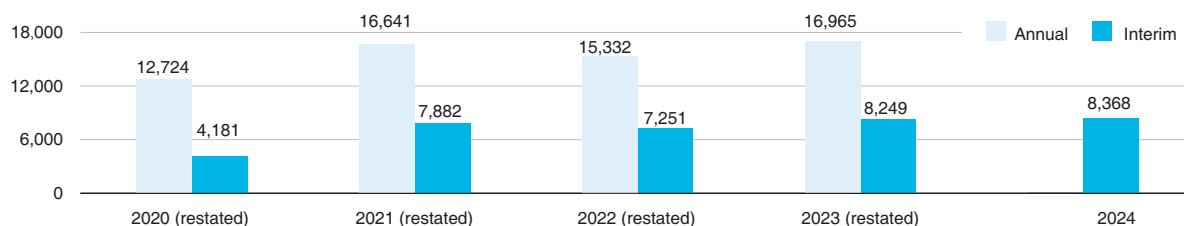
Corporate Structure of the Group

Set out below is the corporate and business structure of the Group as at August 23, 2024:

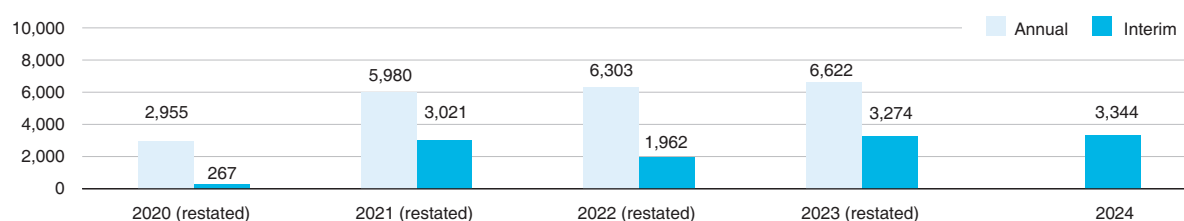


Financial Highlights

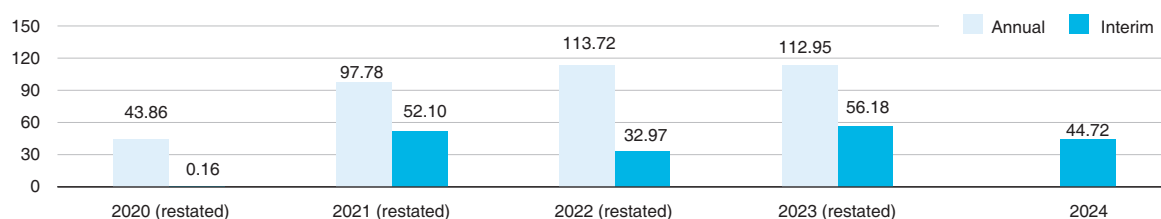
Revenue/Rmb Million



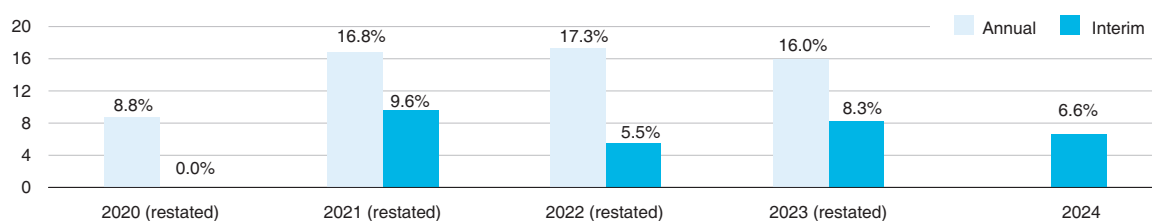
Net Profit/Rmb Million



Basic EPS/Rmb Cents



ROE (%)



Location Map of Expressways in Zhejiang Province

