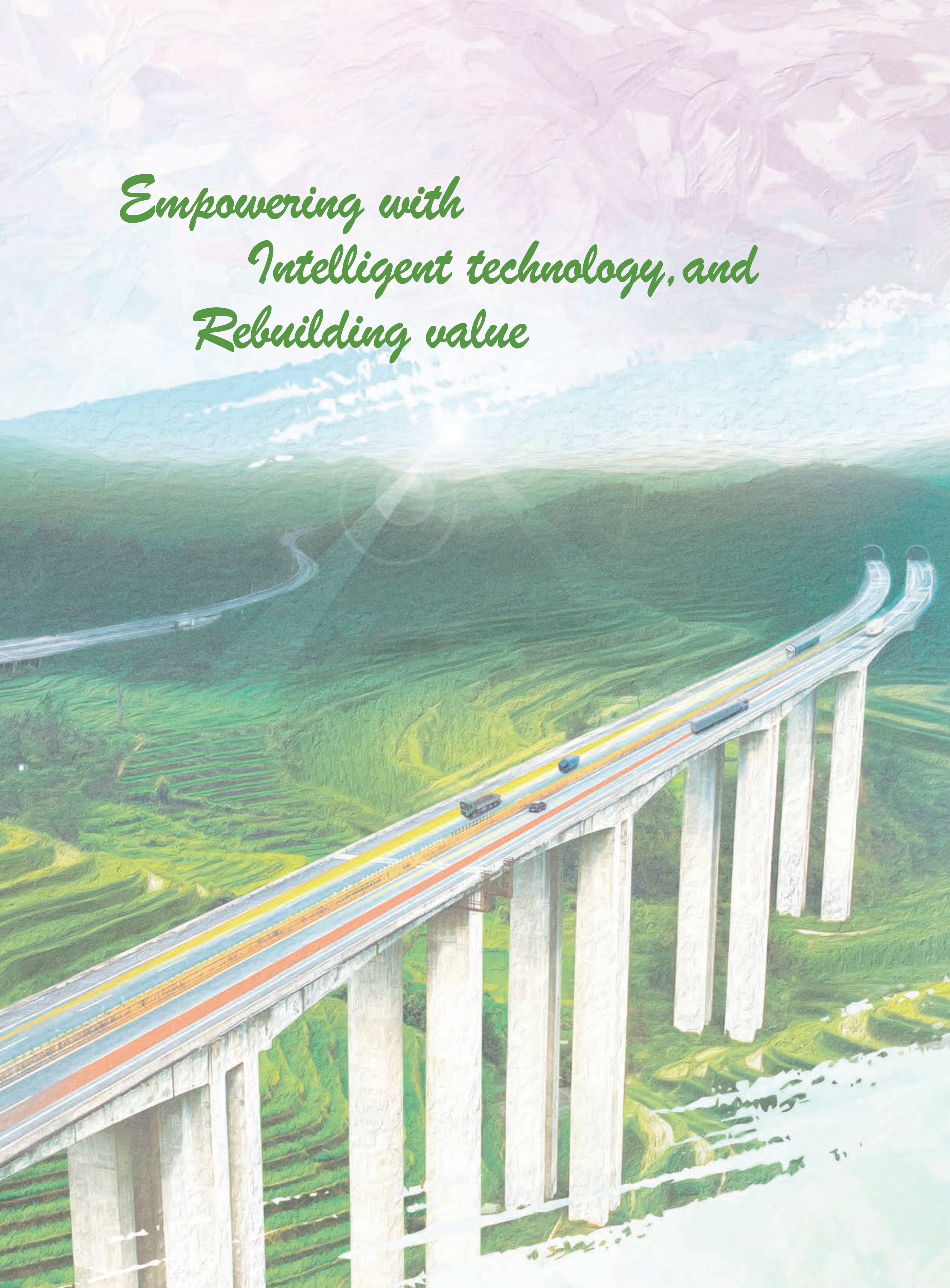
浙江滬杭甬高速公路股份有限公司
ZHEJIANG EXPRESSWAY CO., LTD.

STOCK CODE：0576

Empowering with Intelligent technology, and Rebuilding value

2024 ANNUAL REPORT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ANNUAL REPORT

Definitions

Articles of Association	articles of association of the Company
Associate	has the meaning ascribed to it under the Listing Rules
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
Communication Holding	Zhejiang Communication Investment Holding Group Co., Ltd. (浙江省交投控股集團有限公司), a wholly-owned subsidiary of Communications Group
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
Company or Zhejiang Expressway	Zhejiang Expressway Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability on March 1, 1997
Connected Person	has the meaning ascribed to it under the Listing Rules
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責任公司), an 80.1% owned subsidiary of the Company, established with Zhejiang Hongtu for PPP Project in Deqing County
Directors	the directors of the Company
GDP	gross domestic product
Group	the Company and its subsidiaries
Guodu Securities	Guodu Securities Co., Ltd. (國都證券股份有限公司), 34.2546% equity interest owned by Zheshang Securities
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
Hangrao Co	Deqing Hangrao Expressway Co., Ltd. (德清縣杭繞高速有限公司), a non-wholly owned subsidiary of Communications Group
HangShaoYong Co	Zhejiang HangShaoYong Expressway Co., Ltd. (浙江杭紹甬高速公路有限公司), a non-wholly owned subsidiary of Communications Group
Hangxuan Co	Zhejiang Hangxuan Expressway Co., Ltd. (浙江杭宣高速公路有限公司), a wholly-owned subsidiary of Communications Group

Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
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
independent third party(ies)	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Group and its Connected Persons in accordance with the Listing Rules
Jiaogong Group	Zhejiang Communications Construction Group Co., Ltd. (浙江交工集團股份有限公司), a non-wholly owned subsidiary of Communications Group
Jiaogong Jinzhu	Zhejiang Jiaogong Jinzhu Communications Construction Co., Ltd. (浙江交工金築交通建設有限公司), a non wholly-owned subsidiary of Communications Group
Jiaogong Maintenance	Zhejiang Jiaogong High-grade Expressway Maintenance Co., Ltd. (浙江交工高等級公路養護有限公司), a non-wholly owned subsidiary of Communications Group
Jiaogong Underground Construction	Zhejiang Jiaogong Underground Construction Co., Ltd. (浙江交工地下工程有限公司), a non-wholly owned subsidiary of Communications Group
Jiaxiao Co	Jiaxing Jiaxiao Expressway Investment Development Co., Ltd. (嘉興市嘉蕭高速公路投資開發有限公司), a 70% owned subsidiary of Communications Group
Jiaxing Branch	Jiaxing Branch of LongLiLiLong Co
Jindong Branch	Jindong Branch of Jinhua Company, which is the construction command center for the reconstruction and expansion project of the Ningbo-to-Jinhua section (Jinhua section) of Ningbo-Jinhua Expressway
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
Liantai Communications	Guangdong Liantai Communications Investment Co., Ltd. (廣東聯泰交通投資有限公司), a limited liability company incorporated in the PRC on May 12, 2000
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
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
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
Maintenance Co	Zhejiang Expressway Maintenance Co., Ltd. (浙江滬杭甬養護工程有限公司), a non-wholly owned subsidiary of Communications Group
Ningbo Yongtaiwen Co	Zhejiang Ningbo Yongtaiwen Expressway Co., Ltd. (浙江寧波甬台溫高速公路有限公司), an approximately 80.45% owned subsidiary of Communications Group
North Channel Co	Zhejiang Zhoushan North Channel Co., Ltd. (浙江舟山北向大通道有限公司), a 60% owned subsidiary of Communications Group
Period	the period from January 1, 2024 to December 31, 2024
PRC	the People's Republic of China

Definitions

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
Santongdao South Connection Co	Hangzhou Santongdao South Connection Engineering Co., Ltd. (杭州三通道南接線工程有限公司), a non-wholly owned subsidiary of Communications Group
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
Shaoxing Communications	Shaoxing Communications Investment Group Co., Ltd. (紹興市交通投資集團有限公司), a company incorporated in the PRC with limited liability
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
Shensuzhewan Branch	Zhejiang Communications Investment Group Co., Ltd., Shensuzhewan Branch (浙江省交通投資集團有限公司申蘇浙皖分公司), a branch of Communications Group
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
Supervisory Committee	the supervisory committee of the Company
Transportation Investment Talent	Zhejiang Transportation Investment Talent Development Group Co., Ltd. (浙江交投人才發展集團有限公司), a subsidiary of Communications Group
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
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
Yonglan Co	Hunan Yonglan Expressway Co., Ltd. (湖南永藍高速公路有限公司), a limited liability company established in the PRC on January 19, 2006
Zhajiasu Co	Jiaxing Zhajiasu Expressway Co., Ltd., 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 HNPL Co	Zhejiang Hangzhou-Ningbo Parallel Line Ningbo Phase I Expressway Co., Ltd. (浙江杭甬複線寧波一期高速公路有限公司), a non-wholly owned subsidiary of Communications Group
Zhejiang Hongtu	Zhejiang Hongtu Transportation Construction Company (浙江交工宏途交通建設有限公司), a limited liability company incorporated in the PRC and non-wholly owned by Communications Group
Zhejiang Information	Zhejiang High-speed Information Engineering Technology Ltd. (浙江高信技術股份有限公司), formerly known as Zhejiang Expressway Information Engineering Technology Co., Ltd. (浙江高速信息工程技術有限公司), a company incorporated in the PRC and a 65.85% owned subsidiary of Communications Group
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
Zhejiang Shunchang	Zhejiang Shunchang High-grade Expressway Maintenance Co., Ltd. (浙江順暢高等級公路養護有限公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of Communications Group
Zhejiang Zheqi	Zhejiang Zheqi Industrial Co., Ltd. (浙江浙期實業有限公司), a company established in the PRC, an indirectly non-wholly owned subsidiary of the Company
Zheshang Development	Zheshang Development Group Co., Ltd. (浙商中拓集團股份有限公司), a joint stock limited company established in the PRC and a non-wholly owned subsidiary of Communications Group
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 46.46% 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
Zhijiang Intelligent Communications	Zhejiang Zhijiang Intelligent Communications Technology Co., Ltd. (浙江之江智能交通科技有限公司), a 98% owned subsidiary of the Company
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
ZJIC	Zhejiang Institute of Communications Co., Ltd. (浙江數智交院科技股份有限公司), a joint stock limited company established in the PRC and a 55.08% owned subsidiary of Communications Group

Company Profile

Zhejiang Expressway is a listed company principally engaging in investing in, developing and operating of high-grade roads as well as securities business. The Company was incorporated on March 1, 1997 as an infrastructure company of the Zhejiang Provincial Government for investing in, developing and operating expressways and Class 1 roads in Zhejiang Province. The H Shares of the Company, which represent approximately 33% of the issued share capital of the Company, were listed on the Hong Kong Stock Exchange on May 15, 1997. The securities business is carried out by its subsidiary Zheshang Securities, which was listed on the Shanghai Stock Exchange (SH Stock Code: 601878) in June 2017.

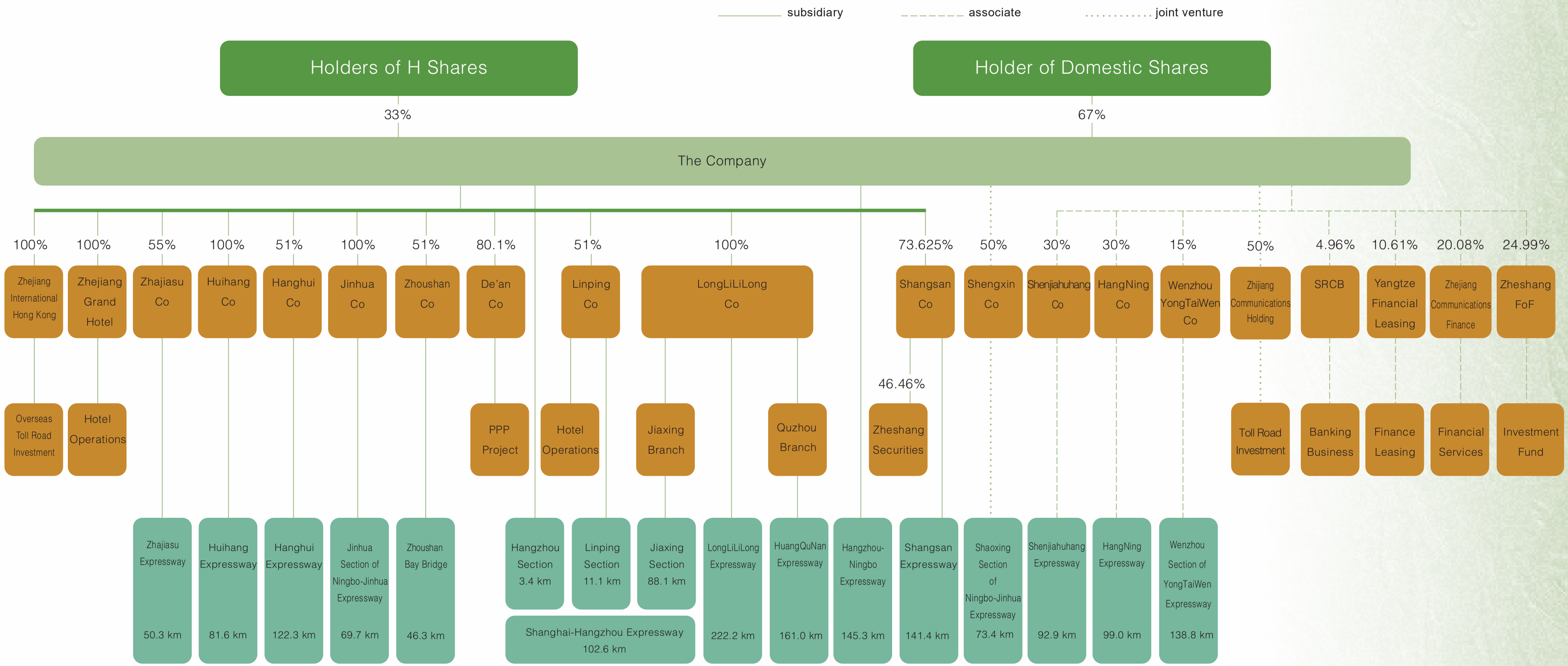
Major assets operated by the Group include nine expressways namely the 248 km Shanghai-Hangzhou-Ningbo Expressway, the 141 km Shangsan Expressway, the 70 km Jinhua section of Ningbo-Jinhua Expressway, the 122 km Hanghui Expressway, the 82 km Huihang Expressway, the 46 km Zhoushan Bay Bridge, the 222 km LongLiLiLong Expressways, the 50km Zhajiasu Expressway and the 161 km HuangQuNan Expressway. Among which, apart from Huihang Expressway which is situated within Anhui Province in the PRC, the rest of the eight expressways are situated within Zhejiang Province in the PRC. As at December 31, 2024, total assets of the Company and its subsidiaries amounted to Rmb217,182.37 million.

Incorporated on December 29, 2001, Communications Group, the Controlling Shareholder of the Company, is a state-controlled communications company established by the Zhejiang Provincial Government. It mainly operates a diversity of businesses, such as investment, operations, maintenance, toll collection and ancillary services of expressways; construction and building of transportation project, ocean and coastal transport; as well as real estates. On July 11, 2016, Zhejiang Provincial Party Committee and Zhejiang Provincial Government carried out a merger and restructuring of Communications Group and Zhejiang Railroad Investment Group Co., Ltd.. In July 2018, Zhejiang Provincial Party Committee and Zhejiang Provincial Government carried out a merger and restructuring of Communication Group and Zhejiang Commercial Group Co., Ltd.. Upon merger and restructuring, Communications Group will be responsible for the investment and financing, construction, operation and management of transport related fundamental facilities including expressways, railroads, key cross-region mass transit railways and integrated transport hubs.

With a solid foundation built on the Group's expressway business, the Company will expand its main businesses scale, enhance its core competitiveness, and grow its financial and securities business so as to increase its profit contribution to the Group. Looking ahead, the Company will seize sound investment opportunities to acquire new projects, and strive to develop the Company into an international investment holdings company with a primary focus on transportation infrastructure investment and operation.

Corporate Structure of the Group

Set out below is the corporate and business structure of the Group as at March 24, 2025:



Review of Major Corporate Events

1. **On January 12, 2024**, the Company entered into entrusted management agreements with Zhejiang HNPL Co, HangShaoYong Co and Hangrao Co to entrust the operation and management of Phase I Ningbo Section of the Parallel Line G92N of Hangzhou Bay Ring Expressway ("Hangzhou-Ningbo Expressway Parallel Line") (55.8 km), Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway (52.8 km) and Huzhou Section of the West Parallel Line of the Hangzhou Ring Expressway (50.8 km), respectively; of which Hangzhou-Ningbo Expressway Parallel Line and Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway have been in operation since January 19, 2024.

2. **On January 22, 2024**, the Company, at the option of the convertible bondholders, early redeemed Euro 202.6 million (together with interest payable) of the total Euro 230.0 million zero coupon convertible bonds due 2026 issued by the Company on January 20, 2021.

3. **On January 25, 2024**, the Company's joint venture company, Zhijiang Communications Holdings, entered into an equity acquisition agreement with Liantai Communications to acquire the remaining 40% equity interest in Yonglan Co, and in aggregate, 100% of the equity interest in Yonglan Co.

4. **On March 25, 2024**, the Company announced its 2023 annual results.

5. **On April 30, 2024**, the Company announced its 2024 first quarterly results.

6. **On May 8, 2024**, the Company held its 2023 annual general meeting to approve, inter alia, the payment of a final dividend of Rmb32.0 cents per share; the grant of a general mandate to the Board to issue, allot and deal with additional H Shares not more than 20% of the issued H Shares of the Company; and amendments of the Articles of Association for the purpose of implementation of new paperless rules of the Hong Kong Stock Exchange.

7. **On May 28, 2024**, the first employee representative meeting of the Eighth Session of the Company was held to elect the Supervisor representing employees for the Tenth Session of the Supervisory Committee, of which Mr. Fang Yong has been appointed as the Supervisor representing employees for the Tenth Session of the Company with effect from July 1, 2024, and Mr. Lu Xing Hai ceased to be the Supervisor representing employees of the Company.

8. **On June 28, 2024**, the Company held an extraordinary general meeting to elect the members of the Tenth Session of the Board and the Supervisory Committee (other than the Supervisor representing employees), of which Mr. Yu Mingyuan has been appointed as the 10th independent non-executive Director of the Company with effect from July 1, 2024, and Mr. Chen Bin ceased to be an independent non-executive Director of the Company.

9. **On July 1, 2024**, the first meeting of the Tenth session of the Board was held to elect the Chairman of the Board of the Company and to appoint the chairman and members of the special committees of the Board.

10. **On August 6, 2024**, the Company renewed the entrusted management agreements with the relevant branches and subsidiaries of the Communications Group and continued to be entrusted with the operation and management of Shensuzhewan Expressway (88.2 km), Ningbo Phase II of Yongtaiwen Expressway (71.5 km), North Line of Qianjiang Channel (11.4 km), South Line of Qianjiang Channel (27.9 km), Linjian Expressway (85.5 km) and Fuchi to Cengang section and Cengang to Shuanghe section of Zhoushan North Channel (27.7 km).

11. **On August 23, 2024**, the Company announced its 2024 interim results.

12. **On September 9, 2024**, the Company, Communication Holding and Zhejiang Grand Hotel entered into a termination agreement to terminate the hotel entrusted management agreement dated March 30, 2023 among the three parties.

13. **On October 16, 2024**, the principal amount of Euro 200,000 convertible bonds in the convertible bonds (stock code: 40526) issued by the Company on January 20, 2021 was converted into 302,527 H Shares at a conversion price of HK$6.29 per H Share. After the conversion, the total share capital of the Company was increased from 5,993,498,010 shares to 5,993,800,537 shares and the registered capital was increased from Rmb5,993,498,010 to Rmb5,993,800,537 (as at the date of disclosure of this report, registration of industrial and commercial changes has not been completed).

14. **On October 24, 2024**, the Company was awarded the "Golden Bull Award for Hong Kong Listed Companies (港股金牛獎)" in the 26th Golden Bull Awards for Listed Companies by China Securities Journal.

15. **On October 31, 2024**, the Company announced its 2024 third quarterly results.

16. **On November 5, 2024**, the Company was awarded the "Best ESG Disclosure Award" and "Best ESG Practice Case Award" by the Hong Kong International ESG Alliance.

17. **On December 17, 2024**, the Company held an extraordinary general meeting to appoint Ernst & Young and RSM China CPA LLP as the Company's auditors in Hong Kong and the PRC, respectively, and Deloitte Touche Tohmatsu and Pan-China Certified Public Accountants resigned as Hong Kong and the PRC auditors of the Company upon the conclusion of the extraordinary general meeting, respectively.

18. **On December 19, 2024**, the Company was awarded the "Outstanding Listed Company" and "Listed Company in Excellent Investor Relations Management" in the 14th China Securities Golden Bauhinia Awards (中國證券金紫荊獎).

19. **On December 26, 2024**, transfer registration for the acquisition of 34.2546% shares of Guodu Securities by Zheshang Securities in aggregate was completed, and Zheshang Securities became the largest shareholder of Guodu Securities.

Particulars of Major Road Projects

Expressway	Percentage of Ownership	Length in Kilometers	Number of Lanes	Number of Toll Stations	Number of Service Areas	Start of Operation	Remaining Years of Operation
Shanghai-Hangzhou Expressway (102.6 km)							
– Jiaxing Section	100%	88.1	8	7	2	1998	4
– Linping Section	51%	11.1	6	1	0	1995–1998	4
– Hangzhou Section	100%	3.4	4	1	0	1995	4
Hangzhou-Ningbo Expressway (145.3 km)							
– Hangzhou to Hongken section	100%	15.7	4	1	0	1992	3
– Hongken to Duantang section	100%	123.4	8	11	2	1995	3
– Duantang to Dazhujia section	100%	6.2	4	1	0	1996	3
Shangsan Expressway	73.625%	141.4	4	11	3	2000	6
Ningbo-Jinhua Expressway							
– Jinhua Section	100%	69.7	4	7	1	2005	6
Hanghui Expressway (122.3 km)							
– Changyu Section	51%	36.7	4	5	1	2004	5
– Changhang Section	51%	85.6	4	8	1	2006	7
Huihang Expressway	100%	81.6	4	4	2	2004	9
Zhoushan Bay Bridge	51%	46.3	4	8	1	2009	10
LongLi Expressway	100%	119.8	4	9	3	2006	7
LiLong Expressway (102.4 km)							
– Liandu Section	100%	22.97	4	2	0	2007	8
– Other Sections	100%	79.47	4	5	1	2006	7
Zhajiasu Expressway	55%	50.28	4	4	1	2002	6
HuangQuNan Expressway (161.0 km)							
– Qunan Section	100%	87.26	4	5	2	2008	8
– Quhuang Section	100%	73.745	4	5	2	2011	11

CURRENT TOLL RATES ON THE EXPRESSWAYS UNDER THE GROUP

1. Passenger vehicle classification and toll rates

Toll for passenger vehicles = Entrance fee + Mileage fee x Actual mileage traveled + Tunnel (bridge) superimposed toll

Class	Classification standard	Toll rates of expressways in Zhejiang Province for passenger vehicles		Toll rates of Huihang Expressway for passenger vehicles
		Mileage fee *(Rmb/vehicle/km)*	Entrance fee *(Rmb/trip)*	Mileage fee *(Rmb/vehicle/km)*
Class 1	≤ 9 seats (with a length less than 6m)	0.40	5	0.45
Class 2	10–19 seats (with a length less than 6m) Passenger car trailer	0.40	5	0.8
Class 3	≤39 seats (with a length no less than 6m)	0.80	10	1.1
Class 4	≥40 seats (with a length no less than 6m)	1.20	15	1.3

Note: For Shanghai-Hangzhou-Ningbo Expressway, the mileage fee for class 1 and class 2 passenger vehicles is Rmb0.45/vehicle/km.

2. Truck and special motor vehicle classification and toll rates

Toll for trucks and special motor vehicles = Mileage fee x Actual mileage traveled + Tunnel (bridge) superimposed toll

Class	Classification standard	Toll rates of expressways in Zhejiang Province for trucks and special motor vehicles *(Rmb/vehicle/km)*	Toll rates of Huihang Expressway for trucks and special motor vehicles *(Rmb/vehicle/km)*
Class 1	2 axles (with a length less than 6m and maximum authorized total weight less than 4,500kg)	0.45	0.45
Class 2	2 axles (with a length no less than 6m or maximum authorized total weight no less than 4,500kg)	0.841	0.9
Class 3	3 axles	1.321	1.35
Class 4	4 axles	1.639	1.7
Class 5	5 axles	1.675	1.85
Class 6	6 axles or above (inclusive)	1.747	2.2

Notes:

1. Total number of axles includes floating axles.

2. For trucks with 6 axles above running on Huihang Expressway, toll rates of trucks with each additional axle shall be calculated at 1.1 times of the standard rate for Class 6 trucks; whereas toll rates of trucks with 10 axles or above shall be calculated at the standard rate for trucks with 10 axles.

Financial and Operating Highlights

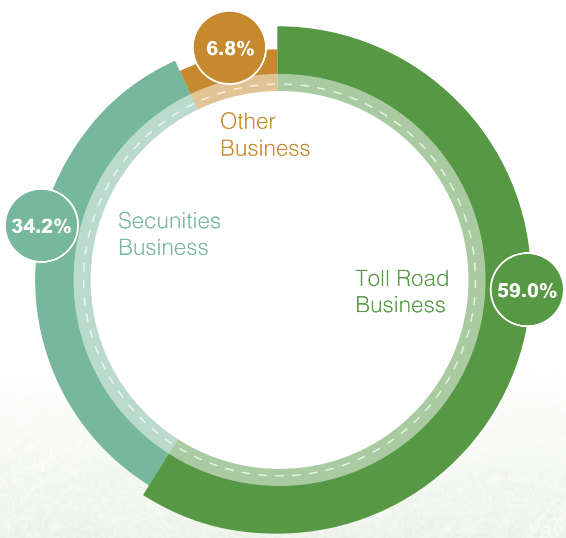
RESULTS

	2020 *Rmb'000* (Restated)	2021 *Rmb'000* (Restated)	2022 *Rmb'000* (Restated)	2023 *Rmb'000*	**2024** ***Rmb'000***
Revenue	12,723,793	16,641,414	15,331,777	16,965,024	**18,064,824**
Profit Before Tax	4,114,669	7,854,182	7,342,061	7,851,538	**8,857,582**
Income Tax Expense	(1,160,027)	(1,873,961)	(1,039,051)	(1,229,208)	**(1,701,104)**
Profit for the year	2,954,642	5,980,221	6,303,010	6,622,330	**7,156,478**
Profit for the year attributable to:					
Owners of the Company	1,997,450	4,452,488	5,178,666	5,223,679	**5,501,588**
Non-controlling interests	957,192	1,527,733	1,124,344	1,398,651	**1,654,890**
Basic Earnings Per Share (EPS) (Rmb cents)	43.86	97.78	113.72	112.95	**91.79**
Diluted EPS (Rmb cents)	43.64	91.54	108.33	105.32	**90.50**

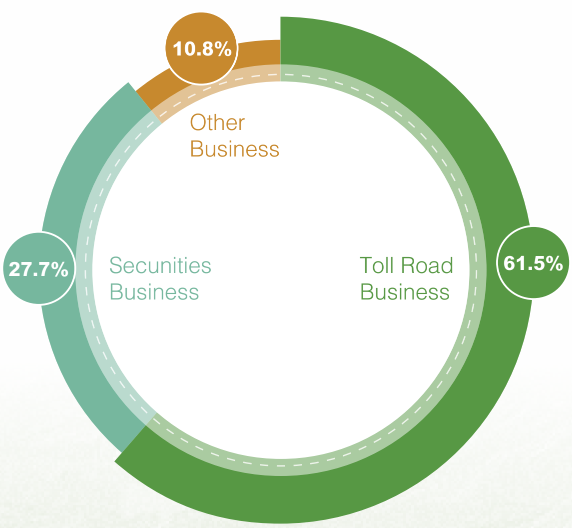
RETURN ON EQUITY (ROE)

	2020 (Restated)	2021 (Restated)	2022 (Restated)	2023	**2024**
ROE	8.8%	16.8%	17.3%	16.0%	**11.9%**

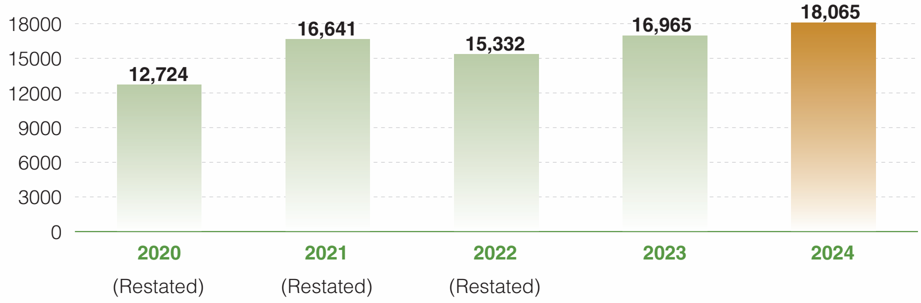
Segmental Revenue / 2024



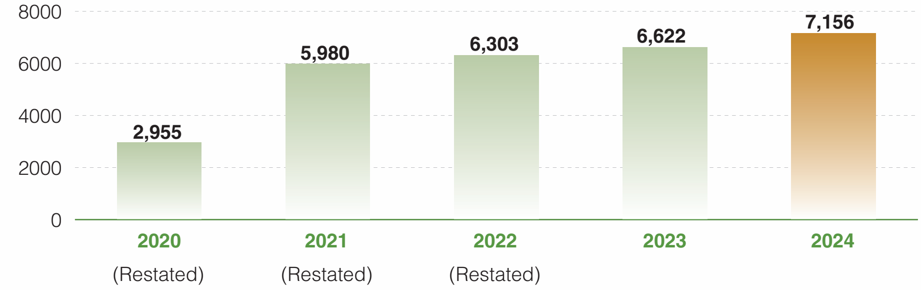
Segmental Net Profit / 2024



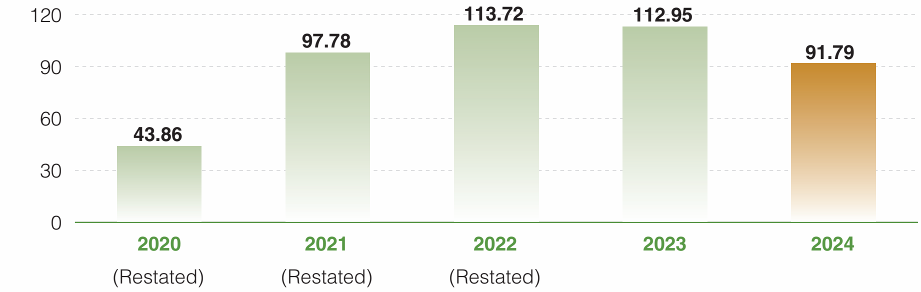
Revenue / Rmb Million



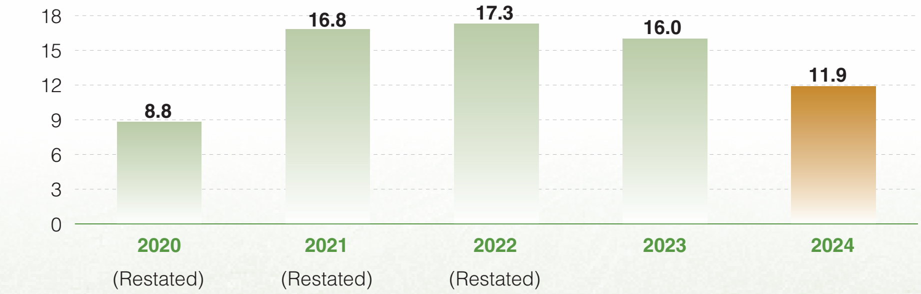
Net Profit / Rmb Million



Basic EPS / Rmb Cents



ROE / %



YUAN Yingjie

Chairman

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I'm honored to present the annual results of Zhejiang Expressway Co., Ltd., and its subsidiaries (collectively referred to as the "Group") for the year 2024.

2024 was a crucial year for the Group to accelerate towards high-quality development. The complex and unstable global economic landscape, coupled with the steady recovery of the domestic economy, brought new challenges and opportunities to the transportation infrastructure sector. The province of Zhejiang, where the Group is located, is one of the most economically dynamic regions in China, with continuously releasing consumption potential, expanding investment scale, and strong resilience in foreign trade. Its GDP surpassed Rmb9 trillion, representing a year-on-year growth of 5.5% and injecting strong momentum into the Group's high-quality development.

The Group has always adhered to a clear strategic direction, with the core guidance of "expanding growth, extending existing business, activating dynamic variables, and stabilizing profitability levels". Despite the complex environment, the Group has achieved sustained growth in operating performance and progress in new areas, laying a solid foundation for its long-term development. During the Period, the Group's total revenue increased by 6.5% year-on-year to Rmb18,064.82 million, and profit attributable to owners of the Company increased by 5.3% year-on-year to Rmb5,501.59 million, with a return on equity of 11.9%. The Board recommended a dividend of Rmb38.5 cents per share, actively providing returns to Shareholders and sharing the growth in profits. These achievements would not have been possible without hard work of all employees and steadfast support of our Shareholders and partners. We sincerely thank everyone who has been walking with us.

Chairman's Statement

In terms of our main business of expressways, we have focused on the three key areas of "service, innovation, and safety" to continuously promote the standardization and branding of our operations and services, providing passengers with a pleasant, fast, and convenient travel experience. At the same time, we have expanded our coverage over expressways through entrusted management and equity acquisitions, to export our management services and enhance brand influence. In terms of innovative development, we have accelerated industrial expansion of intelligent transportation as well as integration of transportation and energy towards green and low-carbon transformation, and developed road-derived economy, injecting new energy into the Group's high-quality sustainable development. In the future, we will continue to build on our familiarity with scenarios such as toll collection, rescue, and monitoring, and focus on deep planning of industries and products to help the Group transform from a traditional enterprise to an innovative one. The Group always regards safe and smooth operation as the cornerstone of our expressway business, actively using intelligent methods and digital technologies to ensure road safety and continuously improve road network efficiency.

In terms of securities business, in the complex and unstable capital market environment of 2024, Zheshang Securities has seized business opportunities, actively promoted effective integration of resources, and continuously enhanced its ability to serve the real economy, maintaining stable business performance. At the same time, Zheshang Securities has anchored its development strategy as a "medium to large securities firm" and successfully completed the acquisition of a 34.2546% stake in Guodu Securities, officially becoming its largest shareholder. This strategic acquisition further consolidates Zheshang Securities' competitive advantage in the industry and creates more possibilities for future business development.

Looking ahead to 2025, the global economy still faces many uncertainties, but with the support of more proactive macro policies, the Chinese economy is expected to continue its steady and progressive development. The Group will seize development opportunities, focusing on "strengthening foundation, seeking long-term development, and promoting growth", focusing on the main business of expressways, and making every effort to ensure reconstruction and expansion of existing expressways, while exploring high-quality investment and acquisition opportunities. At the same time, we will accelerate our digital transformation and actively explore deep integration of emerging industries and transportation infrastructure, promoting the Group's high-quality sustainable development and laying a solid foundation for the "15th Five-Year Plan."

Finally, on behalf of the Board, I would like to express my sincere thanks to all Shareholders, investors, business partners, customers, management, and employees who have cared for and supported the development of the Company for a long time. In 2025, we will continue to adhere to our original goal, shoulder our mission, and with a more open attitude, innovative thinking, and pragmatic actions, we will push the Group to new heights of high-quality development and repay society and investors with stable business performance.

YUAN Yingjie
Chairman

March 24, 2025

WU Wei

Executive Director and General Manager

Management Discussion and Analysis

BUSINESS REVIEW

In 2024, global inflationary pressure eased, but issues such as geopolitical conflicts, trade protectionism persisted, resulting in a slow recovery of the global economy. Domestically, China also faced challenges such as insufficient domestic demand. However, with concerted efforts in macroeconomic policies and steady development of new quality productive forces, social confidence was boosted and China's economic operation was generally stable in steady progress, with the GDP growing by 5.0% year on year. In 2024, Zhejiang Province's steady expansion in production and supply, continuous reinforcement of new impetus for consumption, rapid growth in foreign trade, and coordinated advancements of digital economy, private economy and green economy boosted year-on-year growth of the Province's GDP by 5.5%.

During the Period, toll revenue of the Group's expressways continued to grow amid steady recovery of China's economy and sustained activating of Zhejiang Province's economic vitality, while the Group's securities business result was under pressure in the first three quarters due to downward volatility in the capital market, but gradually stabilized and recovered in the fourth quarter alongside a rebound in the capital market. During the Period, total revenue of the Group was Rmb18,064.82 million, representing an increase of 6.5% year-on-year, of which Rmb10,662.35 million was generated by the nine major expressways operated by the Group (2023: Rmb10,423.83 million), representing 59.0 % of total revenue. Revenue generated by the securities business was Rmb6,182.51 million (2023: Rmb6,372.29 million), representing 34.2% of the total revenue.

Stable Business Performance with Progress
Accelerated High-Quality Development

Guided by strategic orientation of "expanding growth, extending existing business, activating dynamic variables and stabilizing profitability levels", the Group has actively responded to the complex environment, maintaining a development trend of stability with progress.

At the same time, the Group focused on main responsibilities for core business through improving services quality and smooth operation to enhance traffic efficiency, while advanced industrial breakthroughs in intelligent transportation as well as integration of transportation and energy. Key breakthroughs have been achieved in strengthening foundation, seeking long-term development and promoting growth, marking a crucial turning point towards high-quality development.

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

	2024 *Rmb'000*	2023 *Rmb'000*	Change
Toll road operation revenue	**10,662,346**	10,423,833	2.3%
Shanghai-Hangzhou-Ningbo Expressway	**4,996,109**	4,901,165	1.9%
Shangsan Expressway	**1,060,476**	1,094,646	-3.1%
Jinhua section, Ningbo-Jinhua Expressway	**566,418**	557,158	1.7%
Hanghui Expressway	**730,386**	737,352	-0.9%
Huihang Expressway	**186,844**	193,725	-3.6%
Zhoushan Bay Bridge	**1,299,442**	1,201,578	8.1%
LongLiLiLong Expressways	**792,175**	756,412	4.7%
Zhajiasu Expressway	**500,747**	477,037	5.0%
HuangQuNan Expressway	**529,749**	504,760	5.0%
Securities business revenue	**6,182,506**	6,372,289	-3.0%
Commission and fee income	**3,692,147**	3,919,889	-5.8%
Interest income	**2,490,359**	2,452,400	1.5%
Other operation revenue	**1,219,972**	168,902	622.3%
Hotel and catering	**108,251**	124,072	-12.8%
Construction service	**1,070,362**	–	N/A
Public-Private Partnership	**41,359**	44,830	-7.7%
Total revenue	**18,064,824**	16,965,024	6.5%

Deepening Business Transformation as well as Safe and Smooth Operation Core Strengths in Intelligent Expressways Continued to Enhance

The Group has actively advanced the standardization and branding of its operational services while innovating "Expressway+" initiatives to boost core business revenue. Intelligent methods have been deployed to strengthen capabilities in safe and smooth operation.

Meanwhile, intelligent transportation has achieved innovative and high-level breakthroughs, completing construction of intelligent expressways covering Shangsan Expressway and Ningbo-Zhoushan Expressway, along with development of intelligent transportation systems and the “Sunshine Rescue Platform” , to offer comprehensive expressway rescue services.

Management Discussion and Analysis

Toll Road Operations

(I) Business performance and analysis

During the Period, toll revenue of the Group's nine expressways amounted to RMB10,662.35 million, representing a year-on-year increase of 2.3%; overall traffic volume increased by 2.40% year-on-year, of which truck vehicle traffic volume increased by 2.81% year-on-year and passenger vehicle traffic volume increased by 2.24% year-on-year. The performance of different sections of the Group's expressways varied due to various factors, the details of which are set out as follows:

The Group's Expressway Sections	Daily Average Traffic Volume *(in Full-Trip Equivalents)*	Year–on-year Increase	Toll Revenue *(Rmb million)*	Year–on-year Increase
Shanghai-Hangzhou-Ningbo Expressway	91,239	2.84%	4,996.11	1.90%
– Shanghai-Hangzhou Section	92,158	3.45%		
– Hangzhou-Ningbo Section	90,568	2.43%		
Shangsan Expressway	32,327	-1.21%	1,060.48	-3.10%
Jinhua Section, Ningbo-Jinhua Expressway	34,012	0.90%	566.42	1.70%
Hanghui Expressway	29,121	0.17%	730.39	-0.90%
Huihang Expressway	11,640	-2.62%	186.84	-3.60%
Zhoushan Bay Bridge	31,897	5.56%	1,299.44	8.10%
LongLiLiLong Expressways	15,927	5.60%	792.18	4.70%
Zhajiasu Expressway	43,262	4.27%	500.75	5.00%
HuangQuNan Expressway	12,159	4.70%	529.75	5.00%

Pioneering Industrial Initiatives
Expanding and Diversifying Road-derived Economy

The Group has prioritized green and low-carbon initiatives in industrial expansion, leveraging transportation and energy integration as a key driver, and promoted distributed photovoltaic power generation along the Ningbo-Zhoushan Expressway and other related expressways; initiated recharging and swapping of batteries for new energy heavy trucks on Ningbo-Jinhua Expressway, pioneering China' s first electric truck freight line for foreign trade containers. Simultaneously, the Group continues to expand Road-derived Economy such as transportation network optimization and under-bridge space utilization, to realize value of existing resources.

Management Discussion and Analysis

Majority of the Group's expressways are located in Zhejiang Province, possessing favorable location advantages. Leveraging international ports such as Ningbo Zhoushan Port, a vibrant private economy and a robust e-commerce and logistics industry, Zhejiang Province achieved outstanding foreign trade performance, with a year-on-year increase of 7.4% in total value of imports and exports of goods in 2024, driving demand for freight transportation. At the same time, Zhejiang Province is located at the core of the Yangtze River Delta Economic Zone, and is adjacent to economically developed regions such as Shanghai and Jiangsu Province, forming close economic ties and personnel exchanges, further driving demand for passenger vehicle travel. In 2024, economic growth of Zhejiang Province was higher than the national average, providing strong support for sustained growth of overall traffic volume and toll revenue of the Group's expressways.

Nevertheless, adverse weather conditions and increased toll-free days for passenger cars in 2024 had a certain negative impact on the toll revenue of the Group's expressways. The abnormal cold weather in February caused closure of certain sections of expressways and toll-free travel on some expressways in neighboring provinces, resulting in a disrupted post-Spring Festival return-to-work traffic; the continuous rainfall during the Plum Rain Season in June and subsequent typhoon weather led to a decline in public travel enthusiasm. Toll-free days for passenger cars increased by two days year-on-year due to holiday distribution change combined with the leap year in 2024.

Development of Zhoushan industrial park and construction of the Parallel Line of Ningbo-Zhoushan Expressway led to an increase in demand for freight transportation, which was conducive to growth of traffic volume of trucks on Zhoushan Bay Bridge; from September 16 to October 9, 2023, relevant sections of the Shanghai-Hangzhou-Ningbo Expressway were under traffic control during the Hangzhou Asian Games and a 50% discount on the toll was implemented for yellow-plate trucks on the Zhajiasu Expressway, both of which returned to normal in 2024.

Traffic volume of some of the Group's expressways was also affected by changes in neighboring road networks. The traffic-interrupting reconstruction and expansion of Shuiyang Hub to Daxi Hub Section of YongTaiWen Expressway since July 19, 2024, negatively affected traffic volume of the connected Shangsan Expressway. 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 traffic volume on Hangzhou-Ningbo Expressway and Zhoushan Bay Bridge, as well as Ningbo-Jinhua Expressway, respectively.

Continuous Efforts in Investment and M&A
Enhanced Market Value Management

The Group has proactively pursued innovative operational strategies to optimize existing business and expand new growth opportunities. The 100% equity acquisition of Yonglan Expressway was completed through “Zhijiang Communication Holdings” joint investment platform, further expanding core business scale. It has also ensured smooth implementation of on-going reconstruction and expansion projects, advancing sustainable development.

Additionally, the Group places high priority on market value management, and has always been committed to creating long-term value for Shareholders with steady operational performance and sustainable development.

(II) Business operations achievements

Looking back at 2024, the Group made a series of key breakthroughs in operational services, technological innovation and capital operation by firmly adhering to strategic direction, proactively responding to complex environment and focusing on strengthening foundation, seeking long-term development and promoting growth.

Continuing to pursue business transformation, in pursue of safe and smooth operation. The Group actively developed initiatives to attract passenger cars flow, to constantly tap revenue potential from the core business; effectively implemented a community service model for large freight transportation customers, to strengthen customer loyalty; and was entrusted with the management of Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway and Hangzhou-Ningbo Expressway Parallel Line Phase I, to promote export of expressway management. At the same time, the Group routinely implemented off-peak and intensive construction at night, completed alleviation of congestion on high-traffic sections in a high-quality manner, to continuously strengthen the ability to ensure safe and smooth operation.

Steadily advancing development of core business of expressway. Following acquisition of 60% of equity interest in Yonglan Expressway in 2023 through a joint venture investment platform, acquisition of the remaining 40% of the equity interest was completed in January 2024; ensured the capital injection for reconstruction and expansion projects of Jinhua Section and Shaoxing Section of Ningbo-Jinhua Expressway as well as Zhajiasu Expressway, and continuously optimized technical plans of reconstruction and expansion as well as traffic organization. Meanwhile, the Group took the lead in launching data assetization in the highway infrastructure industry, completed the inclusion of data assets such as vehicle profiling into the statement of financial position, and carried out the first data asset transaction in the industry, realizing the value of data assets.

Accelerating construction of intelligent transportation, as well as green and low-carbon industrial layout. The Group completed construction of intelligent transportation covering Shangsan Expressway and Ningbo-Zhoushan Expressway, created intelligent transportation systems related to event monitoring system, traffic control system and rapid rescue system, further solidifying core advantages in intelligent transportation; at the same time, focused on creating China's first electric truck freight line for foreign trade containers, initiated recharging and swapping of batteries for new energy heavy trucks of Ningbo-Jinhua Expressway; and utilized toll stations and other idle areas to implement distributed photovoltaic power generation projects on the Ningbo-Zhoushan Expressway and other related expressways.

Management Discussion and Analysis

Continuously strengthening market value management. The Group actively responded to the market value management guidance from China State-owned Assets Supervision and Administration Commission and China Securities Regulatory Commission, and endeavored to create value and return to shareholders. The Group continued to enhance intrinsic value by focusing on strengthening core business, expanding related industries, deepening innovation development, and fulfilling social responsibilities. At the same time, it constantly improved corporate governance, continuously improved quality of information disclosure, and proactively carried out investor relations management to enhance market communication and transmission of company value.

Securities Business

In 2024, domestic capital market experienced drastic fluctuations and adjustments in the first three quarters. In the fourth quarter, as a number of favorable policies took effect and market confidence restored, the activity level of capital market significantly improved. However, competition in the securities industry became more intense, with a general trend of overall commission fee reduction, and tightening of regulatory policies, resulting in a decline in the scale of equity financing. In the face of complex and severe operating conditions, Zheshang Securities always maintained strategic determination, actively seized business opportunities, comprehensively promoted cost reduction and efficiency enhancement, and maintained relatively stable operating results on the whole.

During the Period, Zheshang Securities achieved significant results in operational management. By seizing policy opportunities for mergers & acquisitions and restructuring, Zheshang Securities acquired a cumulative total of 34.2546% equity interest in Guodu Securities Co., Ltd. ("Guodu Securities"), with a view to realizing complementarity of mutual business strengths, and facilitating Zheshang Securities to enhance its competitiveness in the market and position in the industry; proactively facilitated conversion of "Zheshang Securities 22 Convertible Bonds" into shares, with a conversion rate of 99.88%, further enhancing the capital strength to provide more adequate capital support for the development of various businesses; launched digital platform for business development, effectively explored business opportunities and supported synergy of entire businesses, resulting in continuous breakthroughs in digital application and R&D innovation capabilities.

During the Period, Zheshang Securities recorded total revenue of Rmb6,182.51 million, representing a decrease of 3% year-on-year, of which, commission and fee income decreased 5.8% year-on-year to Rmb3,692.15 million, and interest income from the securities business was Rmb2,490.36 million, representing an increase of 1.5% year-on-year. In addition, securities investment gains of Zheshang Securities included in the consolidated statement of profit or loss and other comprehensive income of the Group was Rmb1,735.12 million (2023: Rmb1,024.96 million).

Hotel and Catering Business

Zhejiang Grand Hotel, owned by Zhejiang Grand Hotel Limited (a 100% owned subsidiary of the Company at the end of the Period), recorded revenue of Rmb42.93 million for the Period (2023: Rmb41.76 million).

Grand New Century Hotel, owned by Zhejiang Linping Expressway Co., Ltd. (a 51% owned subsidiary of the Company at the end of the Period), recorded revenue of Rmb65.32 million for the Period (2023: Rmb82.32 million).

Long-Term Investments

(I) Expressway segment

Zhejiang Shaoxing Shengxin Expressway Co., Ltd. ("Shengxin Co", a 50% owned joint venture of the Company) owns the 73km Shaoxing Section of Ningbo-Jinhua Expressway. During the Period, the average daily traffic volume in full-trip equivalents was 31,004, representing an increase of 3.63% year-on-year. Toll revenue was Rmb564.46 million (2023: Rmb536.65 million). During the Period, the joint venture recorded a net profit of Rmb216.55 million (2023: Rmb164.28 million).

Zhejiang Zhijiang Communications Holdings Co., Ltd. (a 50% owned joint venture of the Company) is primarily engaged in expressway investment and wholly owns the 145km Yonglan Expressway. During the Period, the joint venture recorded a net profit of Rmb44.94 million (2023: Rmb49.82 million).

Zhejiang HangNing Expressway Co., Ltd. (a 30% owned associate of the Company) owns the 99km HangNing Expressway. During the Period, the associate recorded a net profit of Rmb523.86 million (2023: Rmb486.60 million).

During the Period, the Company held 30% of the subordinated class of CICC-Zhejiang Expressway-Shenjiahuhang asset-backed special program (the "Asset-backed Special Program") which owns the Shenjiahuhang Expressway with a total length of 93km. During the Period, the Asset-backed Special Program recorded a book loss of Rmb24.21 million (2023: book loss of Rmb141.90 million).

Zhejiang Wenzhou YongTaiWen Expressway Co., Ltd. (a 15% owned joint venture of the Company) operates the Wenzhou section of the YongTaiWen Expressway with a total length of 139km. During the Period, the associate achieved a net profit of Rmb231.43 million (2023: Rmb282.10 million).

Management Discussion and Analysis

(II) Financial segment

Zhejiang Communications Investment Group Finance Co., Ltd. (a 20.08% owned associate of the Company) derived income mainly from interest income, 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 recorded a net profit of Rmb395.24 million (2023: Rmb818.65 million).

Yangtze United Financial Leasing Co., Ltd. (a 10.61% owned associate of the Company) is primarily engaged in the financial leasing business, the 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 recorded a net profit of Rmb687.27 million (2023: Rmb645.30 million).

Shanghai Rural Commercial Bank Co., Ltd. (a 4.96% owned associate of the Company) is primarily engaged in the 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. As at the date of this report, the associate has not yet released its audited financial data for the year 2024.

Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership) (a 24.99% owned associate of the Company) is primarily engaged in equity investments, investment management and investment consultation. During the Period, the net loss of the associate attributable to the Company was Rmb19.22 million (2023: net profit of Rmb66.17 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 Rmb5,501.59 million, representing an increase of 5.3% year-on-year, basic earnings per share was Rmb91.79 cents, representing a decrease of 18.7% year-on-year, diluted earnings per share was Rmb90.50 cents, representing a decrease of 14.1% year-on-year, and return on owners' equity was 11.9%, representing a decrease of 25.6% year-on-year.

Liquidity and Financial Resources

As at December 31, 2024, current assets of the Group amounted to Rmb145,924.30 million in aggregate (December 31, 2023: Rmb152,862.43 million), of which bank balances, clearing settlement fund, deposits and cash accounted for 16.0% (December 31, 2023: 18.4%), bank balances and clearing settlement fund held on behalf of customers accounted for 33.6% (December 31, 2023: 29.7%), financial assets at FVTPL accounted for 24.4% (December 31, 2023: 27.3%) and loans to customers arising from margin financing business accounted for 16.6% (December 31, 2023: 13.0%). The current ratio (current assets over current liabilities) of the Group as at December 31, 2024 was 1.30 (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 1.60 (December 31, 2023: 1.80).

The amount of financial assets at FVTPL included in current assets of the Group as at December 31, 2024 was Rmb35,536.63 million (December 31, 2023: Rmb41,729.11 million), of which 55.8% was invested in bonds, 5.4% was invested in stocks, 24.2% 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 December 31, 2024, Rmb0.86 billion has been used for expenses related to existing expressway expansion and reconstruction projects, leaving a balance of proceeds equivalent to Rmb5.20 billion based on the exchange rate at the end of the Period(including interest income during the year), of which Rmb4.22 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.

Management Discussion and Analysis

During the Period, net cash from the Group's operating activities amounted to Rmb9,082.03 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.

	As at December 31,	
	2024	2023
	Rmb'000	*Rmb'000*
Cash and cash equivalents	**20,932,480**	23,830,440
Restricted bank balances and cash	**80,259**	100,631
Time deposits	**2,379,965**	4,268,560
Financial assets at fair value through profit or loss	**35,536,634**	41,729,113
Total	**58,929,338**	69,928,744

Borrowings and solvency

As at December 31, 2024, total liabilities of the Group amounted to Rmb143,484.00 million (December 31, 2023: Rmb147,328.69 million), of which 11.9% was bank and other borrowings, 4.9% was short-term financing note, 21.5% was bonds payable, 16.1% was financial assets sold under repurchase agreements and 33.7% was accounts payable to customers arising from securities business.

As at December 31, 2024, total interest-bearing borrowings of the Group amounted to Rmb55,266.15 million, representing a decrease of 3.7% compared to that as at December 31, 2023. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb16,351.20 million, borrowings from overseas commercial bank loans of Rmb51.21 million, borrowings from other domestic financial institutions of Rmb682.69 million, short-term financing note of Rmb7,019.96 million, beneficial certificates of Rmb65.67 million, long-term beneficial certificates of Rmb1,507.17 million, mid-term notes of Rmb3,048.69 million, subordinated bonds of Rmb6,214.43 million, corporate bonds of Rmb20,100.26 million, and convertible bond denominated in Euro that equivalents to Rmb224.87 million. Of the interest-bearing borrowings, 62.3% was not payable within one year.

As at December 31, 2024, the Group's borrowings from domestic commercial banks bore annual fixed interest rates ranged from 2.69% to 3.60%, annual floating interest rates ranged from 2.27% to 4.08%, the annual fixed interest rate of overseas commercial bank loans was 6.03%, the annual floating interest rate was 4.50%, the annual fixed interest rates of other domestic financial institutions were 2.95% to 3.70%. As at December 31, 2024, the annual floating interest rates of beneficial certificates was 7.00%, the annual fixed interest rate for short-term financing notes ranged from 1.78% to 2.25%, the annual fixed interest rates of long-term beneficial certificates were 2.50% and 2.60%, 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 bond ranged from 1.638% to 3.27%, and the annual coupon rate for convertible bond denominated in Euro was nil.

		Maturity Profile		
	Gross amount	Within 1 year	2-5 years inclusive	Beyond 5 years
	Rmb'000	*Rmb'000*	*Rmb'000*	*Rmb'000*
Floating rates				
Borrowings from domestic commercial banks	15,335,116	1,233,632	8,519,574	5,581,910
Borrowings from overseas commercial banks	44,265	44,265	–	–
Borrowings from a domestic financial institution	661	661	–	–
Beneficial certificates	65,666	65,666	–	–
Fixed rates				
Borrowings from domestic commercial banks	1,016,080	700,080	316,000	–
Borrowings from overseas commercial banks	6,945	6,945	–	–
Borrowings from a domestic financial institution	682,033	522,033	160,000	–
Short-term financing notes	7,019,962	7,019,962	–	–
Long-term beneficial certificates	1,507,173	7,173	1,500,000	–
Subordinated bonds	6,214,430	1,214,430	5,000,000	–
Corporate bonds	20,100,263	6,724,215	13,376,048	–
Mid-term notes	3,048,688	3,048,688	–	–
Convertible bonds	224,867	224,867	–	–
Total as at December 31, 2024	55,266,149	20,812,617	28,871,622	5,581,910
Total as at December 31, 2023	57,400,737	13,965,959	34,470,055	8,964,723

Management Discussion and Analysis

Total interest expenses and profit before interest and tax for the Period amounted to Rmb1,741.65 million and Rmb10,599.23 million, respectively. The interest cover ratio (profit before interest and tax over interest expenses) stood at 6.1 times (Corresponding period of 2023: 4.7 times).

	2024 *Rmb'000*	2023 *Rmb'000*
Profit before tax and interest	**10,599,233**	9,955,667
Interest expenses	**1,741,651**	2,104,129
Interest cover ratio	**6.1**	4.7

As at December 31, 2024, the asset-liability ratio (total liabilities over total assets) of the Group was 66.1% (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 56.6% (December 31, 2023: 63.2%).

Capital structure

As at December 31, 2024, the Group had Rmb73,698.36 million in total equity, Rmb113,566.76 million in fixed-rate liabilities, Rmb15,380.04 million in floating-rate liabilities, and Rmb14,537.20 million in interest-free liabilities, representing 33.9%, 52.3%, 7.1% and 6.7% 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 129.0% as at December 31, 2024 (December 31, 2023: 169.7%).

	As at December 31, 2024		As at December 31, 2023	
	Rmb'000	*%*	*Rmb'000*	*%*
Total equity	**73,698,364**	**33.9%**	60,405,113	29.1%
Fixed rate liabilities	**113,566,757**	**52.3%**	112,826,127	54.3%
Floating rate liabilities	**15,380,042**	**7.1%**	16,395,508	7.9%
Interest-free liabilities	**14,537,204**	**6.7%**	18,107,054	8.7%
Total	**217,182,367**	**100.0%**	207,733,802	100.0%
Long-term interest-bearing liabilities	**34,699,938**	**16.0%**	43,762,294	21.1%
Gearing ratio 1 (note)	**129.0%**		169.7%	
Gearing ratio 2 (note)	**47.1%**		72.4%	
Asset-liabilities ratio 1 (note)	**66.1%**		70.9%	
Asset-liabilities ratio 2 (note)	**56.6%**		63.2%	

Note: Gearing ratio 1 represents the total liabilities less balance of accounts payable to customers arising from securities business to the total equity; Gearing ratio 2 represents the total amount of the long-term interest-bearing liabilities to the total equity; Asset-liabilities ratio 1 represents total liabilities to total assets; Asset-liabilities ratio 2 represents total liabilities less balance of accounts payable to customers arising from securities business to total assets less bank balances and clearing settlement fund held on behalf of customers.

Capital expenditure commitments and utilization

During the Period, capital expenditure of the Group totaled Rmb7,111.56 million. Amongst the total capital expenditure, Rmb5,178.77 million was incurred for acquiring equity investment, Rmb73.02 million was incurred for acquisition and construction of properties, Rmb830.05 million was incurred for acquisition and construction of equipment, facilities and ancillary facilities, and Rmb1,029.72 million was incurred for reconstruction and expansion projects of expressways.

As at December 31, 2024, the capital expenditure committed by the Group amounted to Rmb5,411.71 million in total. Amongst the capital expenditure committed by the Group, Rmb793.00 million will be used for acquiring equity investments, Rmb235.13 million will be used for acquisition and construction of properties, Rmb1,583.58 million for acquisition and construction of equipment, facilities and ancillary facilities, Rmb2,800.00 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.

Management Discussion and Analysis

Contingent liabilities and pledge of assets

The Company and Shaoxing Communications Investment Group Co., Ltd. ("Shaoxing Communications", 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 December 31, 2024, the remaining bank loan balance was Rmb404.60 million.

Zhejiang Zhoushan Bay Bridge Co., Ltd., a subsidiary of the Company, pledged its rights of toll on expressway for its bank borrowing, and as at December 31, 2024, the remaining bank loan balance was Rmb4,981.32 million.

Deqing County De'an Highway Construction Co., Ltd., a subsidiary of the Company, pledged its trade receivables for its bank borrowing, and as at December 31, 2024, the remaining bank loan balance was Rmb377.34 million.

Zhejiang LongLiLiLong Expressway Co., Ltd., a subsidiary of the Company, pledged its rights of toll on expressway for its bank and other borrowing, and as at December 31, 2024, the remaining bank loan balance was Rmb6,396.26 million.

Jiaxing Zhajiasu Expressway Co., Ltd., a subsidiary of the Company, pledged its right of toll on expressway for its bank borrowing, and as at December 31, 2024, the remaining bank loan balance was Rmb1,242.46 million.

Zheshang International Financial Holding Co., Ltd., a subsidiary of Zheshang Securities, pledged its right of loans to customers arising from margin financing business, and as at December 31, 2024, the remaining bank loan balance was Rmb6.95 million.

Except for the above, as at December 31, 2024, 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. (a wholly owned subsidiary of Zheshang Securities Co., Ltd.) operating in Hong Kong; (iii) balance of the zero coupon convertible bond issued in Hong Kong capital market in January 2021, which will be due in January 2026, is Euro27.2 million; and (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%; (v) the portion of proceeds raised from the 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 2025, although global economy is expected to continue its moderate recovery, it still faces numerous uncertainties. The latest foreign policies of major economies, particularly adjustments to trade tariff policy, may have profound implications for global trade landscape and bring new unstable factors to the global economic development. Under complex and unstable international state of affairs, the Chinese government will adhere to a general principle of seeking progress while maintaining stability, implement more proactive macro policies, expand domestic demand on all fronts, and lead the development of new quality productive forces through scientific and technological innovation. With effective implementation of these policies, China's economy is expected to continue to rebound and improve.

Management Discussion and Analysis

(I) Expressway business

The Group's expressway business will benefit from increased logistics demand driven by steady recovery of the China's economy, as well as new opportunities arising from development of new energy vehicles, intelligent transportation, low-carbon economy, digital economy and low-altitude economy; at the same time, it is also facing pressures of changes in policy direction, stricter environmental protection requirements, higher construction and maintenance costs, as well as technological innovation. The Group will fully grasp opportunities, proactively respond to challenges, adhere to the strategic direction of "expanding growth, extending existing business, activating dynamic variables and stabilizing profitability levels", and deepen implementation of "service-centered, profit-centered and brand-centered development strategies" in operation and management, so as to ensure steady development in a complex and unstable market environment, creating long-term returns for Shareholders.

Enhancing service quality for better public travel. Pilot precision entry control at toll station and increase application of artificial intelligence and other technologies to reduce safety risks and improve road network traffic efficiency through intelligent technologies. Create highway live-streaming rooms on internet platforms; explore cooperation potential between resources along the expressways and sectors such as logistics, passenger gathering and distribution, and new energy charging, achieving full coverage of truck community services across all sections to strengthen brand service capabilities and influence.

Expanding core business to improve scale and efficiency. Continue leveraging the "Zhijiang Communications Holdings" investment platform to promote investment and merger & acquisition of high-quality expressway projects; complete supporting research for reconstruction and expansion of Shanghai-Hangzhou-Ningbo Expressway to provide technical support for subsequent reconstruction and expansion; ensure capital injection for reconstruction and expansion of Jinhua Section and Shaoxing Section of Ningbo-Jinhua Expressway as well as Zhajiasu Expressway; and plan construction timeline for the "15th Five-Year" reconstruction and expansion projects to optimize their benefits.

Integrating transportation and energy to cultivate profit growth points. Plan for the layout of new energy business, exploring the construction of a battery-swapping station network along the Yangtze River Delta high-speed ring road to drive green and low-carbon transformation; accelerate the development of photovoltaic resources along expressways under management, laying the foundation for energy-saving, cost reduction and large-scale integration of transportation and energy; and launch the second batch of electric vehicle charging stations construction at high-traffic toll stations, further expanding the network of electric vehicle charging stations on the expressways and serving the public for green travel.

Empowering high-quality development through technological innovation. Advance the digital transformation of internal control management to enhance corporate governance efficiency; explore third-party collaborations in aviation logistics, finance and insurance around low-altitude economy and data asset applications; and seize opportunities in intelligent transportation development, promoting the digital transformation and upgrading of transportation infrastructure to ensure efficient, safe and smooth operation of intelligent expressways.

(II) Securities business

Looking ahead to 2025, the domestic capital market will continue to deepen reforms driven by policies, with a focus on strengthening financial system stability and risk prevention and control, promoting structural optimization and upgrading of the securities industry. Meanwhile, emerging industries such as new energy, intelligent technologies and green transportation will give rise to additional development opportunities in green finance and other sectors. However, global liquidity fluctuations and geopolitical risks may exacerbate market uncertainties. The Group's securities business will benefit from increased market activity and business innovation opportunities, while also facing challenges such as intensified industry competition, stricter regulation and market volatility.

Zheshang Securities will deepen strategic layout, smoothly and efficiently push forward integration of Guodu Securities, and continue to enhance market competitiveness; grasp opportunities from the stock market recovery to fully explore the potential of brokerage business; seize the opportunities of measures to defuse local government debt risks to promote quality and efficiency of the investment banking business; strengthen integration of business and technology, and advance to technology-based securities firms, to empower business transformation; and accelerate business upgrading and continue to shape the new impetus for development, helping Zheshang Securities to accelerate its entry into the ranks of medium to large securities firms nationwide.

Management Discussion and Analysis

HUMAN RESOURCES

In 2024, the Group remained steadfast in prioritizing human resources as the core driving force for fostering reform and development, and systematically advanced all aspects of human resource management, to ensure that the human resources strategy was in sync with the development of the Group, providing robust support for the Group's high-quality and sustainable development.

In terms of organizational management, the Group optimized the promotion system and appointment rules, broadened employees' career development paths, and simultaneously promoted cross-regional and cross-position exchanges to enhance organizational flexibility and coordination. In terms of talent structure, the Group systematically optimized expertise, experience and age of the management team, reinforced the talent reserves for key positions, and continuously strengthened research capabilities of the postdoctoral workstation, delivering solid talent and intellectual support for the Group's business growth and transformation. In terms of employee training, through a diversified training system that deeply integrates digital platforms with on-site training, the Group conducted comprehensive training on safety and compliance, corporate culture, main responsibility for core business and industry-leading topics such as intelligent transportation, aiming to fully enhance employees' professional skills and occupational qualities. In terms of employee motivation, the Group revised the systems related to performance evaluation and salary administration to make employee performance management more scientific and precise, strengthened orientation towards salary incentives, and motivated enthusiasm and creativity of employees to boost the growth of business efficiency.

As at December 31, 2024, there were 10,271 employees within the Group, amongst whom 4,969 mainly worked in the related positions of the toll road operation business and 5,302 worked in the related positions of the securities business.

Principal Risks and Uncertainties

TOLL ROAD BUSINESS RISKS

Economic environment

At present, while the global economy is gradually recovering, it is still facing many uncertainties. Geopolitical conflicts and policy differences among major economies have made the path of global economic growth more complicated. Against this backdrop, China's economy has demonstrated stronger resilience and potential, but at the same time faced the pressure of structural adjustment as well as transformation and upgrading, and it took time for consumption and investment demand to recover, with the stability of the real estate market remaining one of the key challenges. Fluctuations in economic growth, uncertainties in international trade, changes in consumer and investment demand, and policy adjustments will be transmitted to the expressway industry through different channels. Given the close correlation between toll collection operations on expressways and the macroeconomic landscape, the performance of traffic volume and toll revenue on the Group's expressways is subject to risk of uncertainty.

Roads Competition

The Group's expressways will be impacted by the change of traffic from surrounding road networks. The Shuiyang Hub to Daxi Hub Section of YongTaiWen Expressway has implemented traffic-interrupting reconstruction and expansion since July 2024, and is expected to have a continuous diversionary effect on the traffic volume of the Shangsan Expressway of the Group. The Hangzhou-Shaoxing-Ningbo Expressway fully opened to traffic in May 2025, and is expected to have a sustained diversionary effect on the traffic volume of the Hangzhou-Ningbo Expressway operated by the Group. The Suzhou-Taizhou Expressway fully opened to traffic in July 2025, and is expected to have a continuous diversionary effect on the traffic volume of the Shangsan Expressway and the Zhajiasu Expressway operated by the Group. Therefore, we cannot guarantee that the traffic volume and toll revenue of the Group's expressway will not be adversely affected in the future.

Toll Policy

The toll roads across the Zhejiang Province continue to implement a 5% discount on tolls for all vehicles with ETC devices, and the state-controlled expressway sections within the Province continue to implement a 15% discount on tolls for all qualified trucks with ETC in-vehicle device in the province. Starting from January 1, 2024, Zhoushan Bay Bridge has implemented a 15% discount differential toll for Class 1 ETC passenger vehicles through government-purchased services; Zhoushan Bay Bridge has adjusted the toll concession policy for international standard container transport vehicles from 25% to 30%; Hangzhou-to-Shaoxing Section of Hangzhou-Ningbo Expressway has implemented a toll discount policy for Class 1 ETC passenger vehicles traveling between Xiaoshan Toll Station and Keqiao Toll Station, as well as between Xiaoshan Toll Station and Shaoxing Toll Station, receiving one toll-free trip after three toll-collection trips with a calendar week.

Principal Risks and Uncertainties

SECURITIES BUSINESS RISKS

Market Fluctuations

The securities business is highly susceptible to market fluctuations and may experience periods of high volatility accompanied by reduced liquidity. It may be materially affected by economic and other factors such as the global market conditions; the availability and cost of capital; the liquidity of the global markets; the level and volatility of stock prices, commodity prices and interest rates; currency values and other market indices; inflation; natural disasters; acts of war or terrorism; as well as investor sentiment and confidence in the financial markets. There is no assurance as to whether our securities business will be adversely affected by fluctuations in the market, or whether our securities business will continue to contribute to our overall profit margin.

Regulation of the Securities Business

We are subject to extensive regulations in the PRC that govern how we conduct our securities business, and we are subject to risks of intervention by the PRC regulatory authorities. We could be fined, prohibited from engaging in some of our business activities or subject to limitations or conditions on our business activities, among other things. Significant regulatory actions against us could have material adverse impacts on our financial position, cause us significant reputational harm, or harm our business prospects. New laws, regulations or changes in the enforcement of existing laws or regulations applicable to our clients may also adversely affect our business.

FINANCIAL RISKS

For financial risks and uncertainties of the Group, please see notes 5, 52 and 53 to the Consolidated Financial Statements.

STATEMENT OF RESPONSIBILITY FROM THE DIRECTORS WITH RESPECT TO THE ANNUAL REPORT AND THE COMPANY'S ACCOUNTS

The Directors, whose names and functions are listed on pages 58 to 62, duly confirm that to the best of their knowledge:

– the consolidated financial statements prepared and subject to disclosure under the 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 profit of the Group, and cover the enterprises that have been consolidated into the Company; and

– the "Management Discussion and Analysis" section included in this annual report includes a fair review of the development and performance of the business and the position of the Group, covers the enterprises that have been consolidated into the Company and describes the principal risks and uncertainties faced by the Group.

During the Period and up to the date of this report, there has been no occurrence of significant events that would have a material impact on the normal operation of the Group.

By Order of the Board
Tony ZHENG
Company Secretary

Hangzhou, Zhejiang Province, the PRC
March 24, 2025

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

To govern the daily functioning of the Board of Directors of the Company, the Company has adopted its own Guidelines on Corporate Governance that closely followed the principles of good Corporate Governance Code ("CG Code") in Appendix C1 to the Listing Rules (available at www.hkex.com.hk).

During the Period, the Company has complied with all code provisions set out in Part 2 of CG Code and adopted the recommended best practices in the CG Code as and when applicable. The Directors of the Company have been informed that the latest amendment to the Listing Rules and CG Code has been adopted and applied for the daily operation of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Rules on Securities Dealings for the Directors, supervisors, senior management personnel and other employees of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules.

Upon specific inquiries to all the Directors, the Company's Directors have confirmed their respective compliance with the required standards for securities transactions by Directors as set out in the Model Code and the Rules on Securities Dealings of the Company.

BOARD OF DIRECTORS OF THE COMPANY (THE "BOARD")

The Chairman of the Company during the Period was:
Mr. YUAN Yingjie

The executive Directors of the Company during the Period were:
Mr. WU Wei
Mr. LI Wei

The non-executive Directors of the Company during the Period were:
Mr. YANG Xudong
Mr. FAN Ye
Mr. HUANG Jianzhang

The independent non-executive Directors of the Company during the Period were:
Mr. PEI Ker-Wei
Ms. LEE Wai Tsang, Rosa
Mr. YU Mingyuan (Appointed, with effect from July 1, 2024)
Mr. CHEN Bin (Resigned, with effect from July 1, 2024)

During the Period, the Board held a total of 11 meetings. Individual attendances by the Directors (as indicated by the number of meetings attended/number of relevant meetings held during their tenure) are as follows:

	Attendance in person	Attendance by proxy	Attendance through communication
Mr. YUAN Yingjie (Chairman)	5/11	2/11	4/11
Mr. WU Wei (General Manager)	7/11		4/11
Mr. LI Wei	7/11		4/11
Mr. YANG Xudong	1/11	6/11	4/11
Mr. FAN Ye	2/11	5/11	4/11
Mr. HUANG Jianzhang	2/11	5/11	4/11
Mr. PEI Ker-Wei	7/11		4/11
Ms. LEE Wai Tsang, Rosa	7/11		4/11
Mr. YU Mingyuan	1/4	1/4	2/4
Mr. CHEN Bin (Resigned)	5/7		2/7

During the Period, the Company held three Shareholders' general meetings. The meetings were chaired by the Chairman, and all executive Directors were present at the meetings. Meanwhile, the Company actively encouraged independent non-executive Directors to attend Shareholders' meetings. Individual attendances by the Directors (as indicated by the number of meetings attended/number of relevant meetings held during their tenure) are as follows:

	Attendance
Mr. YUAN Yingjie (Chairman)	3/3
Mr. WU Wei (General Manager)	3/3
Mr. LI Wei	3/3
Mr. YANG Xudong	3/3
Mr. FAN Ye	3/3
Mr. HUANG Jianzhang	3/3
Mr. PEI Ker-Wei	
Ms. LEE Wai Tsang, Rosa	
Mr. YU Mingyuan	1/1
Mr. CHEN Bin (Resigned)	1/1

Corporate Governance Report

The Board is charged with duties as well as given powers that are expressly specified in the Articles of Association of the Company, the scope of which mainly includes, amongst others: to determine the business plans and investment proposals of the Company; to prepare the annual financial budget and final accounts of the Company; to determine the dividend policy of the Company; to appoint or dismiss senior managerial officers of the Company as well as to determine their remuneration; and to draw up proposals for any material acquisition or sale by the Company.

To assist the Board to effectively discharge its duties, the Board has set up the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Strategic Committee.

Under the Corporate Governance, the Board plays a key role in all aspects and works closely with the management. While the Board fully retains its power to decide on matters within its scope of duties and powers, relevant preparation and drawing up of work plans or proposals are usually delegated to the management.

The Company has complied with the requirements under Rules 3.10(1), (2) and 3.10A of the Listing Rules regarding the appointment of independent non-executive Directors, with three independent non-executive Directors appointed, at least one of whom possessing the appropriate professional qualification or accounting or related financial management expertise and the number of independent non-executive Directors (three) appointed represents at least one-third of Board members of the Company (a total of nine).

Pursuant to paragraph 12B of Appendix D2 to the Listing Rules, the Company had specifically inquired with all three independent non-executive Directors and received their respective annual confirmation of independence. Each of the three independent non-executive Directors of the Company confirmed that they and their immediate family members had complied with the requirements of the guidelines regarding independence under Rule 3.13 of the Listing Rules during the Period. The Company continues to consider the independent non-executive Directors to be independent.

There were no financial, business, family or other material or relevant relationships between members of the Board, including that between the Chairman and the General Manager of the Company.

Each newly appointed Director receives induction on the first occasion of his or her appointment, so as to ensure that he or she has appropriate understanding of the business and operations of the Company and that he or she is fully aware of his or her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Directors are also regularly updated on the Group's business and industry environments where appropriate in the management's monthly reports to the Board as well as briefings and materials circulated to the Board before a Board meeting.

In addition, during the Period, the Company has arranged for all its executive and non-executive Directors to undergo continuous trainings designed to develop and refresh their knowledge and skills so as to ensure that their contribution to the Board remains informed and relevant. However, as the management considers that the independent non-executive Directors of the Company are very experienced, knowledgeable and resourceful, the Company has not arranged any professional briefings or training programs for its independent non-executive Directors and has decided to leave it to the independent non-executive directors to undergo the trainings as they see fit.

The Company has formulated the “Rules of Procedure for the Board of Directors” and the “Procedure for Seeking Independent Professional Advice by Directors” to ensure that the Directors have the right and channels to seek independent professional advice. Meanwhile, the opinions of each Director are respected and the Directors are allowed to retain their individual opinions, thus helping the Board to obtain independent views and opinions. During the Period, the above mechanisms were implemented effectively.

CHAIRMAN AND GENERAL MANAGER

During the Period, Mr. YUAN Yingjie served as the Chairman and Mr. WU Wei served as the General Manager of the Company. The roles of Chairman and General Manager are fully segregated as expressly set out in the Articles of Association.

NON-EXECUTIVE DIRECTORS

Terms for the non-executive Directors of current session of the Board started on July 1, 2024 and will expire on June 30, 2027.

SPECIAL COMMITTEES UNDER THE BOARD

The Board has set up the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Strategic Committee. Roles and functions for each committee are specified in its terms of reference, details of which can be found under the “Corporate Governance” section on the Company’s website.

During the Period, Mr. CHEN Bin ceased to be an independent non-executive Director and a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company with effect from July 1, 2024, and Mr. YU Mingyuan became an independent non-executive Director and a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company with effect from July 1, 2024.

Corporate Governance Report

After the above adjustments, the composition of each of the special committees of the Board is as follows:

The Audit Committee of the Company comprises of the three independent non-executive Directors and two non-executive Directors, namely Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa, Mr. YU Mingyuan, Mr. FAN Ye and Mr. HUANG Jianzhang, of whom Mr. PEI Ker-Wei serves as the chairman of the Audit Committee.

The Nomination Committee of the Company comprises of the Chairman of the Board, the three independent non-executive Directors and one non-executive Director, namely Mr. YUAN Yingjie, Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa, Mr. YU Mingyuan and Mr. FAN Ye, of whom Mr. YUAN Yingjie serves as the chairman of the Nomination Committee.

The Remuneration Committee of the Company comprises of the three independent non-executive Directors and two non-executive Directors, namely, Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa, Mr. YU Mingyuan, Mr. FAN Ye and Mr. HUANG Jianzhang, of whom Mr. PEI Ker-Wei serves as the chairman of the Remuneration Committee.

The Strategic Committee of the Company mainly comprises of the Chairman of the Board and the two executive Directors, namely Mr. YUAN Yingjie, Mr. WU Wei and Mr. LI Wei as well as Mr. Tony ZHENG, Ms. RUAN Liya and several outside experts and advisors, of whom Mr. YUAN Yingjie serves as the chairman of the Strategic Committee.

During the Period, the Audit Committee held a total of five meetings. Individual attendances by the members of the Audit Committee (as indicated by the number of meetings attended/ number of meetings held during their tenure) are as follows:

	Attendance in person	Attendance by proxy	Attendance through communication
Mr. PEI Ker-Wei	4/5		1/5
Ms. LEE Wai Tsang, Rosa	4/5		1/5
Mr. YU Mingyuan	2/3		1/3
Mr. FAN Ye	1/5	3/5	1/5
Mr. HUANG Jianzhang	2/5	2/5	1/5
Mr. CHEN Bin (Resigned)	1/2	1/2	

At the meetings held during the Period, the Audit Committee reviewed financial statements for the quarterly, interim and annual results, and discussed the matters such as the internal audit, the effectiveness of internal control system and the improvement of total risk management of the Company and the effectiveness of the Company's internal audit function.

During the Period, the Nomination Committee held a total of two meetings. Individual attendances by the members of the Nomination Committee (as indicated by the number of meetings attended/number of meetings held during their tenure) are as follows:

	Attendance in person	Attendance by proxy	Attendance through communication
Mr. YUAN Yingjie			2/2
Mr. PEI Ker-Wei			2/2
Ms. LEE Wai Tsang, Rosa			2/2
Mr. YU Mingyuan			1/1
Mr. FAN Ye			2/2
Mr. CHEN Bin (Resigned)			1/1

During the Period, the Nomination Committee discussed, considered and approved the nomination of the proposed candidates for the 10th session of the Board of Directors, Supervisors and members of the management team of the Company by way of telecommunication. Thereafter, the proposed candidates for the 10th session of the Board of Directors, Supervisors of the Company were approved by the Board of Directors and the Shareholders' general meeting, and the proposed candidates for members of the management team were approved by the Board of Directors.

During the Period, the Remuneration Committee held a total of two meetings. Individual attendances by the members of the Remuneration Committee (as indicated by the number of meetings attended/number of meetings held during their tenure) are as follows:

	Attendance in person	Attendance by proxy	Attendance through communication
Mr. PEI Ker-Wei	1/2		1/2
Ms. LEE Wai Tsang, Rosa	1/2		1/2
Mr. YU Mingyuan	1/1		
Mr. FAN Ye		1/2	1/2
Mr. HUANG Jianzhang		1/2	1/2
Mr. CHEN Bin (Resigned)			1/1

At the meetings held during the Period, the Remuneration Committee discussed and considered and approved the proposed remuneration of the 10th Session of Directors and Supervisors, as well as the comprehensive performance evaluation and remuneration redemption plan for the Company's management for the year 2023.

Corporate Governance Report

During the Period, the Strategic Committee did not hold any meeting.

The Board of the Company is responsible for developing and reviewing the Company's corporate governance policies and practices, and monitoring the Company's compliance with the CG Code and its disclosure in this report; the Board reviews and monitors the training and continuous professional development of Directors and senior management through the works of human resources department, and reviews and monitors the Company's policies and practices in relation to the compliance with legal and regulatory requirements through the works of the discipline inspection and supervision office and the Audit and Legal Department.

The Directors have all confirmed their responsibility for preparing the accounts, and that there were no significant uncertain events or conditions which would have a material impact on the Company's ability to continue to operate as a going concern.

DIVERSIFICATION OF BOARD MEMBERS

The Company believes that the diversification of Board members is one of the key elements to maintain the Company's competitive advantage, improve business performances, and promote the Company's continued development. When determining the composition of the Board, the Company takes into consideration a number of aspects to diversify the Board members, including but not limited to gender, age, culture, education background, professional experience, work and living background, knowledge and skills, etc..

The Board attaches great importance to female directors, with the gender ratio of male and female members of 89% and 11% respectively. The Board will take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. For information on the gender ratio of all employees (including senior management), please refer to the content of "Employee rights and protection" in the "Society" section of the attached performance table of the Company's 2024 Environmental, Social and Governance Report.

The Board members have skills in multiple professional fields, such as accounting, finance, management, transportation and construction engineering, with related experience in different professional sectors. The diversified backgrounds of the Board are beneficial to the corporate governance, and related experiences satisfy the requirements for the Company's business development, which helps the Company to make important decisions.

The age distribution of the Board members of the Company is between 43 and 68. The Board members with different age groups can provide diversified sight of views and opinions.

NOMINATION POLICY

The Company's Nomination Committee is responsible for assessing the Board's structure, number of members and a diversified composition, introducing right talents when appropriate to enrich the Board and providing recommendation or suggestion on the candidates to serve as new directors of the Company to the Board when needed. The assessment as well as recommendation or suggestion above would have fully taken into consideration any pros and cons to the diversification of Board members and new perspectives, skills, expertise and experience given to the Board. (Please refer to "the Terms of Reference for Nomination Committee" under the "Corporate Governance" section on the Company's website for details)

AUDITORS' REMUNERATION

During the Period, the Company has paid approximately Rmb5.15 million and Rmb1.65 million respectively to Deloitte Touche Tohmatsu Certified Accountants (the Hong Kong auditor) and Zhejiang Pan-China Certified Public Accountants LLP (the PRC auditor) for audit services, the fees for non-audit services were about Rmb2.66 million to the Hong Kong auditor and their network members, and Rmb0.29 million for the PRC auditor and their network members respectively.

SECRETARY TO THE BOARD

During the Period, the Secretary to the Board helped the Company to maintain a sound and effective corporate governance framework, reviewed risk management and internal control systems to ensure regulatory compliance, and provided compliance advice to the Board and senior management in the decision making process. The Secretary to the Board also complied with the requirements of Rule 3.29 under the Listing Rules regarding undergoing relevant professional trainings.

DIRECTORS, SUPERVISORS AND GENERAL MANAGER' S INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2024, none of the Directors, Supervisors and General Manager had any interests or short positions 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.

Corporate Governance Report

INTERESTS AND SHORT POSITIONS OF OTHER PERSONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2024, the interests and short positions of other persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange are set out below:

Substantial Shareholders	Capacity	Numbers held in domestic shares of the Company	Percentage of 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 97,081,195 H Shares of the Company, representing 4.91% 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	109,160,789 (L)	5.52%
		37,314,00 (S)	1.89%

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

Save as disclosed above, as at December 31, 2024, no other persons had any interests or short positions in the shares or underlying shares of the Company that were required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange.

SHAREHOLDERS' RIGHTS

According to the Articles of Association of the Company, the Shareholders, alone or in aggregate, holding more than 3% of the shares of the Company can make a temporary proposal and submit the same in writing to the convener ten days prior to the date of the general meeting. The convener shall issue a supplementary notice of the general meeting within two days upon the receipt of the proposal, announcing the contents of the temporary proposal. The contents of the temporary proposal shall be within the scope of power of a general meeting, and include a clear subject and specific matters to be resolved, and shall be in compliance with the relevant provisions of laws, administrative regulations and the Articles of Association.

Shareholders who individually or collectively hold more than 10% of the Company's shares may request in writing to convene an extraordinary general meeting. Written requests, proposals and enquiries may be sent to the Company through the contact details listed on page 293 of this report.

INVESTOR RELATIONS

The Board is committed to ensuring that all shareholders and investors have equal and timely access to information about the Company so as to enable them to accurately assess the Company's fair value. Such information is available through multiple channels including financial reports, shareholders' meetings, regular and irregular announcements, the Hong Kong Stock Exchange's website (www.hkexnews.hk) and the Company's own website (www.zjec.com.cn).

Activities such as investor and analyst briefings, one-on-one meetings, conference calls, roadshows, and press conferences are held regularly by senior management of the Company, particularly after each publication of its results announcement.

Great importance is also attached to maintaining clear and effective communication channels with investors as part of the Company's bid to enhance its transparency and to promote the investors' understanding of all lines of its business. Any parties who wish to learn more about the Company may do so via the contact details listed below:

Mr. Tony Zheng
Company Secretary
Tel: 86-571-87987700
Fax: 86-571-87950329
Email: zhenghui@zjec.com.cn

Corporate Governance Report

During the Period, the Company effectively implemented the Shareholders' communication policy. The Company maintains close contact with domestic and overseas investors, and through the two-way communication mechanism of information disclosure and investor Q&A, the Company can timely understand the hot topics of market concerns while increasing investors' understanding of the Company and transmitting its investment value, providing information and reference for the Company's relevant decisions.

During the Period, the last shareholders' meeting of the Company took place at 10:00 a.m. on Tuesday, December 17, 2024 at the headquarters of the Company. Details of this extraordinary general meeting of the shareholders were set out in the announcement dated December 17, 2024 on resolutions passed at the extraordinary general meeting of the shareholders.

The next shareholders' general meeting of the Company is expected to be held in April 2025 with exact date and matters for consideration to be specified in the notice of the shareholders' general meeting when it is issued.

The Company has an issued share capital of 5,993,800,537 shares comprising of domestic shares and H Shares. The domestic shares are held by Communications Group as to 4,014,778,800 shares, representing approximately 67% of the total issued capital of the Company. The remaining 1,979,021,737 shares are H Shares, representing approximately 33% of the total issued capital of the Company. Communications Group, through its wholly-owned subsidiary, Universal Cosmos Limited, indirectly holds 97,081,195 H Shares of the Company, representing 4.91% of the issued H Shares of the Company. As at the latest practicable date prior to the issue of this annual report, based on the information that is publicly available to the Company and to the best of the Directors' knowledge, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules.

DIVIDEND POLICY

The Company has been consistently attaching great importance to the return for those shareholders who support the Company's development for a long term, by sharing its development results and maintaining a relatively stable dividend payout level. According to the Company's "Shareholders' Return Plan for the Next Three Years (2023–2025) (《未來三年(2023–2025年)股東回報規劃》)", and subject to compliance with relevant laws and regulations and other regulatory documents, the dividends for the years from 2023 to 2025 shall not be less than 75% of the distributable profits realized for the year (whichever is lower in the statements prepared under China Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards). During the Period, the dividend payout accounted for approximately 89.4% of the distributable profits realized for the year. Details of the dividend payout will be announced after the 2024 annual general meeting of the Company.

RISK MANAGEMENT, INTERNAL CONTROL AND LEGAL CONSTRUCTION

The Company has an internal control system that aims to protect assets, preserve accounting and financial information, as well as to ensure the truthfulness of financial statements, including the establishment of functional departments and units, defining duties and responsibilities, the execution of management systems and quality control mechanisms, and the management system on environment, occupational health and safety. With the system, the Company is capable of taking necessary steps to react to possible changes in its businesses as well as external operating environment. Throughout the operating process, the Company's internal control measures are being continuously enhanced, fulfilled and are deemed effective.

The Company has established an anti-corruption and whistle blowing policy. For details, please refer to "Commercial Moral" in Chapter 1 "Steady governance – Compacting the foundation of responsibility" of the Company's 2024 Environmental, Social and Governance Report.

The Company attaches great importance to risk management, by perfecting its risk management mechanism and relevant regulations, improving risk reporting mechanism, and refining its risk management manual. It also assigns the responsibilities for risk management to all branches and departments, conducts risk investigation and assessment, as well as develops risk mitigation plans and takes risk control measures in response to major risks faced by the Company.

The Company's Audit Committee is charged with the duties of monitoring and reviewing internal controls, and directs monitoring activities. Aside from reviewing the annual audit reports by external auditors, the committee also reviews the effectiveness of internal control system and risk management mechanism by reviewing the internal special audit and risk investigation on the Company's core businesses conducted by the Company's Audit and Legal Department on a regular basis. During the year, the Audit Committee focused on the implementation of the annual budget, and the use of safety funds and fixed-assets management of the Company. The Audit and Legal Department carried out specific audit into these issues and monitored rectifications thereof, thus ensuring the effective functioning of the Company's management systems.

Corporate Governance Report

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. During the Period, the Directors carried out a review on the effectiveness of the Company's internal control system, covering all material aspects of internal control, including financial control, operational control, compliance control and risk management functions. The internal control system of the Company was deemed to be effective and sufficient, and there were no material breaches in the internal control system that might have an impact to shareholders' rights and interests. The risk management of the Company was deemed to be effective and controllable. The risk management and internal control system is designed to manage rather that eliminate the risk of failure to achieve business objectives and reasonable but no absolute assurance can be provided against material misstatement.

The Board regularly listened to the Company's rule of legal construction, endeavored to promote the integration of legal corporate governance into the Company's operation and development objectives, and led the implementation of various compliance work and special administration to ensure the legality and compliance of the Company's operation and management.

DISCLOSURE OF INSIDE INFORMATION

The Company has developed a disclosure policy to provide a general guide to its directors, supervisors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access to and use of inside information are strictly prohibited.

CHANGES IN THE ARTICLES OF ASSOCIATION

During the Period, the Company has amended its Articles of Association. Pursuant to the announcement of the Company dated March 25, 2024 in relation to the amendments to the Articles of Association and the approval of the resolution in relation to the amendments to the Articles of Association at the general meeting held on May 8, 2024, the Articles of Association which came into effect after such amendments were published on May 8, 2024 on the website of the Hong Kong Stock Exchange.

MANAGEMENT FUNCTIONS

The management functions of the Board and the management are expressly stipulated in the Articles of Association of the Company. Pursuant to the Articles of Association of the Company, the management of the Company is assigned the functions to be in charge of the production and business operation of the Company, to organize the execution of resolutions of the Board, to procure the implementation of annual business plans and investment programs of the Company, to develop plans for the establishment of internal management structure of the Company, to prepare the basic management systems of the Company, and to formulate basic rules and regulations of the Company, etc..

SIGNIFICANT EVENTS OCCURRED AFTER THE END OF THE FINANCIAL YEAR

Since the end of the Period, there has not been any significant event that would have a material impact on the Company.

Directors, Supervisors and Senior Management Profiles

DIRECTORS

Mr. YUAN Yingjie

Chairman

Born in 1976, is a senior engineer. He obtained a Bachelor's degree of Engineering in Highways and Urban Roads from Xi'an University of Expressway Traffics, and both Master's and Doctoral degrees of Engineering in Roads and Railways Engineering from Chang'an University.

Since 2004, Mr. Yuan has worked in Zhejiang Highway Management Bureau and Zhejiang Department of Transportation. From 2014, he was deputy director of Construction Management Office of Zhejiang Department of Transportation. From 2017, he was deputy director of chief engineer office of Communications Group. From 2018, he was deputy general manager of the expressway construction department, deputy general manager and general manager of the expressway management department of Communications Group. Since May 2022, he is a Deputy General Manager and a Member of the Party Committee of Communications Group.

Mr. Yuan has served as a Director of the Company since 2020 and is currently the Chairman of the Company.

Mr. WU Wei

Executive Director

Born in 1969, is a professorial senior engineer with a Bachelor's Degree.

Mr. Wu started his career in July 1991. He served as Deputy General Manager and General Party Branch Secretary of Zhejiang Communications Construction Group Third Communications Construction Co., Ltd.; General Manager of Zhejiang Communications Construction Group Third Communications Construction Co., Ltd.; Deputy General Manager and Party Committee Member of Zhejiang Communications Construction Group Co., Ltd.* (浙江省交通工程建設集團有限公司); Director, General Manager and Party Committee Member of Zhejiang Communications Construction Group Co., Ltd.; Director, General Manager and Deputy Party Secretary of Zhejiang Communications Construction Group Co., Ltd.* (浙江交工集團股份有限公司, formerly known as 浙江省交通工程建設集團有限公司); Chairman and Party Secretary of Zhejiang Communications Resources Investment Co., Ltd.; Chairman and Party Secretary of Zhejiang Communications Technology Co., Ltd. (stock code: 002061. SZ); Chairman and Party Secretary of Zhejiang Communications Construction Group Co., Ltd..

Mr. Wu has served as an executive Director of the Company since 2023 and is currently also the General Manager and Party Secretary of the Company.

Mr. LI Wei

Executive Director

Born in 1969, is a senior engineer. He graduated from Lanzhou Jiaotong University with a Bachelor's Degree in Engineering. Mr. Li studied Logistics Management at Dresden University of Technology in Germany from 2004 to 2005.

Mr. Li started his career in July 1991, and served as Deputy Director of Jinhua Management Office of Zhejiang JinLiWen Expressway Co., Ltd. and Office Director, Vice Chairman of Labor Union, Deputy General Manager and Party Committee Member of Zhejiang JinLiWen Expressway Co., Ltd.. He also worked as Deputy General Manager and Party Committee Member in Zhejiang ShenSuZheWan Expressway Co., Ltd., and Deputy General Manager for each of Zhejiang ShenJiaHuHang Expressway Co., Ltd., Zhejiang Communications Investment Logistics Group Co., Ltd., Zhejiang Ningbo YongTaiWen Expressway Co., Ltd., Zhejiang Taizhou YongTaiWen Expressway Co., Ltd., Zhejiang Zhoushan Bay Bridge Co., Ltd. and Zhejiang Zhoushan Northbound Expressway Co., Ltd..

Mr. Li has served as an executive Director of the Company since 2023 and is currently also the Deputy General Manager and a Party Committee Member of the Company.

Mr. YANG Xudong

Non-Executive Director

Born in 1973, is a senior engineer. He graduated from Highway School of Chang'an University with a Doctoral Degree in Road and Railway Engineering.

Mr. Yang served as Deputy General Manager of China Merchants Expressway (Stock code: 001965.SZ), Chairman of China Merchants & China Railway Holdings Co., Ltd., and General Manager of Guangxi Huatong Expressway Co., Ltd., Guangxi Guiwu Expressway Guiyang Section Investment Construction Co., Ltd., Guangxi Guixing Expressway Investment Construction Co., Ltd. and Guilin Harbour Construction Expressway Co., Ltd.. He is currently the Director and General Manager of China Merchants Expressway. Mr. Yang also serves as Deputy Chairman of Guangxi Wuzhou Communications Co., Ltd. (Stock code: 600368. SH), Director of Anhui Expressway Co., Ltd. (Stock code: 00995.HK), Deputy Chairman of Shanxi Communications Industry Development Group Co., Ltd..

Mr. Yang has served as a non-executive Director of the Company since 2022.

Directors, Supervisors and Senior Management Profiles

Mr. FAN Ye

Non-Executive Director

Born in 1982, is an economist. He graduated from Zhejiang University with a Doctoral Degree in Economy.

Since 2010, Mr. Fan has served at the Investment Development Department of Zhejiang Economy Construction Investment Co., Ltd. Since 2013, he has served at the Railway Transportation Department of Zhejiang Economy Construction Investment Co., Ltd., and served as Assistant General Manager, General Manager of the New Industry Department of CSR Hangzhou Rail Transit Co., Ltd. Since 2014, Mr. Fan has served as Deputy General Manager of Zhejiang Economy Construction Investment Co., Ltd., and since 2018 he has been the Deputy General Manager of Zhejiang Jiaotou Real Estate Group Co., Ltd.. Since 2020, he has served as General Manager of the Industrial Investment Management Department (I) of Communications Group. Mr. Fan is currently the General Manager of the Strategic Development Department of Communications Group.

Mr. Fan has served as a non-executive Director of the Company since 2020.

Mr. HUANG Jianzhang

Non-Executive Director

Born in 1980, is a senior economist. He graduated from Zhejiang University majoring in Business Management with a Master's Degree in Management.

Mr. Huang began work in March 2005. He served as Deputy General Manager of Juhua Holdings Co., Ltd.; Manager of the Securities Department of Zhejiang Juhua Co., Ltd. (Stock code: 600160. SH); Assistant Director and Deputy Director of the Board Secretary's Office of the Company; Deputy Manager (in charge of the work) and Manager of the Investment and Development Department of the Company. Mr. Huang is currently the Deputy General Manager of the Strategic Development Department of Communications Group.

Mr. Huang has served as a non-executive Director of the Company since 2021.

Mr. PEI Ker-Wei

Independent Non-Executive Director

Born in 1957, is a Professor Emeritus in Accounting at the School of Accountancy at the W. P. Carey School of Business-Arizona State University. Mr. Pei received his Ph. D. Degree in Accounting from University of North Texas in 1986.

Mr. Pei served as the Chairman of the Globalization Committee of the American Accounting Association in 1997 and as the President of the Chinese Accounting Professors Association – North America from 1993 to 1994. Mr. Pei is currently also serves as an Independent Director of Want Want China Holdings Limited (Stock code: 00151.HK), Zhong An Group Limited (Stock code: 00672.HK) and AIM Vaccine Co., Ltd. (Stock code: 06660.HK).

Mr. Pei has served as an independent non-executive Director of the Company since 2012.

Ms. LEE Wai Tsang, Rosa

Independent Non-Executive Director

Born in 1977, has over 23 years of experience in the financial sector and is a licensed person for asset management under the Securities and Futures Ordinance ("SFO"). She holds a Master of Science in Finance from Boston College and an MBA from University of Chicago.

Ms. Lee was an Executive Director of Grand Investment International Ltd (stock code: 01160.HK) from 2005 to 2018 and was appointed as its Chairman from 2013 to 2017. Ms. Lee also served as a Director of Grand Finance Group Company Ltd from 2005 to 2019 and Chief Investment Officer of Grand Capital Holdings Co Ltd from 2019 to 2023.

Ms. Lee is currently a Director of Grand Investment (Bullion) Limited, Tianjin Yishang Friendship Holdings Company Ltd and Chief Investment Officer of Xin Yongan International Financial Holdings Limited.

Ms. Lee has served as an independent non-executive Director of the Company since 2014.

Directors, Supervisors and Senior Management Profiles

Mr. YU Mingyuan

Independent Non-Executive Director

Born in 1962, graduated from Tongji University in 1984.

Mr. Yu is currently a member of the Academic Committee and secondary researcher of the Research Institute of Highway Ministry of Transport, and is an expert entitled to special allowance from the State Council, and served as the director of the Highway Transportation Development Research Centre. Mr. Yu has long been engaged in transportation policy and strategy research, with outstanding achievements in the research fields of toll roads policy and system innovation, deepening taxi industry reform, road management system reform and investment and financing, green transport and shared travel, as well as relevant regulations of road transport, etc. Mr. Yu has led more than 40 national, provincial and ministerial scientific research projects, ministerial-level major special research as well as formulation and revision of policies and regulations for many times, and has been frequently invited to provide analysis of national and industry policies related to transport in CCTV and other mainstream media. Mr. Yu is currently an expert of the national science and technology progress award expert database, an academician of the Chinese Academy of Sciences, a high-level talent of China Association for Science and Technology, an expert of the Ministry of Transport expert database, and an expert of the Ministry of Finance PPP expert database. Mr. Yu is currently also an independent Director of Guangdong Provincial Expressway Development Co. Ltd. (Stock code: 000429. SZ) Ltd. and Hubei Chutian Smart Communication Co., Ltd. (Stock code: 600035. SH).

Mr. Yu has served as an independent non-executive Director of the Company since 2024.

Mr. CHEN Bin

Independent Non-Executive Director

Born in 1967, graduated from University of South China in Computer Science. He also holds a second Bachelor's Degree from Chongqing University in Management Engineering.

Mr. Chen worked at Tianshi Network Company of TCL Group as Deputy General Manager from 1998 to 2005, at WebEx Group in the U. S. as General Manager of China Investment from 2005 to 2006, and at Cybernaut China Investment Fund as Senior Partner from 2006 to 2008. Mr. Chen has become Chairman and Founding Partner of Zhejiang Cybernaut Investment Management Co., Ltd. since 2008.

Mr. Chen ceased to be an independent non-executive Director of the Company in July 2024.

SUPPORTERS

Mr. LU Wenwei

Supervisor Representing Shareholders

Born in 1978, is a senior accountant. He graduated from the School of Economics and Management at Zhejiang University of Technology with a Master's Degree in Management.

He began work in January 2004. He served as Auditor and Project Manager of Zhejiang Pan-China Certified Public Accountants; Supervisor of the Financial Management Department of Communications Group; General Manager Assistant, Deputy General Manager and Party Committee Member of Zhejiang Communications Investment Group Finance Co., Ltd.; Deputy General Manager of the Financial Management Department of Communications Group; Deputy General Manager and Party Committee Member of Zhejiang Road Industry City Development Group Co., Ltd..

Mr. Lu is currently the General Manager of the Financial Management Department of Communications Group.

Mr. FANG Yong

Supervisor Representing Shareholders

Born in 1982, is a senior economist. He graduated from Zhejiang University with a Bachelor's Degree in Economics.

Mr. Fang started his career in August 2002 and worked in Huzhou Mizuda Dyeing Finishing and Printing Co., Ltd. under Zhejiang Mizuda Group, Hangzhou Guoguang Pharmaceutical Co., Ltd., Chinese Peptide Co., Ltd., Zhejiang Communications Investment Group Industrial Development Co., Ltd. and Zhejiang Highway Petroleum Development Co., Ltd.. Mr. Fang joined the Company in May 2021 and served as Deputy Manager of the Company's Organization Department and Human Resources Department.

Ms. Fang is currently the Head of the Company's Party Committee Affairs Department (News Center) and a Supervisor representing Shareholders.

Directors, Supervisors and Senior Management Profiles

Mr. WANG Yubing

Supervisor Representing Employees

Born in 1969, is a senior accountant. He graduated from Shanghai University of Finance and Economics with a Bachelor's Degree.

He started his career in 1991 and worked at the audit office of East China Investigation and Design Institute. He had served as Supervisor of Finance Department of Hangzhou KFC Ltd, Principal Accountant of Finance Department of Zhejiang Liantong Leasing Co., Ltd.. Then he served as Supervisor in the Financial Planning Department, Supervisor in the Internal Audit Department, Assistant Manager and Deputy Manager of the Audit and Legal Department in the Company.

Mr. Wang is currently the Manager of Audit and Legal Department (Integrated Oversight Department) and a Supervisor Representing Employees of the Company.

Mr. LU Xinghai

Supervisor Representing Employees

Born in 1967, is a senior economist. He graduated from the Psychology Department of Hangzhou University with a Doctoral Degree in the Industrial Psychology.

Mr. Lu had served as the Manager of Human Development Department of Hangzhou Zhongcui Food Co., Ltd.; Deputy Manager of Human Resources Department of the Company and Director of Party Committee Affairs Department (News Center). Mr. Lu is currently the Consultant of Party Committee Affairs Department (News Center) of the Company.

Mr. Lu ceased to be a Supervisor Representing Employees of the Company in July 2024.

Ms. HE Meiyun

Independent Supervisor

Born in 1964, is a senior economist. She graduated from Zhejiang University in 1986 with a Bachelor's Degree in Education and later received an Executive Master of Business Admiration (EMBA) in Cheung Kong Graduate School of Business.

Ms. He had served as the Secretary of Youth League Committee at the Hangzhou Business School and as a Secretary to the Board, Deputy General Manager, General Manager and Vice Chairman at Baida Group Co., Ltd. (Stock code: 600865.SH). Ms. He also served as a General Manager of Ping An Securities Company Limited, Zhejiang Branch; Executive Deputy Director of the Professional Secretarial Committee to the board of directors of Zhejiang Provincial Listed Company Association; Deputy Secretary General of Hangzhou Joint-Stock Development Associate; an Independent Director of Lanzhou Minbai Co., Ltd. (Stock code: 600738. SH), Xilinmen Co., Ltd. (Stock code: 603008. SH), Zhejiang Fuchunjiang Environmental Thermoelectric Co., Ltd. (Stock code: 002479. SZ), Cosmos Group Co., Ltd. (Stock code: 002133. SZ), and Gujia Home Furnishing Co., Ltd. (Stock code: 603816. SH).

Ms. He currently serves as Vice Chairman of Zhejiang Shiqiang Group Co., Ltd., and an Independent Director of Gree Real Estate Co., Ltd. (Stock code: 600185.SH).

Mr. WU Qingwang

Independent Supervisor

Born in 1965, is a PRC Lawyer. He graduated from Hangzhou University with a Bachelor's Degree in Law in 1989 and later received a Master's Degree and a Doctoral Degree in Civil and Commercial Law in Southwest University of Political Science and Law in 1995 and 2004, respectively.

Mr. Wu had worked in Chun'an Justice Bureau since 1989 and in Zhejiang Securities Co., Ltd. from 1995 to 1996. Mr. Wu has been working in Zhejiang Xinyun Law Firm and is currently a Partner, specializing in civil and commercial litigation, arbitration and project negotiation. Mr. Wu is on the Panel of Arbitrators in China International Economic and Trade Arbitration Commission and Shanghai International Economic and Trade Arbitration Commission.

Directors, Supervisors and Senior Management Profiles

OTHER MEMBERS OF SENIOR MANAGEMENT

Mr. Tony H. ZHENG

Secretary to the Board

Born in 1969, graduated from University of California at Berkeley with a Bachelor of Science Degree in Civil Engineering in 1995.

Mr. Zheng has joined the Company since June 1997, and served as Deputy Director of the Secretarial Office to the Board, Assistant Company Secretary, Director of the Secretarial Office to the Board, Director of Hong Kong Representative Office and Deputy General Manager of the Company.

Mr. Zheng is currently a senior expert and Secretary to the Board of the Company. He also serves as a Director of Zhejiang Expressway International (Hong Kong) Co., Ltd..

Mr. WU Xiangyang

Born in 1972, is a professor-level senior engineer, having a Master's Degree in engineering from Chang'an University and a Bachelor's Degree in engineering from Harbin University of Civil Engineering and Architecture.

Mr. Wu started his career in 1996, and served as Assistant Manager of the Project Maintenance Department and Assistant General Manager of the Traffic Operation Management Department of Communications Group, Deputy Chief Commissioner of Hangzhou Regional Construction Commission, Hangzhou-Shaoxing Sectional Construction Commission for West Parallel Expressway of Hangzhou Ring Road, Lin'an-Jiande Sectional Construction Commission of Lin'an-Jinhua Expressway and Construction Commission of Zhejiang Jiande-Jinhua Expressway. He also worked as Deputy General Manager and a Member of the Party Committee in Hangzhou City Expressway Co., Ltd., and Deputy General Manager in Zhejiang LinJin Expressway Co., Ltd. and Zhejiang HangXuan Expressway Co., Ltd..

Mr. Wu has served the Company since 2020 and is currently the Deputy General Manager and Party Committee Member of the Company.

Mr. ZHAO Dongquan

Born in 1972, is a senior engineer, having a Bachelor's Degree in Civil Engineering from Zhejiang University of Technology.

Mr. Zhao started his career in August 1993, and served as Director of the Engineering Department of Xiaoshan Headquarter of Hangzhou-Jinhua-Quzhou Expressway, Deputy Director of the Hangzhou–Shaoxing Administrative Office at Hangjinqu Branch of Communications Group, Deputy Chief Commissioner of Hangzhou–Shaoxing Sectional of Hangzhou-Jinhua-Quzhou Expressway Widening Project Commission, Director of the Supervision and Executive Center at Hangjinqu Branch, Deputy General Manager of the Traffic Operation Management Department and Deputy General Manager of Management Department of Communications Group.

Mr. Zhao has served the Company since 2022 and is currently the Deputy General Manager and Party Committee Member of the Company.

Ms. RUAN Liya

Born in 1983, is a senior economist. She graduated from Zhejiang University with a Master's Degree in Science.

Ms. Ruan started her career in 2007, and served as Investment Supervisor of Zhejiang Jinji Real Estate Co., Ltd.. She also worked in Communications Group as Director and Assistant Manager of Investment Development Department, as well as Assistant General Manager and Deputy General Manager of Strategic Development and Legal Affairs Department.

Ms. Ruan has served the Company since 2020 and is currently the Deputy General Manager and Party Committee Member of the Company.

Directors, Supervisors and Senior Management Profiles

Mr. WANG Lijian

Born in 1980, graduated from Harbin Institute of Technology with a Master's Degree in Engineering, is a senior engineer.

Mr. Wang started his career in 2005 and had been the Director of the Heshan Office of the Foshan-kaiping Expressway Renovation and Expansion Project Management Office of Guangdong Expressway Co., Ltd.; the Supervisor of the Engineering and Maintenance Department, the Supervisor of the Traffic Operation and Management Department and the Supervisor of the Expressway Management Department of Zhejiang Communications Investment Group Co., Ltd..

Mr. Wang has served the Company since 2020 and was the Party Secretary and General Manager of Hangzhou North Management Centre. He is currently the Deputy General Manager and Party Committee Member of the Company.

Mr. JIANG Libiao

Chief Financial Officer

Born in 1971, graduated from Xi'an Jiaotong University majoring in accounting, is a senior accountant.

Mr. Jiang started his career in 1993 and has served as Manager and Assistant to the General Manager of the Planning and Finance Department of Taizhou YongTaiWen Expressway Co., Ltd. and Zhejiang Taijin Expressway Co., Ltd.; Assistant to the General Manager and Deputy General Manager of the Finance Department of Zhejiang Communications Investment Group Co., Ltd.; and Chief Financial Officer of HangShaoTai Railway Co., Ltd..

Mr. Jiang has served the Company since 2024 and is currently the Chief Financial Officer and Party Committee Member of the Company.

Ms. ZHANG Xiuhua

Born in 1969, is a senior economist. Ms. Zhang graduated from Chongqing Jiaotong University majoring in transportation management with a bachelor's degree in science, and obtained a master's degree in business administration from Zhejiang University in 2006.

From July 1991 to February 1997, she worked in the Operation Division of the Zhejiang Provincial Expressway Executive Commission. She has worked in the Company from March 1997 to May 2025, and served as Assistant General Manager, Deputy Manager, Manager of the Operation Department, and Assistant to General Manager and Deputy General Manager of the Company.

Ms. Zhang ceased to be the Deputy General Manager and a Party Committee Member of the Company in June 2024.

Mr. WANG Bingjiong

Born in 1967, graduated from the Party School of the Communist Party of China majoring in business administration. He has a title of Engineer.

Mr. Wang has worked since 1989. He had served as Deputy General Manager at the Expressway Administration Department of Communications Group. Mr Wang is currently a Director of Zhejiang Communications Investment Expressway Construction Management Co., Ltd..

Mr. Wang ceased to be the Deputy General Manager and a Party Committee Member of the Company in June 2024.

Directors, Supervisors and Senior Management Profiles

Mr. HAN Jinghua

Chairman of Labor Union

Born in 1979, graduated from the School of Economics and Management at Zhejiang University of Technology majoring in economics and management with a Master's Degree in Management, and obtained the title of economist.

Mr. Han started his career in July 2006 and served as the secretary to the office of Zhejiang Wenzhou YongTaiWen Expressway Co., Ltd., and joined Communications Group in April 2010, successively served as the assistant to the head of the secretariat of the board of directors, the deputy head, the office deputy head, the head of the secretariat of the board of directors, etc.

Mr. Han ceased to be the deputy secretary of the Party Committee, the secretary of the Discipline Committee and the Chairman of Labor Union of the Company in January 2025.

The Directors of the Company hereby present their report and the audited financial statements of the Group for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Group comprise the operation, management of high grade roads, as well as provision of security broking service and proprietary securities trading.

BUSINESS REVIEW

A review of the business of the Group and analysis of the Group's performance using key performance indicators is provided in the section headed "Management Discussion and Analysis" of this annual report.

In addition, discussions on the Group's environmental policies and performance and an account of the Group's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group and on which the Group's success depends are provided in the Company's 2024 Environmental, Social and Governance Report.

SEGMENT INFORMATION

During the Period, the entire revenue and segment profit of the Group were derived from the PRC. Accordingly, no further analysis of the revenue and segment profit by geographical area is presented. An analysis of the Group's revenue and segment profit by principal activities for the year ended December 31, 2024 is set out in note 7 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended December 31, 2024 and the state of financial position at that date are set out in the financial statements on pages 123 to 292.

The Directors have recommended the payment of a dividend of Rmb0.385 (approximately HK$0.416) per share in the year of 2024. The final dividend is subject to shareholders' approval at the 2024 annual general meeting of the Company and is expected to be paid on or around June 24, 2025. This recommendation has been incorporated in the financial statements as an allocation of retained earnings within the capital and reserves section in the consolidated statement of financial position. The dividend payout ratio reached 41.9% of profit attributable to owners of the Company during the Period. Further details of the dividends are set out in note 16 to the financial statements.

Report of the Directors

FIVE YEAR SUMMARY FINANCIAL INFORMATION

The following is a summary of the published consolidated results, and of the assets, liabilities and non-controlling interests of the Group prepared on the basis set out in the notes below.

	Year ended December 31,				
Results	**2024**	2023	2022	2021	2020
	Rmb'000	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*
			(Restated)	(Restated)	(Restated)
Revenue	**18,064,824**	16,965,024	15,331,777	16,641,414	12,723,793
Operating costs	**(10,812,360)**	(9,765,685)	(9,365,125)	(10,069,473)	(8,587,932)
Gross profit	**7,252,464**	7,199,339	5,966,652	6,571,941	4,135,861
Securities investment gains	**1,735,120**	1,024,960	679,734	1,835,563	1,611,873
Other income and gains and losses	**889,145**	907,870	2,102,751	741,549	432,177
Administrative expenses	**(160,894)**	(183,981)	(177,405)	(178,197)	(147,971)
Other expenses and impairment losses	**(186,743)**	(155,814)	(137,134)	(63,521)	(375,579)
Share of profit of associates	**939,399**	1,056,247	752,086	966,075	688,029
Share of profit of joint ventures	**130,742**	107,046	49,771	56,249	16,282
Finance costs	**(1,741,651)**	(2,104,129)	(1,894,394)	(2,075,477)	(2,246,003)
Profit before tax	**8,857,582**	7,851,538	7,342,061	7,854,182	4,114,669
Income tax expense	**(1,701,104)**	(1,229,208)	(1,039,051)	(1,873,961)	(1,160,027)
Profit for the year	**7,156,478**	6,622,330	6,303,010	5,980,221	2,954,642
Profit for the year attributable to owners of the Company	**5,501,588**	5,223,679	5,178,666	4,452,488	1,997,450
Profit for the year attributable to non-controlling interests	**1,654,890**	1,398,651	1,124,344	1,527,733	957,192
Earnings per share					
Basic (Rmb cents)	**91.79**	112.95	113.72	97.78	43.86
Diluted (Rmb cents)	**90.50**	105.32	108.33	91.54	43.64

Assets and liabilities	As at December 31, 2024 Rmb'000	2023 Rmb'000	2022 Rmb'000 (Restated)	2021 Rmb'000 (Restated)	2020 Rmb'000 (Restated)
Total assets	**217,182,367**	207,733,802	190,861,414	181,076,203	140,510,531
Total liabilities	**143,484,003**	147,328,689	141,561,200	137,362,426	104,483,697
Net Assets	**73,698,364**	60,405,113	49,300,214	43,713,777	36,026,834

Notes:

1. The consolidated results of the Group for the four years ended December 31, 2023 have been abstracted from the Company's 2023 annual report on March 25, 2024, while those for the year ended December 31, 2024 were prepared based on the consolidated statement of profit or loss and other comprehensive income as set out on page 123 of the financial report.

2. The 2024 basic earnings per share is based on the profit attributable to owners of the Company for the year ended December 31, 2024 of Rmb5,501,588,000 (2023: Rmb5,223,679,000) and the 5,993,568,000 (2023: 4,624,765,000 (weighted average calculation)) ordinary shares in issue during the year.

3. The 2024 diluted earnings per share is based on the profit for the purpose of diluted earnings per share attributable to owners of the Company for the year ended December 31, 2024 of Rmb5,459,865,000 (2023: Rmb5,172,495,000) and the 6,032,839,000 (2023: 4,911,377,000) weighted average number of ordinary shares for the purpose of diluted earnings per share during the year.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the five largest customers and suppliers of the Group accounted for less than 30% of the total turnover and purchases, respectively. The largest customer accounted for approximately 1.2% of total turnover, the largest supplier accounted for approximately 2.8% of total purchases.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

Report of the Directors

DONATION

During the Period, the total amount of donation made by the Group is Rmb9,213,000 for charitable or other purposes.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Period are set out in note 18 to the financial statements.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at December 31, 2024 are set out in note 51 to the financial statements.

RESERVES

Details of movements in the reserves of the Group during the Period are set out in the consolidated statement of changes in equity on page 127 to the financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2024, before the proposed final dividend, the Company's reserves available for distribution by way of cash or in kind, as determined based on the lower of the amount determined under PRC accounting standards and the amount determined under HKGAAP, amounted to Rmb9,899,899,000. In addition, in accordance with the Company Law of the PRC, the amount of approximately Rmb8,095,550,000 standing to the credit of the Company's share premium account as prepared in accordance with the PRC accounting standards was available for distribution by way of capitalization issues.

TRUST DEPOSITS

As at December 31, 2024, other than the deposits placed with a non-bank financial institution of Rmb2,919,410,000 the Group's deposits have been placed with commercial banks in the PRC and the Group has not encountered any difficulty in the withdrawal of funds.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

DIRECTORS

The Directors of the Company during the Period and as at the date of this report are:

CHAIRMAN

Mr. YUAN Yingjie

EXECUTIVE DIRECTORS

Mr. WU Wei
Mr. LI Wei

NON-EXECUTIVE DIRECTORS

Mr. YANG Xudong
Mr. FAN Ye
Mr. HUANG Jianzhang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. PEI Ker-Wei
Ms. LEE Wai Tsang, Rosa
Mr. YU Mingyuan (Appointed, with effect from July 1, 2024)
Mr. CHEN Bin (Resigned, with effect from July 1, 2024)

Report of the Directors

DIRECTORS’ AND SENIOR MANAGEMENT’S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 58 to 70 in the Company’s annual report.

DIRECTORS’ SERVICE CONTRACTS

Directors have entered into a service agreement with the Company, with effect from July 1, 2024 to June 30, 2027.

Save as disclosed above, none of the Directors and Supervisors has entered into any service agreement with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS’ AND SUPERVISORS’ INTERESTS IN CONTRACTS

As at December 31, 2024 or during the Period, none of the Directors or Supervisors or any entity connected with the Directors or Supervisors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party.

DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE’S RIGHTS TO SUBSCRIBE FOR SHARES OR DEBENTURES

At no time during the year were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director, Supervisor and chief executive or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable any such persons to acquire such rights in any other body corporate.

SHARE CAPITAL

During the Period, due to the conversion of H share convertible bonds, the Company’s issued share capital increased from 5,993,498,010 shares to 5,993,800,537 shares.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights in the Company's Articles of Association or the laws of the PRC which would require the Company to offer new shares on a pro rata basis to existing Shareholders.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save for their respective interests in the Group, none of the directors and controlling shareholders of the Company was interested in any business which competes or is likely to complete with the businesses of the Group for the Period.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, there is no contract of significance entered into between the Company, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries.

TAXATION AND TAX RELIEF

According to a Notice issued jointly by PRC Ministry of Finance and State Administration of Taxation regarding individual income tax policies (Caishuizi [1994] No.020), the dividend incomes received by foreign individuals from a foreign-invested enterprise are exempt from individual income tax.

As stipulated by a Notice issued by the PRC State Administration of Taxation in relation to the withholding and payment of enterprise income tax by Chinese resident enterprises for payment of dividend to H shareholders Who are overseas non-resident enterprises (Guoshuihan [2008] No.897), the Company as a Chinese resident enterprises is required to withhold 10% enterprise income tax when it distributes dividends for the year 2008 and thereafter to all non-resident enterprise holders of H Shares of the Company (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise holders of H Shares) whose names appear on the H Share register of members of the Company on the record date.

Report of the Directors

Dividends payable to the Shareholders who are mainland individual investors or corporate investors investing in the H Shares via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect will be paid in Rmb by China Securities Depository and Clearing Corporation Limited Shanghai Branch ("CSDC Shanghai Branch") or Shenzhen Branch ("CSDC Shenzhen Branch") as entrusted by the Company.

According to the requirements of the "Notice on Taxation Policies Concerning the Shanghai-Hong Kong Stock Connect Pilot Program (Finance Tax [2014] No. 81 (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and "Notice on Taxation Policies Concerning the Shenzhen-Hong Kong Stock Connect Pilot Program (Finance Tax [2016] No. 127) 及《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號) jointly published by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission, the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect tax arrangements are as follows: (i) for Chinese Mainland individual investors who invest in the H Shares via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax at the rate of 20% in the distribution of final dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Company Limited for tax credit relating to the withholding tax already paid abroad; and (ii) for Chinese Mainland securities investment funds that invest in the H Shares via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax in the distribution of final dividend pursuant to the foregoing provisions.

For Chinese mainland corporate investors that invest in the H Shares via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, the Company will not withhold the income tax in the distribution of final dividend and such investors shall file the tax returns on their own.

Under current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Shareholders of the Company are taxed and/or enjoy tax relief in accordance with the aforementioned regulations.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, the Company has maintained sufficient amount of public float as required under the Listing Rules.

DIRECTORS' PERMITTED INDEMNITY PROVISION

The Company purchased appropriate liability insurance coverage for the directors, supervisors and senior management members of the Group during the year ended December 31, 2024 against all actions, costs, charges, losses, damages and expenses which they or any of them may sustain or incur in connection with their duties or the exercise of their powers.

AUDITORS

Deloitte Touche Tohmatsu Certified Public Accountants Hong Kong, who has served as the Company's Hong Kong auditors since 2005, retired during the period and a resolution for the appointment of Ernst & Young as Hong Kong auditors of the Company was considered and approved at the extraordinary general meeting held on December 17, 2024.

By Order of the Board
YUAN Yingjie
Chairman

Hangzhou, Zhejiang Province, the PRC
March 24, 2025

Report of the Supervisory Committee

During the Period, the Supervisory Committee duly performed its supervisory responsibilities, and safeguarded the legitimate interests of the shareholders and the Company in accordance with relevant rules and regulations under the Company Law of the People's Republic of China, the Company's Articles of Association and the Rules of Procedure of the Supervisory Committee.

Main tasks undertaken by the Supervisory Committee during the Period were to assess and supervise lawfulness and appropriateness of the activities of the Directors, General Manager and other senior management of the Company in their business decision-making and daily management processes, through a combination of activities including holding meetings of the Supervisory Committee and sitting in on general meetings of shareholders and meetings of the Board. The Supervisory Committee discussed and reviewed the financial statements to be submitted by the Board to the general meeting of shareholders after carefully examining the operating results and the financial position of the Company.

During the Period, the Supervisory Committee held a total of two supervisory meetings, and attended seven Board meetings and three general meetings, and had no objection to the contents of the reports and proposals submitted by the Board of the Company to the general meetings of shareholders for consideration. The Supervisory Committee considered that the Company's operations were in strict compliance with the Company Law, the Company's Articles of Association and the relevant national provisions, that all decision-making procedures were legitimate, and that the Company had sound internal control functions and personnel and all operating activities were regulated in an orderly manner. The Supervisory Committee of the Company supervised the implementation of the resolutions passed at the general meetings of shareholders, and believed that the Board of the Company was able to conscientiously implement the relevant resolutions of general meetings. The management of the Company has earnestly executed the relevant decisions and plans of the Board. The Company's management conscientiously implemented the decisions and arrangements of the board of directors. The Company actively responded to the complex environment, continued to deepen the transformation of its core business operations, effectively promoted quality and efficiency improvements across the whole business, successfully completed the acquisition of the remaining equity interest in Yonglan Expressway, and gradually formed an industrial breakthrough represented by smart transportation and the integration of transportation and energy.

The Supervisory Committee has reviewed the financial statements of the Company for 2024 prepared by the Board for submission to the general meeting of shareholders, and concluded that the financial statements accurately reflected the financial position of the Company in 2024, and complied with the relevant laws, regulations and the Company's Articles of Association. The Company maintained a relatively stable dividend payout, providing satisfactory returns to its shareholders.

During the Period, the Supervisory Committee considered that the connected transactions of the Company were fair and reasonable without prejudice to the interests of the shareholders and the Company.

During the Period, the members of the Board, General Manager and other senior management of the Company complied with their fiduciary duties and acted in good faith and diligently while performing their responsibilities. There was no incident of abuse of power or infringement of the interests of shareholders or employees.

The Supervisory Committee is satisfied with the performance across various lines of business achieved by the Board and the management of the Company during the Period.

By the order of the Supervisory Committee
LU Wenwei
Chairman of the Supervisory Committee

Hangzhou, Zhejiang Province, the PRC
March 24, 2025

Connected Transactions

During the year ended December 31, 2024, the Company had the following non-exempt connected transactions and continuing connected transactions.

CONNECTED TRANSACTIONS

1. Connected Transactions with ZJIC

(i) Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract and Highway Expansion Initial Research Project Contract

On January 12, 2024, the relevant management offices of the Company and the relevant management office of Shangsan Co entered into the project contracts which consist of a blind spot remediation and proactive control construction of emergency projects contract (the "Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract") and a highway expansion initial research project contract (the "Highway Expansion Initial Research Project Contract") with ZJIC, respectively.

Pursuant to the Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract, the relevant management office of the Company agreed to engage ZJIC for services in relation to enhancing exterior roadside sensor capabilities and acoustic-light warning system embedded along Guali to Hongken Interchange Section of Hangzhou-Ningbo Expressway, as well as integrating the existing exterior equipment for centralized management of the sensor system of K192 to K197 Hangzhou Section of Hangzhou-Ningbo Expressway at a consideration of Rmb2,547,400. Pursuant to the Highway Expansion Initial Research Project Contract, the relevant management office of Shangsan Co agreed to engage ZJIC for research services in relation to the expansion initial research project of Shangsan Expressway at a consideration of Rmb912,000. Please refer to the announcement of the Company dated January 12, 2024 for details.

Communications Group is the Controlling Shareholder of the Company. ZJIC, as a 55.08% owned subsidiary of Communications Group, is a Connected Person of the Company and as a result, the transactions contemplated under the Blind Spot Remediation and Proactive Control Construction of the Emergency Projects Contract and the Highway Expansion Initial Research Project Contract constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract and the Highway Expansion Initial Research Project Contract were required to be aggregated with a total of 13 transactions entered into or completed within a 12-month period prior to the date of the Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract and the Highway Expansion Initial Research Project Contract between the Group and ZJIC in relation to design and construction services for expressways, for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract and the Highway Expansion Initial Research Project Contract, after aggregating with the abovementioned previous transactions, are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(ii) Feasibility Study Contract, Surveying and Design Contract and Full-Process Consultation Contract

On February 9, 2024, Jinhua Co, a wholly-owned subsidiary of the Company, entered into a feasibility study contract (the "Feasibility Study Contract") and a surveying and design contract (the "Surveying and Design Contract") with ZJIC. On the same date, Zhajiasu Co, a non-wholly owned subsidiary of the Company, entered into a full-process consultation contract (the "Full-Process Consultation Contract") with ZJIC.

Pursuant to the Feasibility Study Contract and Surveying and Design Contract, Jinhua Co agreed to engage ZJIC for feasibility study of the reconstruction and expansion project, as well as surveying and design of the reconstruction and expansion project of the Ningbo-to-Jinhua Section (Jinhua Section) of the Ningbo-Jinhua Expressway at the consideration of Rmb15,111,609 and RMB196,807,390, respectively. Pursuant to the Full-Process Consultation Contract, Zhajiasu Co agreed to engage ZJIC for full-process consultation services for the reconstruction and expansion project of the Nanhu Interchange to Zhejiang-Jiangsu Boundary Section of the Zhajiasu Expressway at the consideration of Rmb86,370,465. Please refer to the announcement of the Company dated February 9, 2024 for details.

Connected Transactions

ZJIC, as a 55.08% owned subsidiary of Communications Group, is a Connected Person of the Company and as a result, the transactions contemplated under the Feasibility Study Contract, the Surveying and Design Contract and the Full-Process Consultation Contract constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Feasibility Study Contract, the Surveying and Design Contract and the Full-Process Consultation Contract are more than 0.1% but less than 5%, which are subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(iii) Digital Transformation Project Contract and Electromechanical System Upgrade Design Project Contract

On September 5, 2024, the information center of the Company (a branch office of the Company) entered into a digital transformation project contract (the "Digital Transformation Project Contract") with, among others, ZJIC, pursuant to which the information center of the Company agreed to engage ZJIC for compilation of the expressway section, project feasibility study materials, as well as all other technical consultation work in relation to digitalization and transformation of the traditional transportation infrastructure. The service fee payable to ZJIC is Rmb3,490,000. On the same day, LongLiLiLong Co, a wholly owned subsidiary of the Company, entered into an electromechanical system upgrade design project contract (the "Electromechanical System Upgrade Design Project Contract") with ZJIC, pursuant to which LongLiLiLong Co agreed to engage ZJIC for the upgrade and transformation of the electromechanical systems involving toll collection system, monitoring system and communication system of LongLiLiLong Expressway and HuangQuNan Expressway. The expected service fee payable to ZJIC is Rmb699,262. Please refer to the announcement of the Company dated September 5, 2024 for details.

ZJIC is a 55.08% owned subsidiary of Communications Group, and is therefore a Connected Person of the Company and as a result, the transactions contemplated under the Digital Transformation Project Contract and the Electromechanical System Upgrade Design Project Contract constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the Digital Transformation Project Contract and the Electromechanical System Upgrade Design Project Contract were required to be aggregated with a total of 12 transactions entered into or completed within a 12-month period prior to the date of the Digital Transformation Project Contract and the Electromechanical System Upgrade Design Project Contract between the Group and ZJIC in relation to the provision of expressway related construction, design and consultation services, for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Digital Transformation Project Contract and the Electromechanical System Upgrade Design Project Contract, after aggregating with the abovementioned previous transactions, are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(iv) Road Infrastructure Improvement Project Contracts and Distributed Photovoltaic Power Station Construction Project Contract

On November 29, 2024, the relevant subsidiaries and management offices of the Company entered into a road infrastructure improvement project contracts (the "Road Infrastructure Improvement Project Contracts") with the consortium formed by ZJIC (as the leading party of the consortium) and Maintenance Co/Zhejiang Shunchang for upgrade of the road infrastructure of relevant expressways of the Group. The aggregate service fee is Rmb20,306,867. On the same day, Zhoushan Co, a non-wholly owned subsidiary of the Company, and ZJIC entered into a distributed photovoltaic power station construction project contract (the "Distributed Photovoltaic Power Station Construction Project Contract"), pursuant to which, ZJIC, as the contractor, shall be responsible for construction of distributed photovoltaic power station for Ningbo-Zhoushan Expressway. The expected service fee is Rmb23,392,880. Please refer to the announcement of the Company dated November 29, 2024 for details.

Connected Transactions

ZJIC, Maintenance Co and Zhejiang Shunchang are subsidiaries of Communications Group. Accordingly, ZJIC, Maintenance Co and Zhejiang Shunchang are Connected Persons of the Company and the transactions contemplated under the Road Infrastructure Improvement Project Contracts and the Distributed Photovoltaic Power Station Construction Project Contract constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the Road Infrastructure Improvement Project Contracts and the Distributed Photovoltaic Power Station Construction Project Contract were required to be aggregated with a total of the 13 transactions entered into or completed within a 12-month period prior to the date of the Road Infrastructure Improvement Project Contracts and the Distributed Photovoltaic Power Station Construction Project Contract between the Group and ZJIC in relation to the provision of expressway related construction, design and consultation services, for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Road Infrastructure Improvement Project Contracts and the Distributed Photovoltaic Power Station Construction Project Contract, after aggregating with the abovementioned previous transactions, are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. Connected Transactions with Zhejiang Information

(i) Network Toll Collection System Upgrade and Renovation Contracts

On April 30, 2024, the relevant subsidiaries of the Company entered into the network toll collection system upgrade and renovation contracts (the "Network Toll Collection System Upgrade and Renovation Contracts") with Zhejiang Information to engage Zhejiang Information for update and renovation of network toll collection system of the Group at the consideration of Rmb26,845,079.86. Please refer to the announcement of the Company dated April 30, 2024 for details.

Zhejiang Information, as a 65.85% owned subsidiary of Communications Group, is a Connected Person of the Company and as a result, the transactions contemplated under the Network Toll Collection System Upgrade and Renovation Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the Network Toll Collection System Upgrade and Renovation Contracts were required to be aggregated with a total of 4 transactions entered into or completed within a 12-month period prior to the date of the Network Toll Collection System Upgrade and Renovation Contracts between the Group and Zhejiang Information in relation to the provision of information technology services and mechanical and electrical engineering services, for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Network Toll Collection System Upgrade and Renovation Contracts, after aggregating with the abovementioned previous transactions, are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(ii) Expressway Electromechanical System Upgrade and Transformation Agreements

On September 24, 2024, LongLiLiLong Co, a wholly owned subsidiary of the Company, entered into the expressway electromechanical system upgrade and transformation agreements (the "Expressway Electromechanical System Upgrade and Transformation Agreements") with Zhejiang Information to engage Zhejiang Information for the provision of a series of services to provide upgrade and transformation services for the electromechanical systems of LongLiLiLong Expressway and HuangQuNan Expressway.

Zhejiang Information, as a 65.85% owned subsidiary of Communications Group, is a Connected Person of the Company and as a result, the transactions contemplated under the Expressway Electromechanical System Upgrade and Transformation Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Connected Transactions

Pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, the transactions contemplated under the Expressway Electromechanical System Upgrade and Transformation Agreements were required to be aggregated with a total of 4 transactions entered into or completed within a 12-month period prior to the date of the Expressway Electromechanical System Upgrade and Transformation Agreements between the Group and Zhejiang Information in relation to the provision of information technology services and mechanical and electrical engineering services, for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Expressway Electromechanical System Upgrade and Transformation Agreements, after aggregating with the abovementioned previous transactions, are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(iii) Electromechanical System Upgrade and Renovation Project Contracts and Illuminated Signboards Maintenance Project

On December 31, 2024, the relevant subsidiaries of the Company entered into the electromechanical system upgrade and renovation project contracts (the "Electromechanical System Upgrade and Renovation Project Contracts") with Zhejiang Information for upgrade and renovation of the electromechanical systems of the relevant expressways of the Group at the aggregate consideration of Rmb4,934,435.11. On the same day, the information center of the Company (a branch of the Company) entered into the illuminated signboards maintenance project contract (the "Illuminated Signboards Maintenance Project") with Zhejiang Information for maintenance of the illuminated signboards of Shanghai-Hangzhou-Ningbo Expressway at the consideration of Rmb215,000. Please refer to the announcement of the Company dated December 31, 2024 for details.

Zhejiang Information, as a 65.85% owned subsidiary of Communications Group, is a Connected Person of the Company and as a result, the transactions contemplated under the Electromechanical System Upgrade and Renovation Project Contracts and the Illuminated Signboards Maintenance Project with Zhejiang Information constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 to Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the Electromechanical System Upgrade and Renovation Project Contracts and the Illuminated Signboards Maintenance Project were required to be aggregated with a total of 6 transactions entered into or completed within a 12-month period prior to the date of the Electromechanical System Upgrade and Renovation Project Contracts and the Illuminated Signboards Maintenance Project between the Group and Zhejiang Information in relation to the provision of information technology services and mechanical and electrical engineering services, for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Electromechanical System Upgrade and Renovation Project Contracts and the Illuminated Signboards Maintenance Project with Zhejiang Information, after aggregating with the abovementioned previous transactions, are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

3. Data Processing and Storage Project Contract

On April 12, 2024, Zhijiang Intelligent Communications, a non-wholly owned subsidiary of the Company, entered into a data processing and storage project contract (the "Data Processing and Storage Project Contract") with HangNing Co, pursuant to which Zhijiang Intelligent Communications was engaged by HangNing Co to provide services to develop and deploy software algorithms for data processing and storage with respect to HangNing Expressway at the consideration of Rmb8,500,000. Please refer to the announcement of the Company dated April 12, 2024 for details.

HangNing Co, being an associate of Communications Group, is a Connected Person of the Company and as a result, the transaction contemplated under the Data Processing and Storage Project Contract constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Connected Transactions

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, the transaction contemplated under the Data Processing and Storage Project Contract was required to be aggregated with a total of 26 transactions entered into or completed within a 12-month period prior to the date of the Data Processing and Storage Project Contract between the Group and various associates of Communications Group in relation to provision of development and sales of software and data processing services, for the calculation of the relevant percentage ratios to determine the classification of the transaction contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transaction contemplated under the Data Processing and Storage Project Contract, after aggregating with the abovementioned previous transactions, are more than 0.1% but less than 5%, the transaction contemplated thereunder is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

4. Termination Agreement of Hotel Entrusted Management Agreement

Reference is made to the announcement of the Company dated March 31, 2023 in relation to the hotel entrusted management agreement as supplemented and amended from time to time (the "Hotel Entrusted Management Agreement") with Communication Holding, pursuant to which the Company and Zhejiang Grand Hotel entrusted Communication Holding to take over the operation and management of the Hotel for an agreed term. The transaction amount under the Hotel Entrusted Management Agreement is subject to the attainment of performance commitment by Communication Holding. Communication Holding will receive from the Company/Zhejiang Grand Hotel the relevant amount if it satisfies the performance commitment. On the contrary, if Communication Holding fails to satisfy the performance commitment, it shall undertake the compensation obligations to the Company/Zhejiang Grand Hotel. In addition, either party thereof is entitled to terminate the agreement if the compensation obligation is triggered, pursuant to which Communication Holding initiated the termination of the Hotel Entrusted Management Agreement.

On September 9, 2024, the Company, Communication Holding and Zhejiang Grand Hotel entered into an agreement (the "Termination Agreement") to terminate the Hotel Entrusted Management Agreement and, among others, agree that:

(i) Management fees: the management fee payable by Zhejiang Grand Hotel to Communication Holding under the Termination Agreement is calculated as 5% of the revenue of Zhejiang Grand Hotel for the relevant year. For the year of 2023, the revenue of Zhejiang Grand Hotel was RMB41,759,004.90, and consequently management fee was RMB2,087,950.25. The management fee for the year of 2024 will be based on the revenue of Zhejiang Grand Hotel from January to May 2024 verified by a special audit.

(ii) GOP compensation: For the year of 2023, the agreed GOP commitment value was RMB21.06 million, while the actual GOP value was RMB-2,208,724.32. As adjusted after taking into account the management fee, the impact of renovations and the performance of Qianjiang Branch Company of Zhejiang Grand Hotel, the management of which has not been entrusted to Communication Holding, the GOP compensation payable by Communication Holding to Zhejiang Grand Hotel amounts to RMB17,433,387.05. For the year of 2024, the agreed GOP commitment value was RMB24.97 million, which was further reduced by RMB2.5 million for the commercial part not in operation, resulting in the final agreed GOP commitment of RMB22.47 million and the proportionate final agreed GOP commitment of RMB9,331,803.28 for the period of January to May 2024. The GOP compensation payable by Communication Holding to Zhejiang Grand Hotel for the period of January to May 2024 will be based on the actual GOP value for that period verified by a special audit, after deducting the management fee.

Please refer to the announcement of the Company dated September 9, 2024 for details.

Communication Holding, being a wholly-owned subsidiary of Communications Group, is a Connected Person of the Company. As a result, the receipt of GOP compensation from Communication Holding and the transaction contemplated under the Termination Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the highest applicable percentage ratios calculated pursuant to the Listing Rules in respect of entering into the Termination Agreement and the transaction contemplated thereunder are more than 0.1% but less than 5%, entering into the Termination Agreement and the transaction contemplated thereunder constitute connected transactions of the Company under the Listing Rules, and are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Connected Transactions

5. Huihang Expressway Emergency Repair Engineering Contract

On September 13, 2024, Huihang Co, a wholly-owned subsidiary of the Company, and Jiaogong Maintenance entered into the Huihang Expressway Emergency Repair Engineering Contract (the "Huihang Expressway Emergency Repair Engineering Contract"), pursuant to which, Jiaogong Maintenance agreed to undertake the emergency repair engineering project for the G56w325 High Embankment of Huihang Expressway to address slope collapse caused by severe weather and ensure safe and smooth vehicle travel at the consideration of Rmb21,391,973. Please refer to the announcement of the Company dated September 13, 2024 for details.

Jiaogong Maintenance is an indirect non-wholly owned subsidiary of Communications Group and is therefore a Connected Person of the Company. As such, the transaction contemplated under the Huihang Expressway Emergency Repair Engineering Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transaction contemplated under the Huihang Expressway Emergency Repair Engineering Contract is more than 0.1% but less than 5%, the transaction contemplated thereunder is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

6. External Pipe Network in the Service Areas Maintenance Contracts

On November 29, 2024, LongLiLiLong Co, a wholly-owned subsidiary of the Company, entered into an external pipe network in the service areas maintenance contracts (the "External Pipe Network in the Service Areas Maintenance Contracts") with, among others, Zhejiang Shunchang, pursuant to which Zhejiang Shunchang agreed to undertake the maintenance and renovation of the external pipe network in the Service Areas at the aggregate consideration of Rmb15,689,883. Please refer to the announcement of the Company dated November 29, 2024 for details.

Zhejiang Shunchang is an indirect non-wholly owned subsidiary of Communications Group. As a result, Zhejiang Shunchang is a Connected Person of the Company and the transactions contemplated under the External Pipe Network in the Service Areas Maintenance Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the External Pipe Network in the Service Areas Maintenance Contracts were required to be aggregated with a total of 25 transactions entered into or completed within a 12-month period prior to the date of the External Pipe Network in the Service Areas Maintenance Contracts between the Group and Zhejiang Shunchang in relation to the provision of building maintenance services, for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the External Pipe Network in the Service Areas Maintenance Contracts, after aggregating with the abovementioned previous transactions, are more than 0.1% but less than 5%, the transactions contemplated under the External Pipe Network in the Service Areas Maintenance Contracts are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

7. Traffic Safety Project Maintenance Contracts

On December 2, 2024 and on December 17, 2024, relevant subsidiaries, branch and management offices of the Company entered into a traffic safety project maintenance contracts (the "Traffic Safety Project Maintenance Contracts") with Zhejiang Shunchang, Maintenance Co and Jiaogong Maintenance, respectively, pursuant to which Zhejiang Shunchang, Maintenance Co and Jiaogong Maintenance undertake to provide traffic safety project maintenance for relevant expressways of the Group at the aggregate consideration of Rmb3,987,570 for contracts dated December 2, 2024 and the aggregate consideration of Rmb10,056,412.16 for contracts dated December 17, 2024. Please refer to the announcements of the Company dated December 2, 2024 and December 17, 2024 respectively for details.

Each of Zhejiang Shunchang, Maintenance Co and Jiaogong Maintenance is a subsidiary of Communications Group. Therefore, each of Zhejiang Shunchang, Maintenance Co and Jiaogong Maintenance is a Connected Person of the Company and as a result, the transactions contemplated under the Traffic Safety Project Maintenance Contracts constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Connected Transactions

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the Traffic Safety Project Maintenance Contract dated December 2, 2024 were required to be aggregated with a total of 2 continuing connected transactions entered into or completed within a 12 month period prior to such date and the respective transactions contemplated under the Traffic Safety Project Maintenance Contract dated December 17, 2024 were required to be aggregated with a total of 2 continuing connected transactions and one connected transaction entered into or completed within a 12 month period prior to such date respectively, between the Group and Zhejiang Shunchang, Maintenance Co and Jiaogong Maintenance in relation to the provision of expressway maintenance services, for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Traffic Safety Project Maintenance Contracts at respective dates, after aggregating with the abovementioned respective previous transactions, are more than 0.1% but less than 5%, the transactions contemplated under the respective Traffic Safety Project Maintenance Contracts are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

8. Toll Stations Comprehensive Rectification Project Contracts and Comprehensive Road Facility Improvement Project Contract with the Consortium formed by ZJIC and Zhejiang Shuchang

On December 20, 2024, the relevant subsidiaries and management offices of the Company entered into the toll stations comprehensive rectification project contracts (the "Toll Stations Comprehensive Rectification Project Contracts") with the consortium formed by ZJIC and Zhejiang Shuchang (the "Consortium") to integrate and update the ancillary facilities in the toll stations of relevant expressways of the Group at the aggregate consideration of Rmb6,771,698. On the same day, the relevant subsidiaries and management offices of the Company entered into the comprehensive road facility improvement project contracts (the "Comprehensive Road Facility Improvement Project Contract") with the Consortium to undertake infrastructure improvements and accident prevention measures at the aggregate consideration of Rmb4,866,703. Please refer to the announcement of the Company dated December 20, 2024 for details.

ZJIC and Zhejiang Shunchang are subsidiaries of Communications Group, the controlling shareholder of the Company. Accordingly, ZJIC and Zhejiang Shunchang are Connected Persons of the Company and the transactions contemplated under the Toll Stations Comprehensive Rectification Project Contracts and the Comprehensive Road Facility Improvement Project Contract with the Consortium constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the Toll Stations Comprehensive Rectification Project Contracts and the Comprehensive Road Facility Improvement Project Contract with the Consortium were required to be aggregated with a total of 16 transactions entered into or completed within a 12-month period prior to the date of such agreements with the Consortium between the Group and ZJIC/ZJIC-lead consortium in relation to the provision of expressway related construction, design and consultation services, for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Toll Stations Comprehensive Rectification Project Contracts and the Comprehensive Road Facility Improvement Project Contract with the Consortium, after aggregating with the above mentioned previous transactions, are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Connected Transactions

CONTINUING CONNECTED TRANSACTIONS

1. Deposit Services with Zhejiang Communications Finance

Pursuant to the financial services agreement dated March 18, 2019 (the "Financial Services Agreement") together with a supplemental agreement entered into between the Company and Zhejiang Communications Finance, pursuant to which Zhejiang Communications Finance agreed to provide the Company and its subsidiaries with a range of financial services including the provisions of certain deposit services (the "Deposit Services") for a term of three years commencing from March 30, 2019, subject to the terms and conditions provided therein. Please refer to the announcement of the Company dated March 18, 2019 and the circular dated April 15, 2019 for details.

Since the Financial Services Agreement expired on March 29, 2022, on March 25, 2022, the Company entered to the new financial services agreement (the "New Financial Services Agreement"), together with a supplemental agreement on a later date, among others, to revise the annual caps for the Deposit Services to Rmb3,000,000,000 (including any interest accrued thereon) (the "Financial Services Supplemental Agreement"), with Zhejiang Communications Finance for renewal of the terms of the Financial Services Agreement for a term of three years commencing from March 30, 2022 and ending March 29, 2025. Save as otherwise provided, all terms and conditions under the Financial Services Agreement remained substantially unchanged. Please refer to the announcement of the Company dated March 25, 2022 for details.

As the issued share capital of Zhejiang Communications Finance is owned as to 79.92% and 20.08% by Communications Group and the Company, respectively, Zhejiang Communications Finance is a Connected Person of the Company. As such, under the Chapter 14A of the Listing Rules, the provision of Deposit Services under the New Financial Services Agreement and the Financial Services Supplemental Agreement constitutes a continuing connected transaction for the Company.

Pursuant to the New Financial Services Agreement, the Deposit Services to be provided by Zhejiang Communications Finance to the Company and its subsidiaries include the current deposit, time deposit, call deposit and agreement deposit services. The Deposit Services would be provided under the New Financial Services Agreement on a non-exclusive basis and the Company and its subsidiaries were entitled to determine whether to accept the Deposit Services provided by Zhejiang Communications Finance or decide to accept deposit services provided by other financial institutions. The Company and its subsidiaries were not obliged to accept any Deposit Services provided by Zhejiang Communications Finance.

The interest rate to be paid by Zhejiang Communications Finance for the deposits of the Company and its subsidiaries with Zhejiang Communications Finance shall be determined based on the prevailing deposit interest rate promulgated by the People's Bank of China for the same period and should not be lower than the deposit interest rates offered by major commercial banks in the PRC for comparable deposits of comparable periods. The maximum amount of the daily deposit balance (including any interest accrued thereon) for the deposits of the Company and its subsidiaries with Zhejiang Communications Finance shall not be more than Rmb1,200,000,000 and Rmb3,000,000,000 respectively under the New Financial Services Agreement and the Financial Services Supplemental Agreement during the term thereof.

As the highest applicable percentage ratio in respect of the Deposit Services under the New Financial Services Agreement was more than 0.1% but less than 5%, such transaction was subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Meanwhile, as the highest applicable percentage ratio in respect of the revised annual caps for the Deposit Services under the Financial Services Supplemental Agreement was more than 5% but less than 25%, such transaction constitutes a non-exempt continuing connected transaction subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Period, the maximum amount of the daily deposit balance (including any interest accrued thereon) for the deposits of the Company and its subsidiaries with Zhejiang Communications Finance under the New Financial Services Agreement together with the Financial Services Supplemental Agreement amounted to Rmb2,991,086,000.

2. Expressway Mechanical and Electrical System Maintenance Agreements

On May 31, 2021, LongLiLiLong Co, entered into the expressway mechanical and electrical system maintenance agreements with Zhejiang Information (the "Expressway Mechanical and Electrical System Maintenance Agreements"), pursuant to which LongLiLiLong Co agreed to purchase, and Zhejiang Information agreed to provide, certain expressway mechanical and electrical system maintenance services. The term of the Expressway Mechanical and Electrical System Maintenance Agreements is three years until May 30, 2024. The annual service fees payable by LongLiLiLong Co to Zhejiang Information would be Rmb4,829,647.84, which amount to Rmb14,488,943.52 in total for three years. The annual cap on the aggregate service fees payable by LongLiLiLong Co under Expressway Mechanical and

Connected Transactions

Electrical System Maintenance Agreements was Rmb5,000,000. Please refer to announcement of the Company dated May 31, 2021 for details.

As set out above, Zhejiang Information is a Connected Person of the Company and as a result, the transactions under the Expressway Mechanical and Electrical System Maintenance Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 to Rule 14A.83 of the Listing Rules, the respective transactions contemplated under the Expressway Mechanical and Electrical System Maintenance Agreements were required to be aggregated with the respective transactions contemplated under the agreements entered into between or among the Group and Zhejiang Information in relation to mechanical and electrical engineering services dated March 16, 2020, October 14, 2020 and December 16, 2020, respectively.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Expressway Mechanical and Electrical System Maintenance Agreements, after aggregating such previous agreements, was more than 0.1% but less than 5%, the transactions under the Expressway Mechanical and Electrical System Maintenance Agreements were subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total annual service fees payable by LongLiLiLong Co to Zhejiang Information under the Expressway Mechanical and Electrical System Maintenance Agreements amounted to Rmb221,000.

3. Entrusted Management Agreements

i. 2021 Entrusted Management Agreements

On December 13, 2021, the Company entered into the entrusted management agreements with branch and subsidiaries of the Communications Group (the "2021 Entrusted Management Agreements"), pursuant to which each of Shensuzhewan Branch, Ningbo Yongtaiwen Co and Santongdao South Connection Co shall entrust the Company to take over the operation and management of (i) Zhejiang Section of the Shensuzhewan Expressway, (ii) Xiwu to Xinwu Section of Ningbo Yongtaiwen Expressway; and (iii) South Connection of Qianjiang Channel, respectively. The term of the 2021 Entrusted Management Agreement is 3 years. Please refer to announcement of the Company dated December 13, 2021 for details.

The proposed annual cap on the aggregate entrusted management service fees of the 2021 Entrusted Management Agreements for the each of the three years from July 1, 2021 to June 30, 2024 shall not exceed Rmb10,000,000.

As each of Shensuzhewan Branch, Ningbo Yongtaiwen Co and Santongdao South Connection Co is a branch or subsidiary of Communications Group and thus is a Connected Person of the Company and as a result, the respective transactions contemplated under the 2021 Entrusted Management Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 to Rule 14A.83 of the Listing Rules, continuing connected transactions with the same Connected Person or parties who were connected with one another may be aggregated. As the highest applicable percentage ratio in respect of the aggregated annual cap for transactions contemplated under the 2021 Entrusted Management Agreements and the previous continuing connected transactions of the same nature with Communications Group and its subsidiaries was more than 0.1% but less than 5%, the transactions contemplated under the 2021 Entrusted Management Agreements were subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total entrusted management service fees received by the Company under the 2021 Entrusted Management Agreements amounted to Rmb4,612,000.

ii. 2022 Entrusted Management Agreements

a. *Entrusted Management Agreements with North Channel Co and Jiaxiao Co*

On September 21, 2022, the Company entered into the entrusted management agreements with each of North Channel Co and Jiaxiao Co (the "Entrusted Management Agreements with North Channel Co and Jiaxiao Co"), pursuant to which each of North Channel Co and Jiaxiao Co shall entrust the Company to take over the operation and management of (i) Zhoudai Bridge and Fuchimen Bridge of Ningbo Zhoushan Port Main Passage until June 30, 2024; and (ii) North Connection of Qianjiang Channel until June 29, 2024, respectively. Please refer to announcements of the Company dated September 21 and December 8, 2022 for details.

Connected Transactions

The proposed annual cap on the aggregate entrusted management service fees of the Entrusted Management Agreements with North Channel Co and Jiaxiao Co for the each of the three years from June 30, 2021 to June 30, 2024 shall not exceed Rmb3,000,000.

As each of North Channel Co and Jiaxiao Co is a non-wholly owned subsidiary of Communications Group and thus is a Connected Person of the Company. As a result, the respective transactions under the Entrusted Management Agreements with North Channel Co and Jiaxiao Co constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 to 14A.83 of the Listing Rules, connected transactions with the same Connected Person or parties who were connected with one another may be aggregated. As the highest applicable percentage ratio in respect of the transactions contemplated under the Entrusted Management Agreements with North Channel Co and Jiaxiao Co, after aggregating with the previous continuing connected transaction with Communications Group and its subsidiaries in relation to entrusted management services, was more than 0.1% but less than 5%, the transactions contemplated under the Entrusted Management Agreements with North Channel Co and Jiaxiao Co were subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total entrusted management fees received by the Company under the Entrusted Management Agreements with North Channel Co and Jiaxiao Co amounted to Rmb1,035,000.

b. *Entrusted Management Agreement with Hangxuan Co*

On December 29, 2022, the Company entered into an entrusted management agreement with Hangxuan Co (the "Entrusted Management Agreement with Hangxuan Co"), pursuant to which Hangxuan Co shall entrust the Company to take over the operation and management of Lin'an to Jiande Section of Linjin Expressway. Please refer to announcement of the Company dated December 29, 2022 for details.

The proposed annual cap on the entrusted management service fees of the Entrusted Management Agreement with Hangxuan Co during the term of entrusted management commencing from December 30, 2022 and ending on June 30, 2024 shall not exceed Rmb3,500,000.

As Hangxuan Co is a wholly-owned subsidiary of Communications Group and thus is a Connected Person of the Company. As a result, the transaction under the Entrusted Management Agreement with Hangxuan Co constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 to 14A.83 of the Listing Rules, connected transactions with the same Connected Person or parties who were connected with one another may be aggregated. As the highest applicable percentage ratio in respect of the transactions contemplated under the Entrusted Management Agreement with Hangxuan Co, after aggregating with the previous continuing connected transactions with Communications Group and its subsidiaries in relation to entrusted management services, including but not limited to the 2021 Entrusted Management Agreements and Entrusted Management Agreements with North Channel Co and Jiaoxiao Co, was more than 0.1% but less than 5%, the transaction contemplated under the Entrusted Management Agreement with Hangxuan Co was subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total entrusted management fee received by the Company under the Entrusted Management Agreement with Hangxuan Co amounted to Rmb1,578,000.

iii. 2023 Entrusted Management Agreement

On August 23, 2023, the Company entered into an entrusted management agreement (the "2023 Entrusted Management Agreement") with HangNing Co, pursuant to which HangNing Co shall entrust the Company to take over the operation and management of the Zhejiang Section of the HangNing Expressway. The term of 2023 Entrusted Management Agreement is three years ending August 13, 2026. Please refer to announcement of the Company dated August 23, 2023 for details.

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the total amount of the entrusted management service fee receivable by the Company under the 2023 Entrusted Management Agreement. The proposed annual cap on the entrusted management service fee of the 2023 Entrusted Management Agreement for each of the three years ending August 13, 2026 shall not exceed Rmb5,400,000.

Connected Transactions

HangNing Co is a non-wholly owned subsidiary of Communications Group. Therefore, HangNing Co is a Connected Person of the Company and as a result, the transaction contemplated under the 2023 Entrusted Management Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 to Rule 14A.83 of the Listing Rules, the transaction contemplated under the 2023 Entrusted Management Agreement was required to be aggregated with the respective transactions carried out on a continuing basis under the agreements with respect to 7 transactions entered into between the Company and the associates of the same Connected Person (i.e. the Communications Group) in relation to the provision of entrusted management services of expressways.

As the highest applicable percentage ratio in respect of the aggregated annual cap for transaction contemplated under the 2023 Entrusted Management Agreement and the respective transactions carried out on a continuing basis under the abovementioned previous agreements was more than 0.1% but less than 5%, the transaction contemplated under the 2023 Entrusted Management Agreement was subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total entrusted management fee received by the Company under the 2023 Entrusted Management Agreement with HangNing Co amounted to Rmb5,094,000.

iv 2024 Entrusted Management Agreements

a. 2024 Entrusted Management Agreements I

On January 12, 2024, the Company entered into an entrusted management agreement (the "2024 Entrusted Management Agreements I") with subsidiaries of Communications Group, pursuant to which each of Zhejiang HNPL Co, HangShaoYong Co and Hangrao Co shall entrust the Company to take over the operation and management of (i) Phase I Ningbo Section of the Parallel Line G92N of Hangzhou Bay Ring Expressway (Hangzhou-Ningbo Expressway Parallel Line Phase I); (ii) Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway; and (iii) Huzhou Section of the West Parallel Line of the Hangzhou Ring Expressway.

The terms of the 2024 Entrusted Management Agreements I are (i) in relation to Phase I Ningbo Section of the Parallel Line G92N of Hangzhou Bay Ring Expressway (Hangzhou-Ningbo Expressway Parallel Line Phase I) and Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway: three years commencing from January 19, 2024; and (ii) in relation to Huzhou Section of the West Parallel Line of the Hangzhou Ring Expressway: three years ending December 21, 2026. Please refer to announcement of the Company dated January 12, 2024 for details.

Zhejiang HNPL Co, HangShaoYong Co and Hangrao Co are non-wholly owned subsidiaries of Communications Group. Therefore, each of Zhejiang HNPL Co, HangShaoYong Co and Hangrao Co is a Connected Person of the Company and as a result, the respective transactions contemplated under the 2024 Entrusted Management Agreements I constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the total amount of the entrusted management service fee receivable by the Company under the 2024 Entrusted Management Agreements I. The proposed annual cap on the entrusted management service fee of the 2024 Entrusted Management Agreements I for each of the three years shall not exceed Rmb9,000,000.

Pursuant to Rule 14A.81 and Rule 14A.83 of the Listing Rules, the transactions contemplated under the 2024 Entrusted Management Agreements I are required to be aggregated with the respective transactions carried out on a continuing basis under the agreements with respect to 7 transactions entered into between the Company and the associates of the same Connected Person (i.e. the Communications Group) in relation to the provision of entrusted management services of expressways.

As the highest applicable percentage ratio in respect of the aggregated annual cap for transactions contemplated under the 2024 Entrusted Management Agreements I and the respective transactions carried out on a continuing basis under the abovementioned previous agreements was more than 0.1% but less than 5%, the transactions contemplated under the 2024 Entrusted Management Agreements I were subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Connected Transactions

During the Period, the total entrusted management fee received by the Company under the 2024 Entrusted Management Agreements I amounted to Rmb5,510,000.

b. *2024 Entrusted Management Agreements II*

On August 6, 2024, the Company entered into entrusted management agreements (the "2024 Entrusted Management Agreements II") with several branch companies and subsidiaries of Communications Group, pursuant to which each of Shensuzhewan Branch, Ningbo Yongtaiwen Co, Jiaxiao Co, Santongdao South Connection Co, Hangxuan Co and North Channel Co shall entrust the Company to take over the operation and management of (i) Shensuzhewan Expressway; (ii) Ningbo Phase II of Yongtaiwen Expressway; (iii) North Line of Qianjiang Channel; (iv) South Line of Qianjiang Channel; (v) Linjian Expressway; and (vi) Zhoushan North Channel. The terms of the 2024 Entrusted Management Agreements II are three years ending June 30, 2027. Please refer to announcement of the Company dated August 6, 2024 for details.

Shensuzhewan Branch is a branch company of Communications Group; Ningbo Yongtaiwen Co is an approximately 80.45% owned subsidiary of Communications Group; Jiaxiao Co is a 70% owned subsidiary of Communications Group; Santongdao South Connection Co is a wholly owned subsidiary of Ningbo Yongtaiwen Co; Hangxuan Co is a wholly owned subsidiary of Communications Group and North Channel Co is a 60% owned subsidiary of Communications Group. Therefore, each of Shensuzhewan Branch, Ningbo Yongtaiwen Co, Jiaxiao Co, Santongdao South Connection Co, Hangxuan Co and North Channel Co is a Connected Person of the Company and as a result, the respective transactions contemplated under the 2024 Entrusted Management Agreements II constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the total amount of the entrusted management service fee receivable by the Company under the 2024 Entrusted Management Agreements II. The proposed annual cap on the entrusted management service fee of the 2024 Entrusted Management Agreements II for each of the three years ending June 30, 2027 shall not exceed Rmb18,350,000.

Pursuant to Rule 14A.81 and Rule 14A.83 of the Listing Rules, the transactions contemplated under the 2024 Entrusted Management Agreements II are required to be aggregated with the respective transactions carried out on a continuing basis under the agreements with respect to 4 transactions entered into between the Company and the associates of the same Connected Person (i.e. the Communications Group) in relation to the provision of entrusted management services of expressways.

As the highest applicable percentage ratio in respect of the aggregated annual cap for transactions contemplated under the 2024 Entrusted Management Agreements II and the respective transactions carried out on a continuing basis under the abovementioned previous agreements was more than 0.1% but less than 5%, the transactions contemplated under the 2024 Entrusted Management Agreements II were subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total entrusted management fee received by the Company under the 2024 Entrusted Management Agreements II amounted to Rmb7,224,000.

4. Framework Agreement

On March 24, 2022, Zhejiang Zheqi and Zheshang Development, entered into a framework agreement (the "Framework Agreement"), pursuant to which Zhejiang Zheqi and Zheshang Development Group would be involved in, among others, (i) bulk commodity sale and purchase transactions and (ii) over-the-counter (OTC) derivatives transactions for a term of three years commencing from the date of the Framework Agreement. The annual cap for each of the sale and purchase transactions of bulk commodity under the Framework Agreement for each of the three years ending March 23, 2025 shall not exceed Rmb800,000,000. The annual cap on the maximum aggregate annual amount of accumulated nominal principal for the OTC derivatives transactions under the Framework Agreement for each of the three years ending March 23, 2025 shall not exceed Rmb1,200,000,000. Please refer to the announcements of the Company dated March 25, 2022 and April 19, 2022 for details.

Zheshang Development is a non-wholly owned subsidiary of Communications Group and Zhejiang Zheqi is an indirect non-wholly owned subsidiary of the Company. Therefore, Zheshang Development is a Connected Person of the Company. As a result, the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Connected Transactions

As the highest applicable percentage ratio in respect of each of the bulk commodity sale and purchase transactions and the OTC derivatives transactions under the Framework Agreement was more than 0.1% but less than 5%, the entering into of each of the bulk commodity sale and purchase transactions and the OTC derivatives transactions under the Framework Agreement was subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total amount of (i) the bulk commodity sale transactions; (ii) the bulk commodity purchase transactions; and (iii) the OTC derivatives transactions under the Framework Agreement amounted to Rmb155,440,000, Rmb54,284,000 and Rmb1,118,213,000, respectively.

5. Road Maintenance Agreements

i. Daily Road Maintenance Agreements

On January 10, 2023, the Company and its various subsidiaries and LongLiLiLong Co entered into the following agreements:

a. Daily Road Maintenance Agreements (First to Third Contract Sections)

On January 10, 2023, the Company and its various subsidiaries entered into a series of Daily Road Maintenance Agreements (First to Third Contract Sections) with Maintenance Co, Jiaogong Maintenance and Zhejiang Shunchang, respectively, pursuant to which, each of Maintenance Co, Jiaogong Maintenance and Zhejiang Shunchang agreed to undertake the daily road maintenance projects in respect of the relevant expressway as specified therein operated by the Group, respectively. The term of the Daily Road Maintenance Agreements (First to Third Contract Sections) is three years ending December 31, 2025. The total service fees payable by the Group for the maintenance services under the Daily Road Maintenance Agreements (First to Third Contract Sections) amounted to Rmb401,655,846. Please refer to the announcement of the Company dated January 10, 2023 for details.

b. Daily Road Maintenance Agreement (Fourth Contract Section)

On January 10, 2023, LongLiLiLong Co entered into the Daily Road Maintenance Agreement (Fourth Contract Section) with Zhejiang Shunchang, pursuant to which, Zhejiang Shunchang agreed to undertake the daily road maintenance projects in respect of the relevant expressway as specified therein owned by the Group. The term of the Daily Road Maintenance Agreements (Fourth Contract Section) is three years ending December 31, 2025. The total service fees payable by the Group for the maintenance services under the Daily Road Maintenance Agreements (Fourth Contract Section) amounted to Rmb81,273,948. Please refer to the announcement of the Company dated January 10, 2023 for details.

Each of Maintenance Co, Jiaogong Maintenance and Zhejiang Shunchang is an indirect subsidiary of Communications Group. As such, each of Maintenance Co, Jiaogong Maintenance and Zhejiang Shunchang is a Connected Person of the Company. Therefore, the respective transactions contemplated under the Daily Road Maintenance Agreements (First to Third Contract Sections) and Daily Road Maintenance Agreement (Fourth Contract Section) (collectively the "Daily Road Maintenance Agreements") constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.53 of the Listing Rules, the Company was required to set an annual cap on the total amount of service fees under the Daily Road Maintenance Agreements payable by the Group. Pursuant to Rules 14A.81 to 14A.82 of the Listing Rules, the transactions contemplated under the Daily Road Maintenance Agreements were required to be aggregated. In aggregate, the proposed annual cap on the aggregate service fees payable by the Group under the Daily Road Maintenance Agreements for each of the three years ending December 31, 2025 is Rmb163,000,000.

During the Period, the total service fees paid by the Group under the Daily Road Maintenance Agreements amounted to Rmb129,535,000.

Connected Transactions

ii. Dedicated Road Maintenance Agreements

On June 14, 2024, the Company and its various subsidiaries entered into the following agreements:

a. *The Dedicated Road Maintenance Agreements (First to Third Contract Sections)*

On June 14, 2024, the Company and its various subsidiaries entered into a series of dedicated road maintenance agreements (First to Third Contract Sections) (the "Dedicated Road Maintenance Agreements (First to Third Contract Sections)") with Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, respectively, pursuant to which, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance agreed to undertake the dedicated road maintenance projects in respect of the relevant expressways as specified therein operated by the Group, respectively. The term for the Dedicated Road Maintenance Agreements (First to Third Contract Sections) is from the signing date of the agreement to December 31, 2024. The total service fees payable by the Group for the maintenance services under the Dedicated Road Maintenance Agreements (First to Third Contract Sections) amounted to Rmb370,680,844. Please refer to the announcement of the Company dated June 14, 2024 for details.

b. *The Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co)*

On June 14, 2024, LongLiLiLong Co entered into the dedicated road maintenance agreement (Third Contract Section of LongLiLiLong Co) (the "Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co)") with Zhejiang Shunchang, pursuant to which, Zhejiang Shunchang agreed to undertake the dedicated road maintenance projects to Quzhou Section and Lishui Section of LongLiLiLong Expressway, and HuangQuNan Expressway. The construction period shall commence from the date of signing of the agreement to December 31, 2024 (the main pavement construction shall be completed before September 30, 2024). The total service fees payable by LongLiLiLong Co under the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co) was Rmb53,345,551. Please refer to the announcement of the Company dated June 14, 2024 for details.

Each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is an indirect subsidiary of Communications Group. Therefore, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is a Connected Person of the Company and as a result, the respective transactions contemplated under the Dedicated Road Maintenance Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the total amount of service fees under the Dedicated Road Maintenance Agreements payable by the Group. For the financial year ending December 31, 2024, the proposed annual cap on the aggregate service fees under the Dedicated Road Maintenance Agreements (First to Third Contract Sections) payable by the Group is Rmb375,000,000 and the proposed annual cap on the service fees of the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co) payable by LongLiLiLong Co for the financial year ending December 31, 2024 is RMB55,000,000. The proposed annual cap on the aggregate service fees of the Dedicated Road Maintenance Agreements payable by the Group for the financial year ending December 31, 2024 is RMB430,000,000.

Pursuant to Rules 14A.81 to Rule 14A.83 of the Listing Rules, the respective transactions contemplated under the Dedicated Road Maintenance Agreements were required to be aggregated with the respective transactions contemplated under the Daily Road Maintenance Agreements which were continuing connected transactions entered into with the associates of the same Connected Person (i.e. Communications Group) and are of the same nature.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the annual cap for transactions contemplated under the Dedicated Road Maintenance Agreements after aggregating with that of the Daily Road Maintenance Agreements, were more than 0.1% but less than 5%, the transactions contemplated under the 2024 Dedicated Road Maintenance Agreements were subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total service fees paid by the Group under the Dedicated Road Maintenance Agreements (First to Third Contract Sections) amounted to Rmb345,979,000 and the total service fees paid by the Group under the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co) amounted to Rmb46,941,000.

Connected Transactions

6. The Guardrail Agreements

On June 3, 2024, the Company and its various subsidiaries entered into several guardrail agreements (the "Guardrail Agreements") with Jiaogong Maintenance, Zhejiang Shunchang and Maintenance Co respectively, pursuant to which (i) Jiaogong Maintenance agreed to undertake the guardrail revamp and upgrade projects in respect of certain expressways operated by the Group, namely Hangzhou Section of Shanghai-Hangzhou-Ningbo Expressway, Zhoushan Bay Bridge and Hanghui Expressway at the consideration of Rmb36,159,411; (ii) Zhejiang Shunchang agreed to undertake the guardrail revamp and upgrade projects in respect of certain expressways operated by the Group, namely Shaoxing Section of Shanghai-Hangzhou-Ningbo Expressway, Xintian Section of Shangsan Expressway and Shangsheng Section of Shangsan Expressway at the consideration of Rmb58,384,090; and (iii) Maintenance Co agreed to undertake the guardrail revamp and upgrade projects in respect of Jiaxing Section of Shanghai-Hangzhou-Ningbo Expressway at the consideration of Rmb16,668,099. The term for the Guardrail Agreements commenced from the signing date of the agreement until November 30, 2024. Please refer to the announcement of the Company dated June 3, 2024 for details.

Each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is an indirect subsidiary of Communications Group. Therefore, each of them is a Connected Person of the Company and as a result, the respective transactions contemplated under the Guardrail Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the total amount of the service fees under the Guardrail Agreements payable by the Group. The proposed annual cap on the aggregate service fees of the Guardrail Agreements payable by the Group for the financial year ending December 31, 2024 is Rmb115,000,000, where the annual caps on the service fees payable by the Group to Jiaogong Maintenance, Zhejiang Shunchang and Maintenance Co are RMB37,000,000, RMB60,000,000 and RMB18,000,000, respectively.

Pursuant to Rule 14A.81 to Rule 14A.83 of the Listing Rules, the respective transactions contemplated under the 2024 Guardrail Agreements were required to be aggregated, all of which were continuing connected transactions entered into with the associates of the same Connected Person (i.e. Communications Group) and were with the same nature.

As the applicable percentage ratios in respect of the aggregated annual cap for transactions contemplated under the Guardrail Agreements were more than 0.1% but less than 5%, the transactions contemplated under the Guardrail Agreements were subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total service fees paid by the Group under the Guardrail Agreements amounted to Rmb108,890,000.

7. Building Construction Agreement and Civil Engineering Agreement

i. Building Construction Agreement

On August 9, 2024, the building construction agreement (the "Building Construction Agreement") was entered into amongst Jinhua Co, Jindong Branch and, among others, Jiaogong Underground Construction regarding the building construction work of section TJ01 of the reconstruction and expansion of Ningbo-to-Jinhua section (Jinhua Section) of the Ningbo-Jinhua Expressway with a planned construction period of 43 months. Please refer to the announcement of the Company dated August 9, 2024 for details.

The service fee payable to the Connected Person (i.e. Jiaogong Underground Construction), during the term under the Building Construction Agreement is approximately RMB58,477,251.

Jiaogong Underground Construction, as an indirect non-wholly owned subsidiary of Communications Group, is a Connected Person of the Company and as a result, the transaction contemplated under the Building Construction Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the amount of the service fee payable by the Group to Jiaogong Underground Construction under the Building Construction Agreement. The proposed annual caps on the service fee payable to Jiaogong Underground Construction under the Building Construction Agreement are Rmb1,000,000, Rmb6,000,000, Rmb40,000,000, Rmb25,000,000 and Rmb6,000,000 for the financial year ending December 31, 2024, 2025, 2026, 2027 and 2028.

Connected Transactions

ii. **Civil Engineering Agreement**

On August 9, 2024, the civil engineering agreement ("Civil Engineering Agreement") was entered into amongst Jinhua Co, Jindong Branch and, amongst others, Zhejiang Hongtu regarding the civil engineering work and subsequent pavement maintenance of section TJ02 of the reconstruction and expansion of Ningbo-to-Jinhua section (Jinhua Section) of the Ningbo-Jinhua Expressway with a planned construction period of 39 months followed by a pavement maintenance period of 120 months. Please refer to the announcement of the Company dated August 9, 2024 for details.

The service fee payable to the Connected Person (i.e. Zhejiang Hongtu), during the term under the Civil Engineering Agreement is approximately RMB2,278,719,205 (including approximately RMB12,600,000 for pavement maintenance).

Zhejiang Hongtu, as an indirect non-wholly owned subsidiary of Communications Group, is a Connected Person of the Company and as a result, the transaction contemplated under the Civil Engineering Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set annual caps on the amount of the service fee payable by the Group to Zhejiang Hongtu under the Civil Engineering Agreement. The proposed annual caps on the service fee payable to Zhejiang Hongtu under the Civil Engineering Agreement are Rmb240,000,000, Rmb800,000,000, Rmb830,000,000, Rmb800,000,000, Rmb500,000,000 and Rmb500,000,000 for the financial year ending December 31, 2024, 2025, 2026, 2027, 2028 and 2029; Rmb3,000,000 for each of the seven financial years from 2030 to December 31, 2036; and Rmb4,000,000 for the financial year ending December 31, 2037.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the highest annual cap for the transaction under the each of the Building Construction Agreement and Civil Engineering Agreement exceed 0.1% but less than 5%, the entering into each of the Building Construction Agreement and Civil Engineering Agreement is subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Period, the total service fee paid by the Group under each of the Building Construction Agreement and Civil Engineering Agreement amounted to Rmb0 and Rmb68,697,000.

8. Expressway Electromechanical System Maintenance Agreements

On September 24, 2024, LongLiLiLong Co entered into the expressway electromechanical system maintenance agreements (the "Expressway Electromechanical System Maintenance Agreements") with Zhejiang Information pursuant to which LongLiLiLong Co agreed to purchase, and Zhejiang Information agreed to provide electromechanical system maintenance services for LongLiLiLong Expressway and HuangQuNan Expressway under the Expressway Electromechanical System Maintenance Agreements.

The terms of the Expressway Electromechanical System Maintenance Agreements are for three years. The service fees payable to Zhejiang Information the Expressway Electromechanical System Maintenance Agreements for each year is expected to be RMB6,424,113.76, with the total amounting to RMB19,272,341.28. The annual cap for transaction contemplated under the Expressway Electromechanical System Maintenance Agreements for each of the three years commencing from the date of the agreement is RMB7,300,000. Please refer to announcement of the Company dated September 24, 2024 for details.

Zhejiang Information is a Connected Person of the Company and as a result, the transactions contemplated under the Expressway Electromechanical System Maintenance Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the Expressway Electromechanical Maintenance System Agreements were required to be aggregated with a total of 4 transactions entered into or completed within 12-month period prior to such agreement between or among the Group and Zhejiang Information in relation to the provision of information technology services and mechanical and electrical engineering services, for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated thereunder.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Expressway Electromechanical System Maintenance Agreements, after aggregating with the abovementioned previous transactions, are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total annual service fees paid by LongLiLiLong Co to Zhejiang Information under the Expressway Electromechanical System Maintenance Agreements amounted to Rmb1,860,000.

Connected Transactions

9. Construction Agreement

On November 5, 2024, Zhajiasu Co, a non-wholly owned subsidiary of the Company, entered into the construction agreement (the "Construction Agreement") with Jiaogong Jinzhu and Jiaogong Underground Construction being the consortium (the "Consortium") as the contractor. Pursuant to the Construction Agreement, the Consortium agreed to undertake the reconstruction and expansion of Section SG01 of Nanhu Interchange to Zhejiang-Jiangsu Boundary Section of Zhajiasu Expressway.

The term of the Construction Agreement is a planned construction period of 1,186 calendar days (39 months), commencing as per the supervisor's instructions; and the defect liability period is 24 months commencing from the actual completion acceptance date, with an additional maintenance period of 96 months commencing from the end of the defect liability period for the pavement works.

The service fee payable to the Consortium amounts to RMB1,973,191,741.05, among which the service fee for pavement maintenance amounts to RMB22,605,345.74.

Each of Jiaogong Jinzhu and Jiaogong Underground Construction is an indirect non-wholly owned subsidiary of Communications Group. Therefore, each of them is a Connected Person of the Company and a result, the transaction contemplated under the Construction Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set annual caps on the total amount of the service fee payable by the Group to the Consortium under Construction Agreement. The proposed annual caps on the service fee of the Construction Agreement are Rmb200,000,000, Rmb600,000,000, Rmb700,000,000, Rmb800,000,000, Rmb200,000,000 for the financial year ending December 31, 2024, 2025, 2026, 2027 and 2028; Rmb10,000,000 for each of the ten financial years from 2029 to December 31, 2038.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transaction contemplated under the Construction Agreement exceeds 0.1% but less than 5%, the transaction contemplated under the Construction Agreement is subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total service fees paid by the Group under the Construction Agreement amounted to Rmb49,740,000.

10. The Human Resources Business Outsourcing Service Framework Agreement

On December 30, 2024, the Company entered into the human resources business outsourcing service framework agreement (the "Human Resources Business Outsourcing Service Framework Agreement") with Transportation Investment Talent, pursuant to which Transportation Investment Talent undertakes to provide outsourcing services for certain employment positions of the Group.

The term of the Human Resources Business Outsourcing Service Framework Agreement is from January 1, 2025 to December 31, 2025.

Transportation Investment Talent is a subsidiary of Communications Group. Therefore, Transportation Investment Talent is a Connected Person of the Company and as a result, the transaction contemplated under the Human Resources Business Outsourcing Service Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the total amount payable by the Group under the Human Resources Business Outsourcing Service Framework Agreement. The proposed annual cap on the aggregate service fees of the Human Resources Business Outsourcing Service Framework Agreement payable by the Group for the term of the Human Resources Business Outsourcing Service Framework Agreement is RMB85,300,000. Please refer to the announcement of the Company dated December 30, 2024 for details.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the proposed annual cap for the transaction contemplated under the Human Resources Business Outsourcing Service Framework Agreement are more than 0.1% but less than 5%, the transaction contemplated under the Human Resources Business Outsourcing Service Framework Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Period, the total service fees paid by the Group under the Human Resources Business Outsourcing Service Framework Agreement amounted to Rmb0.

Connected Transactions

The independent non-executive Directors have reviewed the continuing connected transactions described above and confirmed that such continuing connected transactions have been entered into:

a) in the ordinary and usual course of business of the Group;

b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements HKSAE3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board confirms that the auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in accordance with the Rule 14A.56 of the Listing Rules.

During the Period, details of the related party transactions and continuing related party transactions under the accounting standards for this report that the Company and its subsidiaries have entered into with Communications Group and its subsidiaries that constitute connected transactions and continuing connected transactions to be disclosed under the Listing Rules are set out in note 57 to the consolidated financial statements. The Company has complied with the disclosure requirements in respect of such connected transactions and continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

Independent Auditor's report

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To the shareholders of Zhejiang Expressway Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Zhejiang Expressway Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 123 to 292, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Determination of consolidation scope of structured entities	
The Group holds interests as investor or acted as fund manager in various structured entities including collective asset management schemes, investment funds and limited partnership enterprises. As disclosed in Note 5 to the consolidated financial statements, to determine whether a structured entity should be consolidated, management applied significant judgement in determining whether the Group had power over the structured entities, and assessed whether the combination of investments it holds together with its remuneration and credit enhancement created exposure to variability of returns from activities of the structured entities that was of such significance that it indicated the Group controlled the structured entities.	Our procedures in relation to management's determination of consolidation scope of structured entities included: • Testing and evaluating key controls of the management in determining the consolidation scope of structured entities; • Examining, on a sample basis, the documents and information used by management in assessing the consolidation criteria of structured entities against the related agreements and other related service agreements of structured entities newly established, invested or with changes in the proportion of ownership interests or contractual terms during the year;

Key audit matter	How our audit addressed the key audit matter
Determination of consolidation scope of structured entities (continued)	
We identified the determination of consolidation scope of the structured entities, which were invested or managed by the Group's securities operation segment (defined in Note 7), as a key audit matter due to the significant judgement applied by management in determining whether a structured entity was required to be consolidated by the Group and the significance of these balances to the Group's consolidated financial statements as a whole. The related disclosures are included in Notes 5, 45 and 59 to the consolidated financial statements.	• Assessing management's judgement including qualitative analyses and calculations of the magnitude and variability associated with the Group's economic investments in the structured entities in determining the scope for consolidation and assessing the conclusion about whether a structured entity should be consolidated or not. • Furthermore, we checked the appropriateness of related disclosures including the disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's report

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's report

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lai Chee Kong.

Ernst & Young
Certified Public Accountants
Hong Kong
March 24, 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2024

	NOTES	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Revenue	6	**18,064,824**	16,965,024
Including: interest income under effective interest method		**2,490,359**	2,452,400
Operating costs		**(10,812,360)**	(9,765,685)
Gross profit		**7,252,464**	7,199,339
Securities investment gains	8	**1,735,120**	1,024,960
Other income and gains and losses	9	**889,145**	907,870
Administrative expenses		**(160,894)**	(183,981)
Other expenses		**(167,289)**	(125,190)
Impairment losses under expected credit loss model, net of reversal	10	**(19,454)**	(30,624)
Share of profit of associates		**939,399**	1,056,247
Share of profit of joint ventures		**130,742**	107,046
Finance costs	11	**(1,741,651)**	(2,104,129)
Profit before tax	12	**8,857,582**	7,851,538
Income tax expense	13	**(1,701,104)**	(1,229,208)
Profit for the year		**7,156,478**	6,622,330
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain on equity instrument investments measured at fair value through other comprehensive income		**146,710**	–
Income tax impact relating to items that will not be reclassified subsequently to profit or loss		**(36,677)**	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**110,033**	–
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on debt instruments measured at fair value through other comprehensive income		**314,277**	51,272
Impairment loss for debt instruments at fair value through other comprehensive income		**2,854**	867
Income tax impact relating to items that may be reclassified subsequently to profit or loss		**(79,283)**	(13,035)
Exchange differences on translation of financial statements of foreign operations		**6,420**	3,907
Share of other comprehensive income of an associate, net of related income tax		**251,095**	86,812
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**495,363**	129,823
Other comprehensive income for the year, net of income tax		**605,396**	129,823
Total comprehensive income for the year		**7,761,874**	6,752,153

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2024

	NOTE	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Profit for the year attributable to:			
Owners of the Company		**5,501,588**	5,223,679
Non-controlling interests		**1,654,890**	1,398,651
		7,156,478	6,622,330
Total comprehensive income attributable to:			
Owners of the Company		**5,884,211**	5,327,819
Non-controlling interests		**1,877,663**	1,424,334
		7,761,874	6,752,153
Earnings per share	17		
Basic (Rmb cents)		**91.79**	112.95
Diluted (Rmb cents)		**90.50**	105.32

Consolidated Statement of Financial Position

December 31, 2024

	NOTES	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
NON-CURRENT ASSETS			
Property, plant and equipment	18	**5,717,903**	6,202,021
Right-of-use assets	19	**832,183**	934,837
Expressway operating rights	20	**19,743,837**	21,012,910
Goodwill	21	**86,867**	86,867
Other intangible assets	22	**428,056**	388,384
Interests in associates	24	**17,210,739**	11,491,055
Interests in joint ventures	25	**2,400,437**	1,497,891
Financial assets at fair value through profit or loss ("FVTPL")	26	**485,931**	189,527
Equity investments designated at fair value through other comprehensive income ("FVTOCI")	27	**1,708,759**	–
Debt instruments at fair value through other comprehensive income ("FVTOCI")	28	**11,412,165**	7,718,725
Other receivables and prepayments	31	**985,608**	854,473
Deferred tax assets	47	**1,274,351**	1,446,067
Time deposits	34	**8,971,236**	3,048,619
		71,258,072	54,871,376
CURRENT ASSETS			
Inventories		**1,235,112**	1,306,370
Trade receivables	29	**1,050,498**	831,478
Loans to customers arising from margin financing business	30	**24,224,342**	19,934,761
Other receivables and prepayments	31	**4,332,270**	5,990,540
Dividends receivable		**2,000**	1,631
Derivative financial assets	39	**570,461**	1,279,110
Financial assets at FVTPL	26	**35,536,634**	41,729,113
Debt instruments at fair value through other comprehensive income	28	**1,022,862**	445,173
Financial assets held under resale agreements	32	**5,491,056**	7,729,402
Bank balances and clearing settlement fund held on behalf of customers	33	**49,066,356**	45,415,217
Bank balances, clearing settlement fund, deposits and cash			
– Restricted bank balances and cash	34	**80,259**	100,631
– Time deposits with original maturity over three months	34	**2,379,965**	4,268,560
– Cash and cash equivalents	34	**20,932,480**	23,830,440
		145,924,295	152,862,426

Consolidated Statement of Financial Position

December 31, 2024

	NOTES	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
CURRENT LIABILITIES			
Placements from other financial institutions	35	**1,750,000**	1,950,000
Accounts payable to customers arising from securities business	36	**48,397,105**	44,803,323
Trade payables	37	**1,143,206**	1,265,174
Tax liabilities		**784,814**	654,107
Other taxes payable		**339,171**	232,461
Other payables and accruals	38	**10,132,003**	13,954,591
Dividends payable		**457,656**	168,573
Contract liabilities		**123,582**	104,000
Derivative financial liabilities	39	**558,131**	996,027
Bank and other borrowings	40	**2,507,616**	4,593,399
Short-term financing notes payable	41	**7,085,628**	2,137,611
Bonds payable	42	**10,994,506**	5,404,107
Convertible bonds	43	**224,867**	1,830,842
Financial assets sold under repurchase agreements	44	**23,139,450**	24,592,145
Financial liabilities at FVTPL	45	**480,553**	472,061
Lease liabilities	46	**147,689**	147,914
		108,265,977	103,306,335
NET CURRENT ASSETS		**37,658,318**	49,556,091
TOTAL ASSETS LESS CURRENT LIABILITIES		**108,916,390**	104,427,467
NON-CURRENT LIABILITIES			
Bank and other borrowings	40	**14,577,484**	13,213,544
Bonds payable	42	**19,876,048**	23,610,144
Convertible bonds	43	**–**	6,611,090
Deferred tax liabilities	47	**518,088**	260,060
Lease liabilities	46	**246,406**	327,516
		35,218,026	44,022,354
NET ASSETS		**73,698,364**	60,405,113
CAPITAL AND RESERVES			
Share capital	48	**5,993,801**	5,993,498
Reserves		**40,047,152**	33,798,718
Equity attributable to owners of the Company		**46,040,953**	39,792,216
Non-controlling interests	49	**27,657,411**	20,612,897
		73,698,364	60,405,113

The consolidated financial statements on pages 123 to 292 were approved and authorised for issue by the board of directors on March 24, 2025 and are signed on its behalf by:

Wu. Wei
Director

Li. Wei
Director

Consolidated Statement of Changes in Equity

Year ended December 31, 2024

	Attributable to owners of the Company											
	Share capital *Rmb'000*	Share premium *Rmb'000*	Statutory reserve *Rmb'000* (Note i)	Capital reserve *Rmb'000*	Investment revaluation reserve *Rmb'000*	Share of differences arising on translation *Rmb'000*	Dividend reserve *Rmb'000*	Special reserves *Rmb'000* (Note ii)	Retained profits *Rmb'000*	Sub-total *Rmb'000*	Non-controlling interests *Rmb'000*	Total *Rmb'000*
At January 1, 2024	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 year									5,501,588	5,501,588	1,654,890	7,156,478
Other comprehensive income for the year	–	–	–	–	380,240	2,383	–	–	–	382,623	222,773	605,396
Total comprehensive income for the year	–	–	–	–	380,240	2,383	–	–	5,501,588	5,884,211	1,877,663	7,761,874
Conversion and redemption of Convertible Bond 2022 of a subsidiary	–	–	–	–	–	–	–	1,430,070	–	1,430,070	5,226,701	6,656,771
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(753,151)	(753,151)
Capital reserve change of associates	–	–	–	–	–	–	–	63,908	–	63,908	–	63,908
Capital reserve change relating to REITs measurement	–	–	–	–	–	–	–	786,831	–	786,831	693,301	1,480,132
2023 dividend (Note 16)	–	–	–	–	–	–	(1,917,919)	–	–	(1,917,919)	–	(1,917,919)
Proposed 2024 dividend	–	–	–	–	–	–	2,307,613	–	(2,307,613)	–	–	–
Conversion of Convertible Bond 2021 (Note 43)	303	1,333	–	–	–	–	–	–	–	1,636	–	1,636
Transfer to reserves	–	–	324,584	–	–	–	–	–	(324,584)	–	–	–
At December 31, 2024	5,993,801	7,805,445	6,885,424	1,712	499,133	10,992	2,307,613	11,229,616	11,307,217	46,040,953	27,657,411	73,698,364

Consolidated Statement of Changes in Equity

Year ended December 31, 2024

	Attributable to owners of the Company											
	Share capital Rmb'000	Share premium Rmb'000	Statutory reserve Rmb'000 (Note i)	Capital reserve Rmb'000	Investment revaluation reserve Rmb'000	Share of differences arising on translation Rmb'000	Dividend reserve Rmb'000	Special reserves Rmb'000 (Note ii)	Retained profits Rmb'000	Sub-total Rmb'000	Non-controlling interests Rmb'000	Total Rmb'000
At January 1, 2023	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 year	–	–	–	–	–	–	–	–	5,223,679	5,223,679	1,398,651	6,622,330
Other comprehensive income for the year	–	–	–	–	102,586	1,554	–	–	–	104,140	25,683	129,823
Total comprehensive income for the year	–	–	–	–	102,586	1,554	–	–	5,223,679	5,327,819	1,424,334	6,752,153
Issuance of shares (Note 48)	1,650,383	4,448,491	–	–	–	–	–	–	–	6,098,874	–	6,098,874
Consideration paid for acquisition of subsidiaries under common control	–	–	–	–	–	–	–	(16,700)	–	(16,700)	–	(16,700)
Capital injection to a subsidiary acquired under common control	–	–	–	–	–	–	–	2,165	–	2,165	–	2,165
Issuance of Convertible Bond 2022 by a subsidiary (Note 43)	–	–	–	–	–	–	–	–	–	–	804,528	804,528
Conversion of Convertible Bond 2022 of a subsidiary (Note 43)	–	–	–	–	–	–	–	–	–	–	(15)	(15)
Deemed partial disposal of interest in a subsidiary upon conversion of Convertible Bond 2022	–	–	–	–	–	–	–	33	–	33	128	161
Establishment of a subsidiary (Note 58)	–	–	–	–	–	–	–	–	–	–	700	700
Repurchase of shares by a subsidiary	–	–	–	–	–	–	–	–	–	–	(405,138)	(405,138)
Capital reserve change of an associate	–	–	–	–	–	–	–	(149)	–	(149)	–	(149)
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(503,012)	(503,012)
2022 dividend (Note 16)	–	–	–	–	–	–	(1,628,668)	–	–	(1,628,668)	–	(1,628,668)
Proposed 2023 dividend	–	–	–	–	–	–	1,917,919	–	(1,917,919)	–	–	–
Transfer to reserves	–	–	594,328	–	–	–	–	–	(594,328)	–	–	–
At December 31, 2023	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

Notes:

(i) Statutory reserves comprise:

(a) Statutory surplus reserve

In accordance with the Company Law of the People's Republic of China (the "PRC") and the respective articles of association of the Company and its subsidiaries (collectively the "Entities"), the Entities are required to allocate 10% of the profit after tax, as determined in accordance with the PRC accounting standards and regulations applicable to the Entities, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the respective Entities. Subject to certain restrictions set out in the Company Law of the PRC and the respective articles of association of the Entities, part of the statutory surplus reserve may be converted to increase the respective Entities' capital.

(b) General risk reserve

In accordance with the Finance Regulation for Financial Enterprises, securities companies are required to allocate 10% of the profit after tax, as determined in accordance with the PRC accounting standards and regulations, to the general risk reserve. This general risk reserve may be used to cover potential losses on risk exposures.

(c) Transaction risk reserve

In accordance with the Securities Law of the PRC, securities companies are required to allocate not less than 10% of the profit after tax, as determined in accordance with the PRC accounting standards and regulations, to the transaction risk reserve. This transaction risk reserve may be used to cover potential losses on securities transactions.

(ii) Special reserves mainly comprise:

(a) Other reserve which was arising from the Group's change of interests in subsidiaries. The amount represented the difference between the carrying value of net assets attributable to the Group acquired and the payment consideration arising from acquisition, or the dilute gain or loss of interests in subsidiaries.

(b) Other reserve which was arising from the spin-off and offering of shares by Zheshang Securities Co., Ltd. ("Zheshang Securities") in prior years.

(c) Other reserve which was arising from the Group's change of interest in an associate. The amount represented the difference between the carrying value of net assets attributable to the Group arising from the associate's ownership interest change in its subsidiaries other than those recognised in profit or loss or other comprehensive income.

(d) Merger reserve which was arising from the acquisition of subsidiaries under common control using the merger accounting method. This includes the capital of the combining entities at their existing book values since the first day they were under common control and were reduced by the Group's payment of cash consideration to the controlling party.

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	Year ended 12/31/2024 Rmb'000	Year ended 12/31/2023 Rmb'000
OPERATING ACTIVITIES		
Profit before tax	8,857,582	7,851,538
Adjustments for:		
Finance costs	1,741,651	2,104,129
Interest income from financial institutions	(474,167)	(360,686)
Interest income from debt instruments at FVTOCI	(382,158)	(148,106)
Foreign exchange differences, net	(111,032)	145,665
Share of profit of associates	(939,399)	(1,056,247)
Share of profit of joint ventures	(130,742)	(107,046)
Depreciation of property, plant and equipment	868,385	814,910
Amortisation of expressway operating rights	2,668,841	2,650,098
Depreciation of right-of-use assets	160,055	148,932
Amortisation of other intangible assets	115,145	91,103
Impairment losses under expected credit loss model, net of reversal		
– debt instruments at FVTOCI	2,854	867
– trade receivables and other receivables	23,676	21,175
– advance to customers arising from margin financing business	7,613	2,345
– financial assets held under resale agreements	(14,689)	6,237
Allowance for write-down of inventories	44,980	13,711
Loss on disposal of property, plant and equipment	10,149	5,274
Loss on disposal of expressway operating rights	–	4,595
Loss/(Gain) on change in fair value in respect of derivative component of Convertible Bond 2021	2,676	(280,620)
Loss on fair value changes of financial assets at FVTPL	652,062	894
(Gain)/Loss on disposal of debt instruments at FVTOCI	(75,304)	56
Gain arising from increasing interests of an associate	(20,765)	(26,457)

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
Operating cash flows before movements in working capital	**13,007,413**	11,882,367
Decrease/(increase) in inventories	**26,278**	(713,796)
Increase in trade receivables	**(233,020)**	(268,266)
Increase in loans to customers arising from margin financing business	**(4,297,194)**	(2,379,838)
Decrease/(increase) in other receivables and prepayments	**1,831,686**	(2,397,468)
Decrease in financial assets at FVTPL	**5,448,751**	2,188,940
Decrease/(increase) in financial assets held under resale agreements	**2,253,035**	(1,460,429)
Decrease/(increase) in restricted bank balances	**20,372**	(30,452)
(Increase)/decrease in bank balances and clearing settlement fund held on behalf of customers	**(3,651,139)**	3,329,586
Decrease in net derivative financial assets	**270,753**	163,316
(Decrease)/increase in placements from other financial institutions	**(200,000)**	1,250,000
Increase/(decrease) in accounts payable to customers arising from securities business	**3,593,782**	(3,646,272)
(Decrease)/increase in trade payables	**(121,968)**	44,342
Increase/(decrease) in other taxes payable	**106,710**	(146,873)
Increase/(decrease) in contract liabilities	**19,582**	(57,381)
(Decrease)/increase in other payables and accruals	**(4,643,964)**	4,895,924
Increase/(decrease) in financial liabilities at FVTPL	**8,492**	(585,581)
(Decrease)/increase in financial assets sold under repurchase agreements	**(1,452,695)**	766,903
Cash generated from operations	**11,986,874**	12,835,022
Income taxes paid	**(1,378,435)**	(1,258,084)
Interest paid	**(1,526,414)**	(1,762,609)
NET CASH FROM OPERATING ACTIVITIES	**9,082,025**	9,814,329

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	Year ended 12/31/2024 Rmb'000	Year ended 12/31/2023 Rmb'000
INVESTING ACTIVITIES		
Interest received	630,448	408,045
Dividends received from associates and a joint venture	749,772	523,906
Investment in associates	(24,316)	(767,308)
Investment in joint ventures	(707,700)	(1,000,500)
Withdrawal of investment in associates	17,949	32,255
Withdrawal of entrusted loans	180,000	–
Proceeds on disposal of property, plant and equipment	566	10,244
Proceeds on disposal or redemption of FVTOCI	3,847,197	240,611
Purchases of property, plant and equipment	(816,229)	(971,261)
Payment of expressway construction	(1,226,282)	–
Purchases of leasehold lands	(2,218)	(312,255)
Purchases of other intangible assets	(105,920)	(129,107)
Purchase of		
– financial assets at FVTPL	(204,738)	(109,091)
– debt instruments at FVTOCI	(7,773,836)	(7,549,671)
– equity instruments at FVTOCI	(1,562,079)	–
Payment of equity investment	(4,446,755)	–
Payment of entrusted loans	(180,000)	–
Placement of time deposits	(5,136,698)	(13,237,551)
Withdrawal of time deposits	1,430,389	6,245,535
NET CASH USED IN INVESTING ACTIVITIES	(15,330,450)	(16,616,148)

	NOTE	Year ended 12/31/2024 Rmb'000	Year ended 12/31/2023 Rmb'000
FINANCING ACTIVITIES			
Dividends paid		(1,927,130)	(1,642,803)
Dividends paid to non-controlling shareholders		(686,503)	(334,439)
New bank and other borrowings raised		8,403,117	6,759,555
Repayment of bank and other borrowings		(9,188,783)	(9,657,001)
New entrusted loans raised		3,218,141	2,380,810
Repayment of entrusted loans		(3,150,810)	(4,018,954)
New issue of bonds payable, including assets- backed bonds		8,500,000	12,500,000
Repayment of bonds payable		(5,000,000)	(6,800,000)
Repayment of Convertible Bond 2021 and Convertible Bond 2022		(1,600,571)	–
Proceed from issuance of Convertible Bond 2022		–	3,334,415
Issue of short-term financing notes payable		10,243,270	13,569,470
Repayment of short-term financing notes payable		(5,306,150)	(14,987,230)
Repayments of lease liabilities		(160,536)	(145,537)
Proceed from issuance of shares		–	6,128,918
Transaction costs paid on issuance of shares		–	(30,044)
Repurchase of shares by a subsidiary		–	(405,138)
Acquisition of a subsidiary under common control		–	(16,700)
Capital received from Communications Group under common control		–	2,165
Capital injection by non-controlling shareholders		–	700
NET CASH FROM FINANCING ACTIVITIES		3,344,045	6,638,187
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,904,380)	(163,632)
CASH AND CASH EQUIVALENTS AT JANUARY 1		23,830,440	23,990,165
Effect of foreign exchange rate changes		6,420	3,907
TOTAL CASH AND CASH EQUIVALENTS AT DECEMBER 31, represented by	34	20,932,480	23,830,440
Cash and cash equivalents		20,932,480	23,830,440

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

1. CORPORATE INFORMATION

Zhejiang Expressway Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") with limited liability on March 1, 1997. The H shares of the Company ("H Shares") were subsequently listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on May 15, 1997.

On July 18, 2000, with the approval of the Ministry of Foreign Trade and Economic Co-operation of the PRC, the Company changed its business registration into a Sino-foreign joint stock limited company.

In the opinion of the directors of the Company (the "Directors"), the immediate and ultimate holding company of the Company is Zhejiang Communications Investment Group Co., Ltd. (the "Communications Group"), a state-owned enterprise established in the PRC.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Renminbi ("Rmb"), which is also the functional currency of the Company.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") during the current year are involved in the following principal activities:

(a) the construction, operation, maintenance and management of high grade roads;

(b) the provision of securities and futures broking services, margin financing and securities lending services, securities underwriting and sponsorship services, asset management, advisory services and proprietary trading;

(c) the hotel operation, investment in other financial institutions and other ancillary services.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's 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* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRS Accounting Standards are described below:

Impacts on application of Amendments to HKFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

Impacts on application of Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* and Amendments to HKAS 1 *Non-current Liabilities with Covenants*

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at January 1, 2023 and 2024 upon initial application of the amendments. As at January 1, 2023, the Group had outstanding Convertible Bond 2021 with carrying amounts of RMB1,788,401,000, and a maturity date of January 20, 2026 (Note 43). Prior to the initial application of the amendments, the convertible bonds were classified as non-current liabilities as at January 1, 2023. Upon initial application of the amendments, the convertible bonds were reclassified as current liabilities since the conversion options were not classified as equity and are exercisable at any time on or after March 2, 2021 at the bondholders' options. The adoption of the amendments did not have any impact on the consolidated statement of financial position of the Group as at December 31, 2024 and 2023.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

Impacts on application of Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements*

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

New and Amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*4
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after January 1, 2025

2 Effective for annual periods beginning on or after January 1, 2026

3 Effective for annual/reporting periods beginning on or after January 1, 2027

4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and Amendments to HKFRS Accounting Standards in issue but not yet effective (continued)

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after January 1, 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 *Subsidiaries without Public Accountability: Disclosures*

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and Amendments to HKFRS Accounting Standards in issue but not yet effective (continued)

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and Amendments to HKFRS Accounting Standards in issue but not yet effective (continued)

Amendments to HKAS 21 *Lack of Exchangeability*

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments*: *Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and Amendments to HKFRS Accounting Standards in issue but not yet effective (continued)

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Change in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or a gain on bargain purchase.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at the acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statement items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or a gain on bargain purchase at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Goodwill (continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of associates and joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in associates and joint ventures (continued)

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at the acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of the carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid is recognised in the profit or loss in the period in which the additional interests are acquired.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 6.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

The estimated useful lives and annual depreciation rates (except for construction in progress), after taking into account the residual value, adopted by the Group are set out below:

	Estimated useful life	Annual depreciation rate
Leasehold land and buildings	20 – 50 years	1.9% – 4.9%
Hotel	30 years	3.2%
Ancillary facilities	10 – 30 years	3.2% – 9%
Communication and signalling equipment	5 years	19.4%
Motor vehicles	5 – 8 years	12.1% – 19.4%
Machinery and equipment	5 – 8 years	12.1% – 19.4%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Expressway operating rights under service concession arrangements

When the Group has a right to charge for usage of concession infrastructure, it recognises concession intangible assets based on fair value of the consideration paid upon initial recognition. Subsequent costs incurred on expressway widening projects and upgrading services are recognised as additional costs of the expressway operating rights. The concession intangible assets representing expressway operating rights are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.

The concession intangible assets are amortised to write off their cost over their expected useful lives in the remaining concession period on a straight-line basis.

Costs in relation to the day-to-day servicing, repairs and maintenance of the expressway infrastructures are recognised as expenses in the periods in which they are incurred.

Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an individual asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (continued)

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories include consumables and parts for toll road operation, maintenance and hotel service and those commodities held for sale arising from the securities business.

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, the modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from the commencement date to the end of the useful lives. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Leases (continued)

The Group as lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as lessee (continued)

Lease liabilities (continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as lessee (continued)

Lease modifications (continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Leases for which the Group is a lessor are all classified as operating leases for the reporting period.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Rental income which is derived from the Group's ordinary course of business is presented as other income.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessor (continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from the lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e., Rmb) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of share of differences arising on translation (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Government grants (continued)

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under other income and gains and losses.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset. A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation (continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Group's ordinary course of business is presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling financial assets and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Debt instruments/receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments/receivables are recognised in other comprehensive income and accumulated under the FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments/receivables. When these debt instruments/receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “securities investment gains” line item.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, loans to customers arising from margin financing business, bank balances, clearing settlement fund, deposits and cash, pledged bank deposits, bank balances and clearing settlement fund held on behalf of customers, financial assets held under agreements and other receivables), which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECLs on the asset are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets (continued)

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default ("PD"), loss given default ("LGD") (i.e., the magnitude of the loss if there is a default) and the exposure at default ("EAD"). The assessment of the PD and LGD is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECLs on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for trade receivables is considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The allowances for ECL for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the allowance for ECL is charged to profit or loss and is recognised in OCI.

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition/modification of financial assets (continued)

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial assets held under resale agreements

Financial assets held under resale agreements where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements, the cash advanced by the Group is recognised as secured loans and receivables and presented as amounts held under resale agreements in the consolidated statement of financial position. The difference between the purchase and resale considerations is amortised over the period of the respective agreements using the effective interest method and is included in interest income.

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date and price are not derecognised in the consolidated statement of financial position. The proceeds from selling such assets are presented under "financial assets sold under repurchase agreements" in the consolidated statement of financial position. The difference between the selling price and repurchasing price is recognised as interest expense during the term of the agreement using the effective interest method.

Securities lending arrangement

The Group lends investment securities to clients and requires cash and/or equity securities from customers held as collateral under such securities lending agreements. The cash collateral arisen from these is included in "accounts payable to customers arising from securities business". For those securities held by the Group and lent to clients that do not result in the derecognition of financial assets, the collateral is included in financial assets at FVTPL.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of being repurchased in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including accounts payable to customers arising from securities business, trade payables, other payables, dividends payable, bank and other borrowings, placements from other financial institutions, short-term financing notes payable, financial assets sold under repurchase agreements, bonds payable and convertible bonds are subsequently measured at amortised cost, using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Convertible bond containing debt and derivative components

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative component are recognised at fair value. In subsequent periods, the debt component of the Convertible Bond 2021 carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bond are allocated to the debt and derivative components in proportion to their relative fair values. Transactions costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bond using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Convertible bond containing equity component

The component parts of the convertible bond are classified separately as a financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivative features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. In case of a convertible bond issued by a subsidiary, the equity component of the subsidiary is classified as and grouped under non-controlling interests by the Group on consolidation. Where the conversion option remains unexercised at the maturity date of the convertible bond, the balance recognised in equity will be transferred to reserves. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the “Other income gains and losses” line item in profit or loss (Note 9) as part of “Exchange losses, net” for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined using that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. The above said fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 percent.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition/modification of financial liabilities (continued)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination of consolidation scope of structured entities

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as a fund manager and/or an investor, controls a structured entity. The principle of control sets out the following three elements of control: (a) power over these entities; (b) exposure, or rights, to variable returns from involvement with these entities; and (c) the ability to use power over these entities to affect the amount of the investor's returns. The Group reassesses whether or not it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For collective asset management schemes, investment funds and limited partnership enterprises where the Group involves as a manager and/or an investor, the Group considers the scope of its decision-making authority and assesses whether the combination of investments it holds, if any, together with its remuneration and credit enhancements, creates exposure to variability of returns from the activities of the collective asset management schemes and investment funds that is of such significance that it indicates that the Group is a principal. The collective asset management schemes and investment funds are consolidated if the Group acts as a principal.

For the asset-backed special program ("ABS Program") where the Group involves as an investor while providing operational service in relation to the underlying assets, in the evaluation of whether the Group has power over the ABS Program, the following factors are taken into consideration: (a) the relevant activities of the ABS Program and decision-making process to direct them; (b) the scope of the Group's decision-making authority, in terms of the Group's share of percentage within the subordinated class of the ABS Program, responsibilities for the daily operation of the underlying assets pursuant to an operation service agreement, and other rights and responsibilities in relation to the ABS Program; and (c) substantive rights exercisable by other parties in the ABS Program. Besides, in the evaluation of variable returns from involvement with the ABS Program, the Group mainly considers its level of rewards and risks exposed, including the investment return of the subordinated class, service rewards and commitment from the operational service provided in relation to the underlying assets and other commitments.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less cost of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, an impairment loss may arise.

As at December 31, 2024, the carrying amount of goodwill was Rmb86,867,000 (net of accumulated impairment loss) (2023: Rmb86,867,000 (net of accumulated impairment loss)). Details of the impairment testing are disclosed in Note 23.

Measurement of ECL for loans to customers arising from margin financing business and financial assets held under resale agreements

The Group estimates the amount of loss allowance for ECL on its loans to customers arising from margin financing business and financial assets held under resale agreements. The asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss are taken into account for determining the loss allowance amount. The assessment of the credit risk of loans to customers arising from margin financing business and financial assets held under resale agreements involves a high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Measurement of ECL for loans to customers arising from margin financing business and financial assets held under resale agreements (continued)

The following significant judgements and estimations are required in applying the accounting requirements for measuring the ECL:

Significant increase of credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to Note 53 for more details.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 53 for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change, there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of assets, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. Refer to Note 53(b) for more details on ECL.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Measurement of ECL for loans to customers arising from margin financing business and financial assets held under resale agreements (continued)

Forward-looking information

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 53(b) for more details.

PD

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

LGD

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Group has set up a valuation team, which is headed by the Chief Financial Officer of the Group, to determine the appropriate valuation techniques and inputs for fair value measurements.

The Group uses various valuation techniques to determine the fair value of financial instruments which are not quoted in an active market. Valuation techniques include the use of discounted cash flow analysis, models or other valuation methods as appropriate. To the extent practical, models use only observable data; however areas such as credit risk of the Group and the counterparty, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

Segments	Year ended 12/31/2024 Toll operation Rmb'000	Year ended 12/31/2024 Securities operation Rmb'000	Year ended 12/31/2024 Others Rmb'000	Year ended 12/31/2023 Toll operation Rmb'000	Year ended 12/31/2023 Securities operation Rmb'000	Year ended 12/31/2023 Others Rmb'000
Types of goods or services						
Toll operation	10,662,346	–	–	10,423,833	–	–
Securities operation						
Asset management services	–	507,261	–	–	403,689	–
Securities and futures commission	–	2,454,219	–	–	2,634,295	–
Investment banking services	–	730,667	–	–	881,905	–
	–	3,692,147	–	–	3,919,889	–
Others						
Hotel operating and catering services	–	–	108,251	–	–	124,072
Construction service revenue	–	–	1,070,362	–	–	–
Revenue from PPP project	–	–	41,359	–	–	44,830
	–	–	1,219,972	–	–	168,902
Total	10,662,346	3,692,147	1,219,972	10,423,833	3,919,889	168,902
Timing of revenue recognition						
A point in time	10,662,346	3,692,147	108,251	10,423,833	3,919,889	124,072
Over time	–	–	1,111,721	–	–	44,830
Total	10,662,346	3,692,147	1,219,972	10,423,833	3,919,889	168,902

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Year ended 12/31/2024 Rmb'000	Year ended 12/31/2023 Rmb'000
Toll operation	10,662,346	10,423,833
Securities operation	3,692,147	3,919,889
Others	1,219,972	168,902
Revenue from contracts with customers	15,574,465	14,512,624
Interest under effective interest method	2,490,359	2,452,400
Total revenue	18,064,824	16,965,024

6. REVENUE (continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies

Toll operation

Revenue arising from toll operation is recognised at the point in time when the vehicles exit the toll expressway, of which the Group operates part or all of it.

Revenue from toll operation is based on the toll rates determined by government authorities. It is settled by government agencies on a monthly basis.

Hotel operation and catering services

In respect of hotel operation and catering services, the Group recognises revenue at the point in time when the services are provided.

Asset management services

The Group provides asset management services in respect of wealth management products, and is entitled to management fees of these products for its services rendered to customers. Performance obligation is satisfied over the term of the respective wealth management products. Management fees of wealth management products are recognised to the extent that it is highly probable that such recognition will not result in a significant revenue reversal in the future when the uncertainty associated with the quantum of management fees is subsequently resolved. Therefore, in practice the variable management fees can only be recognised upon dividend distribution, withdrawal of investors or liquidation of products.

Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

Securities brokerage services

Commission and fee income arising from securities brokerage services is recognised at the point in time when the service is provided and performance obligation is satisfied when the brokerage of customers' securities, futures or option contracts dealing is completed. Fees are usually received shortly after the services are provided.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

6. REVENUE (continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies (continued)

Investment banking services

The Group provides financial advisory services to its customers. The Group recognises the revenue at the point in time when the services are provided. They are usually collected within one month when they become due.

The Group provides sponsoring and underwriting services to its customers for issue of equity or debt instruments to investors. Performance obligation is satisfied when the issue of these equity or debt instruments is completed. The fees are usually collected within one month when they become due.

Construction service revenue and revenue from PPP project

For participation in public infrastructure construction business in the form of Public-Private Partnership ("PPP") arrangements, the Group accounts for the construction phase of the project in accordance with HKFRS 15 to determine the Group's status as the principal versus agent. The revenue is recognised over time and a contract asset is recognised, which is presented as an intangible asset named "Expressway operating rights". The progress towards complete satisfaction of the performance obligation for each contract is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs. The fair value of construction services is determined on a cost-plus basis with reference to the gross margin applicable to similar construction services provided. The management conduct the assessment on the cost-plus rate, make a continuous review throughout the construction process, and make adjustment if appropriate.

When the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the government authorities or their designators for the construction services and the government authorities or their designators have little, if any, discretion to avoid payment, usually because the agreement is enforceable by law, it recognises a financial asset at fair value upon initial recognition. Subsequent to initial recognition, the financial asset is carried at amortised cost using the effective interest method, less any identified impairment losses.

6. REVENUE (continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

There were no material unsatisfied or partially unsatisfied remaining performance obligations as at December 31, 2024.

7. OPERATING SEGMENTS

Information reported to the General Manager of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Toll operation – the operation and management of high grade roads and the collection of expressway tolls.

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

(iii) Others – hotel operation, high grade road construction, investment in other financial institutions and other ancillary services.

Segment revenue and results

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

For the year ended December 31, 2024

	Toll operation *Rmb'000*	Securities operation *Rmb'000*	Others *Rmb'000*	Total *Rmb'000*
Revenue – external customers	10,662,346	6,182,506	1,219,972	18,064,824
Segment profit	4,401,544	1,980,294	774,640	7,156,478

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

7. OPERATING SEGMENTS (continued)

Segment revenue and results (continued)

For the year ended December 31, 2023

	Toll operation *Rmb'000*	Securities operation *Rmb'000*	Others *Rmb'000*	Total *Rmb'000*
Revenue – external customers	10,423,833	6,372,289	168,902	16,965,024
Segment profit	3,890,536	1,915,533	816,261	6,622,330

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit after tax of each operating segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	Segment assets		Segment liabilities	
	12/31/2024 ***Rmb'000***	12/31/2023 *Rmb'000*	**12/31/2024** ***Rmb'000***	12/31/2023 *Rmb'000*
Toll operation	**46,434,199**	51,395,419	**(25,321,735)**	(29,473,199)
Securities operation	**159,916,026**	146,103,622	**(117,566,517)**	(117,199,395)
Others	**10,745,275**	10,147,894	**(595,751)**	(656,095)
Total segment assets (liabilities)	**217,095,500**	207,646,935	**(143,484,003)**	(147,328,689)
Goodwill	**86,867**	86,867	**–**	–
Consolidated assets (liabilities)	**217,182,367**	207,733,802	**(143,484,003)**	(147,328,689)

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

7. OPERATING SEGMENTS (continued)

Other segment information

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

For the year ended December 31, 2024

	Toll operation *Rmb'000*	Securities operation *Rmb'000*	Others *Rmb'000*	Total *Rmb'000*
Income tax expense	1,279,788	416,940	4,376	1,701,104
Interest income from financial institutions	473,839	–	328	474,167
Interest expenses	756,301	966,160	19,190	1,741,651
Impairment losses on loans to customers arising from margin financing business, recognised in profit or loss	–	7,613	–	7,613
Impairment losses on trade receivables, net of reversal	14,986	(754)	(232)	14,000
Interests in associates	2,725,259	5,909,180	8,576,300	17,210,739
Interests in joint ventures	2,400,437	–	–	2,400,437
Share of profit of associates	184,608	(6,722)	761,513	939,399
Share of profit of joint ventures	130,742	–	–	130,742
Net gains arising from financial assets at FVTPL	–	1,493,929	–	1,493,929
Loss on changes in fair value in respect of the derivative component of convertible bond	(2,676)	–	–	(2,676)
Additions to non-current assets (Note)	2,498,934	5,496,595	55,404	8,050,933
Depreciation and amortisation	3,394,018	394,119	24,289	3,812,426

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

7. OPERATING SEGMENTS (continued)

Other segment information (continued)

For the year ended December 31, 2023

	Toll operation *Rmb'000*	Securities operation *Rmb'000*	Others *Rmb'000*	Total *Rmb'000*
Income tax expense	853,149	376,059	–	1,229,208
Interest income from financial institutions	359,558	–	1,128	360,686
Interest expenses	1,141,766	940,158	22,205	2,104,129
Impairment losses on loans to customers arising from margin financing business, recognised in profit or loss	–	2,345	–	2,345
Impairment losses on trade receivables, net of reversal	60	(556)	168	(328)
Interests in associates	2,926,969	703,957	7,860,129	11,491,055
Interests in joint ventures	1,497,891	–	–	1,497,891
Share of profit of associates	145,725	77,998	832,524	1,056,247
Share of profit of joint ventures	107,046	–	–	107,046
Net gains arising from financial assets at FVTPL	–	1,438,760	–	1,438,760
Gain on changes in fair value in respect of the derivative component of convertible bond	280,620	–	–	280,620
Additions to non-current assets (Note)	3,014,776	368,876	121,169	3,504,821
Depreciation and amortisation	3,408,625	276,039	20,379	3,705,043

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

7. OPERATING SEGMENTS (continued)

Revenue from major services

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

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
Toll operation revenue	**10,662,346**	10,423,833
Commission and fee income from securities operation	**3,692,147**	3,919,889
Interest income from securities operation	**2,490,359**	2,452,400
Hotel and catering revenue	**108,251**	124,072
Construction service revenue	**1,070,362**	–
Revenue from PPP project	**41,359**	44,830
	18,064,824	16,965,024

Geographical information

The Group's operations are located in the PRC. The Group's non-current assets are located in the PRC (country of domicile).

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

Information about major customers

During the years ended December 31, 2024 and 2023, there was no individual customer with sales over 10% of the total revenue of the Group.

8. SECURITIES INVESTMENT GAINS

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
Net gains arising from financial assets at FVTPL	**1,494,335**	1,438,760
Net gains/(losses) arising from debt instruments at FVTOCI	**75,304**	(56)
Net gains/(losses) arising from derivative financial instruments	**98,513**	(414,979)
Net (losses)/gains arising from financial liabilities at FVTPL	**(11,309)**	1,235
Dividend income from equity investments designated at FVTOCI	**78,277**	–
	1,735,120	1,024,960

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For the year ended December 31, 2024

9. OTHER INCOME AND GAINS AND LOSSES

	Year ended 12/31/2024 Rmb'000	Year ended 12/31/2023 Rmb'000
Interest income from financial institutions	474,167	360,686
Rental income (Note i)	73,727	73,264
(Loss)/gain on changes in fair value in respect of the derivative component of convertible bond	(2,676)	280,620
Exchange losses, net	(780)	(143,902)
Gain on commodity trading, net (Note ii)	64,009	131,359
Management fee income	27,135	23,195
Government subsidy	69,485	57,476
Gain on disposal of assets	26,736	1,579
Others	157,342	123,593
	889,145	907,870

Notes:

(i) Rental income included contingent rent of Rmb1,230,000 was recognised during the year ended December 31, 2023. No contingent rent occurred in 2024.

(ii) The income on commodity trading amounted to Rmb9,377,151,000 (2023: Rmb11,899,707,000) with a cost of Rmb9,313,142,000 (2023: Rmb11,768,348,000). The net gains or losses on commodity trading are presented as other income and gains and losses. And the balance of inventories on commodity trading amounted to Rmb1,232,916,000 (2023: Rmb1,303,882,000) as of December 31, 2024.

10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 12/31/2024 Rmb'000	Year ended 12/31/2023 Rmb'000
Impairment losses recognised/(reversed) on:		
Trade receivables – goods and services	14,000	(328)
Other receivables	9,676	21,503
Loans to customers arising from margin financing business	7,613	2,345
Financial assets held under resale agreements	(14,689)	6,237
Debt instruments at FVTOCI	2,854	867
	19,454	30,624

11. FINANCE COSTS

	Year ended 12/31/2024 Rmb'000	Year ended 12/31/2023 Rmb'000
Bank and other borrowings	608,826	786,015
Short-term financing notes payable	41,328	95,425
Bonds payable	866,490	787,671
Convertible Bonds	203,349	412,301
Lease liabilities	21,658	22,717
	1,741,651	2,104,129

12. PROFIT BEFORE TAX

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

	Year ended 12/31/2024 Rmb'000	Year ended 12/31/2023 Rmb'000
Depreciation of property, plant and equipment (included in operating costs and administrative expenses)	868,385	814,910
Depreciation of right-of-use assets	160,055	148,932
Amortisation of expressway operating rights (included in operating costs)	2,668,841	2,650,098
Amortisation of other intangible assets (included in operating costs and administrative expenses)	115,145	91,103
Total depreciation and amortisation	3,812,426	3,705,043
Staff costs (including directors and supervisors):		
– Wages, salaries and bonuses	3,157,006	2,854,601
– Pension scheme contributions	354,752	291,685
	3,511,758	3,146,286
Auditors' remuneration	9,660	11,270
Loss on disposal of property, plant and equipment	10,149	5,274
Allowance for write-down of inventories	44,980	13,711

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For the year ended December 31, 2024

13. INCOME TAX EXPENSE

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	1,508,683	1,492,507
Deferred tax (Note 47)	192,421	(263,299)
	1,701,104	1,229,208

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 had no estimated assessable profits in Hong Kong for both years.

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

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
Profit before tax	8,857,582	7,851,538
Tax at the PRC EIT rate of 25% (2023: 25%)	2,214,396	1,962,885
Tax effect of share of profit of associates	(234,850)	(264,062)
Tax effect of share of profit of joint ventures	(32,686)	(26,762)
Tax effect of tax losses and temporary difference not recognised	28,922	71,925
Utilisation of unused tax losses previously not recognised	(40,015)	(482,237)
Tax effect of expenses not deductible for tax purposes	47,983	186,775
Tax effect of income not subject to tax	(282,646)	(219,316)
Income tax expense for the year	1,701,104	1,229,208

14. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENTS' EMOLUMENTS

The emoluments paid or payable to each of the 10 (2023: 11) directors and 6 (2023: 7) supervisors are as follows:

	Yu Zhihong@ Rmb'000 (Note i)	Yuan Yingjie^ Rmb'000 (Note ii)	Chen Ninghui@ Rmb'000 (Note iii)	Wu Wei@ Rmb'000 (Note iv)	Li Wei@ Rmb'000 (Note v)	Yang Xudong^ Rmb'000	Fan Ye^ Rmb'000	Huang Jianzhang^ Rmb'000	Pei Ker-wei* Rmb'000	Lee Wai Tsang* Rmb'000	Chen Bin* Rmb'000 (Note vi)	Yu Mingyuan* Rmb'000 (Note vii)	Zheng Ruchun# Rmb'000 (Note viii)	He Meiyun# Rmb'000	Lu Xinghai# Rmb'000 (Note ix)	Wu Qingwang# Rmb'000	Wang Yubing# Rmb'000	Lu Wenwei# Rmb'000 (Note x)	Fang Yong# Rmb'000 (Note xi)	Total Rmb'000
2024																				
Fees																				
Salaries, allowances and benefits in kind	–	–	–	377	320	–	–	–	–	–	–	–	–	12	–	4	–	–	–	713
Bonuses paid and payable	–	26	–	468	1,002	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,496
Pension scheme contributions	–	–	–	44	44	–	–	–	–	–	–	–	–	–	–	–	–	–	–	88
Directors' fee	–	–	–	–	–	–	–	–	235	235	41	53	–	–	–	–	–	–	–	564
Total emoluments	–	26	–	889	1,366	–	–	–	235	235	41	53	–	12	–	4	–	–	–	2,861
2023																				
Fees																				
Salaries, allowances and benefits in kind	–	–	377	187	80	–	–	–	–	–	–	–	2	24	–	7	–	–	–	677
Bonuses paid and payable	–	115	667	–	199	–	–	–	–	–	–	–	–	–	–	–	–	–	–	981
Pension scheme contributions	–	–	18	13	10	–	–	–	–	–	–	–	–	–	–	–	–	–	–	41
Directors' fee	–	–	–	–	–	–	–	–	230	230	80	–	–	–	–	–	–	–	–	540
Total emoluments	–	115	1,062	200	289	–	–	–	230	230	80	–	2	24	–	7	–	–	–	2,239

@ Executive directors. The emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

^ Non-executive directors. The emoluments shown above were for their services as directors of the Company or its subsidiaries.

* Independent non-executive directors. The emoluments shown above were for their services as directors of the Company.

Supervisors. The emoluments shown above were for their services as supervisors of the Company.

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14. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENTS' EMOLUMENTS (continued)

Notes:

(i) Resigned on August 23, 2023.

(ii) Appointed as Chairman of the Board on August 23, 2023; Reappointed as a non-executive director on September 7, 2023.

(iii) Resigned on September 27, 2023.

(iv) Appointed on September 27, 2023.

(v) Appointed on October 13, 2023.

(vi) Resigned on June 30, 2024.

(vii) Appointed on July 1, 2024.

(viii) Resigned on June 9, 2023.

(ix) Resigned on June 30, 2024.

(x) Appointed on September 27, 2023.

(xi) Appointed on July 1, 2024.

Bonuses paid to directors and supervisors are performance-related and are determined by the Remuneration Committee of the Company, which comprises three independent non-executive directors. No directors or supervisors waived any emoluments and no incentive was paid to any director or supervisor as an inducement to join the Company and no compensation for loss of office was paid to any directors, supervisors, past directors or past supervisors during the year (2023: Nil).

14. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENTS' EMOLUMENTS (continued)

The emoluments paid or payable to each of the other 10 (2023: 9) senior management personnel are as follows:

	Zheng Hui *Rmb'000*	Zhang Xiuhua *Rmb'000* (Note i)	Wang Bingjiong *Rmb'000* (Note i)	Li Wei *Rmb'000* (Note ii)	Wu Xiangyang *Rmb'000*	Ruan Liya *Rmb'000*	Ma Ting *Rmb'000* (Note iii)	Zhao Dongquan *Rmb'000*	Han Jinghua *Rmb'000* (Note iv)	Jiang Libiao *Rmb'000* (Note v)	Wang Lijian *Rmb'000* (Note v)	Total *Rmb'000*
Year ended December 31, 2024												
Salaries, allowances and benefits in kind	**320**	**160**	**160**	**–**	**320**	**320**	**–**	**320**	**320**	**160**	**160**	**2,240**
Bonuses paid and payable	**766**	**864**	**847**	**–**	**928**	**972**	**–**	**880**	**399**	**79**	**76**	**5,811**
Pension scheme contributions	**44**	**17**	**21**	**–**	**44**	**44**	**–**	**44**	**44**	**22**	**22**	**302**
Total emoluments	**1,130**	**1,041**	**1,028**	**–**	**1,292**	**1,336**	**–**	**1,244**	**763**	**261**	**258**	**8,353**
Year ended December 31, 2023												
Salaries, allowances and benefits in kind	320	320	320	240	320	320	213	320	159	–	–	2,532
Bonuses paid and payable	589	714	673	597	694	711	661	564	–	–	–	5,203
Pension scheme contributions	38	38	37	28	37	37	25	38	9	–	–	287
Total emoluments	947	1,072	1,030	865	1,051	1,068	899	922	168	–	–	8,022

Notes:

(i) Resignation on June 28, 2024.

(ii) Appointed as an executive director on October 13, 2023. Simultaneously serving as an senior management of the Company.

(iii) Resignation on August 2, 2023.

(iv) Appointed on October 7, 2023. Mr. Han will no longer serve as the Deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Commission, and Chairman of the Trade Union of our Company in January 2025.

(v) Appointed on June 28, 2024.

Bonuses paid to senior management are performance-related and are determined by the board of directors.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

14. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENTS' EMOLUMENTS (continued)

No senior management waived any emoluments and no incentive was paid to any senior management as an inducement to join the Company and no compensation for loss of office was paid to any senior management or past senior management during the year (2023: Nil). Bonuses are determined by reference to the individual performance of the senior management.

15. EMPLOYEES' EMOLUMENTS

The emoluments of the five highest paid individuals in the Group are as follows:

	Year ended 12/31/2024 ***Rmb'000***	Year ended 12/31/2023 *Rmb'000*
Salaries, allowances and benefits in kind	**12,104**	15,036
Bonuses paid and payable (Note)	**49,341**	42,737
Pension scheme contributions	**592**	530
	62,037	58,303

Note: The bonuses paid and payable are determined by reference to the performance of the relevant business of the Group for the years ended December 31, 2024 and 2023.

No emoluments nor incentive was waived as an inducement to join the Company and no compensation for loss of office was paid to any of the five highest paid individuals in the Group during both years. Bonuses are determined by reference to the individual performance of the five highest paid individuals in the Group.

The five individuals with the highest emoluments in the Group during the year included 5 non-director employees.

15. EMPLOYEES' EMOLUMENTS (continued)

Their emoluments are within the following bands:

	No. of individuals	
	Year ended 12/31/2024	Year ended 12/31/2023
HKD9, 500,001 to HKD10, 000,000 (equivalent to Rmb8, 797,381 (2023: Rmb8, 608,901) to Rmb9, 260,400 (2023: Rmb9, 062,000))	**–**	1
HKD10, 000,001 to HKD10, 500,000 (equivalent to Rmb9, 260,401 (2023: Rmb9, 062,001) to Rmb9, 723,420 (2023: Rmb9, 515,100))	**–**	1
HKD11,000,001 to HKD11,500,000 (equivalent to Rmb10,186,441 (2023: Rmb9,968,201元) to Rmb10,649,460 (2023: Rmb10,421,300))	**1**	–
HKD11, 500,001 to HKD12, 000,000 (equivalent to Rmb10, 649,461 (2023: Rmb10, 421,301) to Rmb11, 112,480 (2023: Rmb10, 874,400))	**1**	–
HKD13,000,001 to HKD13,500,000 (equivalent to Rmb12,038,521 (2023: Rmb11,780,601) to Rmb12,501,540 (2023: Rmb12,233,700))	**–**	1
HKD13, 500,001 to HKD14, 000,000 (equivalent to Rmb12, 501,541 (2023: Rmb12, 233,701) to Rmb12, 964,560 (2023: Rmb12, 686,800))	**1**	1
HKD14,000,001 to HKD14,500,000 (equivalent to Rmb12,964,561 (2023: Rmb12,686,801) to Rmb13,427,580 (2023: Rmb13,139,900))	**1**	–
HKD15,500,001 to HKD16,000,000 (equivalent to Rmb14,353,621 (2023: Rmb14,046,101) to Rmb14,816,640 (2023: Rmb14,499,200))	**1**	–
HKD17, 500,001 to HKD18, 000,000 (equivalent to Rmb16, 205,701 (2023: Rmb15, 858,501) to Rmb16, 668,720 (2023: Rmb16,311,600))	**–**	1
	5	5

16. DIVIDENDS

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
Dividends recognised as distribution during the year: 2023 – Rmb32 cents (2023: 2022 – Rmb37.5 cents)	**1,917,919**	1,628,668

Dividend of Rmb38.5 cents per share in respect of the year ended December 31, 2024 (2023: dividend of Rmb32.0 cents per share in respect of the year ended December 31, 2023) in the total amount of Rmb2,307,613,000 (2023: Rmb1,917,919,000) has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting.

Notes to the Consolidated Financial Statements

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17. 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:

	Year ended 12/31/2024 ***Rmb'000***	Year ended 12/31/2023 *Rmb'000*
Profit for the year attributable to owners of the Company	**5,501,588**	5,223,679
Earnings for the purpose of basic earnings per share	**5,501,588**	5,223,679
Effect of dilutive potential ordinary shares arising from convertible bond:		
Interest expense	**8,879**	228,084
Exchange (gain)/loss (net of income tax)	**(6,182)**	59,700
Loss/(gain) on changes in fair value on derivative component	**2,512**	(280,620)
Adjustment to the share of profit of subsidiaries based on dilution of their earnings per share	**(46,932)**	(58,348)
Earnings for the purpose of diluted earnings per share	**5,459,865**	5,172,495

	Year ended 12/31/2024 ***Rmb'000***	Year ended 12/31/2023 *Rmb'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	**5,993,568**	4,624,765
Effect of dilutive potential ordinary shares arising from convertible bond	**39,271**	286,612
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,032,839**	4,911,377

Note: In October 2024, the bondholders converted part of the Convertible Bond 2021 with a principal amount of Euro200,000 to the shares of the Company, and the weighted average number of ordinary shares outstanding during the year was adjusted to reflect the conversion during the year.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings Rmb'000	Hotel Rmb'000	Ancillary facilities Rmb'000	Communication and signalling equipment Rmb'000	Motor vehicles Rmb'000	Machinery and equipment Rmb'000	Construction in progress Rmb'000	Total Rmb'000
COST								
At January 1, 2023	2,041,151	852,641	2,972,801	3,403,260	212,604	876,075	723,745	11,082,277
Additions	313,755	–	13,555	58,627	15,731	97,930	613,552	1,113,150
Transfer	928	–	443,993	208,277	–	6,452	(659,650)	–
Disposals	–	(705)	–	(123,158)	(16,092)	(20,530)	–	(160,485)
At December 31, 2023	2,355,834	851,936	3,430,349	3,547,006	212,243	959,927	677,647	12,034,942
Additions	32,141	2,218	129,210	48,705	11,385	159,466	29,403	412,528
Transfer	102,116	–	248,743	22,587	5,674	21,992	(401,112)	–
Disposals	–	–	(13,602)	(243,369)	(14,098)	(71,158)	–	(342,227)
At December 31, 2024	2,490,091	854,154	3,794,700	3,374,929	215,204	1,070,227	305,938	12,105,243
DEPRECIATION AND IMPAIRMENT								
At January 1, 2023	866,985	255,115	985,066	2,403,459	128,126	530,700	–	5,169,451
Provided for the year	131,736	27,856	261,728	260,653	17,335	115,602	–	814,910
Disposals	–	(193)	–	(116,223)	(15,897)	(19,127)	–	(151,440)
At December 31, 2023	998,721	282,778	1,246,794	2,547,889	129,564	627,175	–	5,832,921
Provided for the year	127,714	30,625	288,107	273,995	19,002	128,942	–	868,385
Disposals	–	–	(7,657)	(225,214)	(13,497)	(67,598)	–	(313,966)
At December 31, 2024	1,126,435	313,403	1,527,244	2,596,670	135,069	688,519	–	6,387,340
CARRYING VALUES								
At December 31, 2024	1,363,656	540,751	2,267,456	778,259	80,135	381,708	305,938	5,717,903
At December 31, 2023	1,357,113	569,158	2,183,555	999,117	82,679	332,752	677,647	6,202,021
At January 1, 2023	1,174,166	597,526	1,987,735	999,801	84,478	345,375	723,745	5,912,826

The property, plant and equipment are mainly located in the PRC.

The Group's investment properties are buildings with a net carrying amount of approximately Rmb91,182,970 (2023: Rmb98,479,487) leased to other parties under operating leases to earn rental income, which are measured using the cost model and are classified as property, plant and equipment.

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For the year ended December 31, 2024

19. RIGHT-OF-USE ASSETS

	Leasehold lands *Rmb'000*	Leased properties *Rmb'000*	Total *Rmb'000*
COST			
At January 1, 2024	**533,522**	**827,409**	**1,360,931**
Addition	**2,218**	**74,186**	**76,404**
Decrease	**–**	**(64,028)**	**(64,028)**
At December 31, 2024	**535,740**	**837,567**	**1,373,307**
DEPRECIATION			
At January 1, 2024	**56,616**	**369,478**	**426,094**
Addition	**21,141**	**138,914**	**160,055**
Decrease	**–**	**(45,025)**	**(45,025)**
At December 31, 2024	**77,757**	**463,367**	**541,124**
CARRYING VALUES			
At December 31, 2024	**457,983**	**374,200**	**832,183**
At January 1, 2024	**476,906**	**457,931**	**934,837**

	Leasehold lands *Rmb'000*	Leased properties *Rmb'000*	Total *Rmb'000*
COST			
At January 1, 2023	221,267	752,110	973,377
Addition	312,255	153,034	465,289
Decrease	–	(77,735)	(77,735)
At December 31, 2023	533,522	827,409	1,360,931
DEPRECIATION			
At January 1, 2023	35,214	316,210	351,424
Addition	21,402	127,530	148,932
Decrease	–	(74,262)	(74,262)
At December 31, 2023	56,616	369,478	426,094
CARRYING VALUES			
At December 31, 2023	476,906	457,931	934,837
At January 1, 2023	186,053	435,900	621,953

19. RIGHT-OF-USE ASSETS (continued)

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Expense relating to short-term leases	7,871	6,458
Total cash outflow for leases	174,269	159,678

Total cash outflow for leases includes payments of principal and interest portions of lease liabilities, short-term leases and payments of lease payments on or before lease the commencement date (including leasehold lands).

The Group leases various offices for its operations. Lease contracts are entered into for terms of 12 months to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The amounts of the Group's lease liabilities and interest expense on lease liabilities are disclosed in Note 46 and Note 11, respectively. For the year ended December 31, 2024, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at December 31, 2024, the Group did not enter into any lease that has not yet commenced.

Notes to the Consolidated Financial Statements

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20. EXPRESSWAY OPERATING RIGHTS

	Rmb'000
COST	
At January 1, 2023	59,725,372
Additions	–
Disposals	(28,059)
At December 31, 2023	59,697,313
Additions	1,406,806
Disposals	(19,283)
At December 31, 2024	61,084,836
AMORTISATION	
At January 1, 2023	36,050,629
Charge for the year	2,650,098
Disposals	(16,324)
At December 31, 2023	38,684,403
Charge for the year	2,668,841
Disposals	(12,245)
At December 31, 2024	41,340,999
CARRYING VALUES	
At December 31, 2024	19,743,837
At December 31, 2023	21,012,910
At January 1, 2023	23,674,743

20. EXPRESSWAY OPERATING RIGHTS (CONTINUED)

The above expressway operating rights were granted by the Zhejiang Provincial Government and Anhui Provincial Government for a period ranging from 25 to 30 years. During the expressway concessionary period, the Group has the rights of operations and management of Shanghai-Hangzhou-Ningbo Expressway, Shangsan Expressway, Jinhua Section of the Ningbo-Jinhua Expressway, Hanghui Expressway, Huihang Expressway, HuangQuNan Expressway and Zhoushan Bay Bridge, LongLi Expressway and LiLong Expressway, Zhajiasu Expressway and the toll-collection rights thereof.

The Group is required to manage and operate the expressways in accordance with the regulations promulgated by the Ministry of Communication and relevant government authorities. Upon the end of the respective concession service periods, the toll expressways and their toll station facilities without residual value, will be returned to the grantors at nil consideration. The expressway operating rights are amortised using the straight-line basis over the useful life attributable to the Group.

During the year ended December 31, 2024, the Group has implemented expressway reconstruction and expansion projects, which included the Ningbo-Jinhua Expressway (Jinhua Section) and the Zhajiasu Expressway (from Nanhu Interchange to the Zhejiang-Jiangsu Border Section). The Group recognised the contract asset and presented as an intangible asset named “Expressway operating rights”.

21. GOODWILL

	Rmb'000
COST AND CARRYING VALUES	
At January 1, 2023, December 31, 2023 and December 31, 2024	**86,867**

Particulars regarding impairment testing on goodwill are disclosed in Note 23.

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22. OTHER INTANGIBLE ASSETS

	Customer bases *Rmb'000*	Securities/ futures firm licences *Rmb'000*	Trading seats *Rmb'000*	Software *Rmb'000*	Data assets *Rmb'000*	Total *Rmb'000*
COST						
At January 1, 2023	163,057	63,083	3,480	551,451	–	781,071
Additions	–	–	–	132,087	–	132,087
Disposals	–	–	–	(5,167)	–	(5,167)
At December 31, 2023	163,057	63,083	3,480	678,371	–	907,991
Additions	–	–	–	145,534	9,283	154,817
Disposals	–	–	–	(4,535)	–	(4,535)
At December 31, 2024	163,057	63,083	3,480	819,370	9,283	1,058,273
AMORTISATION						
At January 1, 2023	125,911	–	–	307,760	–	433,671
Charge for the year	12,382	–	–	78,721	–	91,103
Disposals	–	–	–	(5,167)	–	(5,167)
At December 31, 2023	138,293	–	–	381,314	–	519,607
Charge for the year	12,382	–	–	101,341	1,422	115,145
Disposals	–	–	–	(4,535)	–	(4,535)
At December 31, 2024	150,675	–	–	478,120	1,422	630,217
CARRYING VALUES						
At December 31, 2024	12,382	63,083	3,480	341,250	7,861	428,056
At December 31, 2023	24,764	63,083	3,480	297,057	–	388,384
At January 1, 2023	37,146	63,083	3,480	243,691	–	347,400

The securities/futures firm licenses of the securities operation are considered by the management of the Group to have indefinite useful lives because they can be renewed at minimal cost.

22. OTHER INTANGIBLE ASSETS (continued)

The trading seats of the securities operation are considered by the management of the Group to have an indefinite useful life because there is no economic or regulatory limit to their useful life.

Customer bases are amortised on a straight-line basis of five years. Software is amortised on a straight-line basis over three to five years.

Particulars of the impairment testing on intangible assets with indefinite useful lives are disclosed in Note 23.

23. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purposes of impairment testing, goodwill and other intangible assets with indefinite useful lives set out in Notes 21 and 22 have been allocated to four individual cash-generating units ("CGUs"), comprising two subsidiaries in toll operation segment and two subsidiaries in securities operation segment. The carrying amounts of goodwill and other intangible assets as at December 31, 2024 and 2023 allocated to these units are as follows:

	Goodwill		Securities/futures firm licences		Trading seats	
	12/31/2024	12/31/2023	**12/31/2024**	12/31/2023	**12/31/2024**	12/31/2023
	Rmb'000	*Rmb'000*	***Rmb'000***	*Rmb'000*	***Rmb'000***	*Rmb'000*
Toll operation						
– Jiaxing Branch of Zhejiang LongLiLiLong Expressway Co., Ltd. ("Jiaxing Branch")	**75,137**	75,137	**–**	–	**–**	–
– Zhejiang Shangsan Expressway Co., Ltd. ("Shangsan Co")	**10,335**	10,335	**–**	–	**–**	–
Securities operation						
– Zheshang Securities	**–**	–	**51,783**	51,783	**2,080**	2,080
– Zheshang Futures	**1,395**	1,395	**11,300**	11,300	**1,400**	1,400
	86,867	86,867	**63,083**	63,083	**3,480**	3,480

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23. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (continued)

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Jiaxing Branch and Shangsan Co

The recoverable amounts of CGUs of Jiaxing Branch and Shangsan Co are determined based on value in use calculations. The key assumptions for the value in use calculations relate to discount rates, growth rates, and expected changes in toll revenue and direct costs during the forecast period. Those calculations use cash flow projections based on financial budgets approved by the management covering a five-year period and the discount rates the management considered appropriate. No growth rate has been assumed beyond the five-year period up to the remaining toll road operating rights which are 4 years (2023: 5 years) and 6 years (2023: 7 years) for Jiaxing Branch and Shangsan Co, respectively. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Jiaxing Branch's and Shangsan Co's goodwill to exceed their aggregate recoverable amounts.

Zheshang Securities and Zheshang Futures

The recoverable amounts of CGUs of Zheshang Securities and Zheshang Futures are determined based on value in use calculations. The key assumptions for the value in use calculations relate to the discount rates, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with discount rates management believes appropriate. The growth rate beyond the five-year period is assumed to be 1% (2023: 1%). Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of Zheshang Securities and Zheshang Futures' goodwill and other intangible assets to exceed their aggregate recoverable amounts.

During the years ended December 31, 2024 and 2023, the management of the Group determines that there is no impairment of any of its CGUs containing goodwill and other intangible assets with indefinite useful lives.

24. INTERESTS IN ASSOCIATES

	12/31/2024 Rmb'000	12/31/2023 Rmb'000
Cost of investments in associates	13,746,615	8,642,897
Share of post-acquisition profit and other comprehensive income, net of dividends received	3,464,124	2,848,158
	17,210,739	11,491,055

At December 31, 2024 and 2023, the Group had interests in the following associates:

Name of entities	Form of business structure	Place of registration and operation	Percentage of equity interest and voting right attributable to the Group		Principal activities
			12/31/2024 %	12/31/2023 %	
Zheshang Fund Management Co., Ltd. ("Zheshang Fund") (Note i)	Corporate	The PRC	25	25	Asset fund management
Zhejiang Communications Investment Group Finance Co., Ltd. ("Zhejiang Communications Finance") (Note ii)	Corporate	The PRC	20.08	20.08	Finance and investment
Yangtze United Financial Leasing Co., Ltd. ("Yangtze United Financial Leasing") (Note iii)	Corporate	The PRC	10.61	10.61	Provision of financial leasing services
Zhejiang Zheshang Innovation Capital Management Co., Ltd. ("Zheshang Innovation Capital Management")	Corporate	The PRC	40	40	Investment management and consulting
Taiping Science and Technology Insurance Co., Ltd. ("Taiping Insurance") (Note iv)	Corporate	The PRC	8.77	8.77	Science and technology related insurance
Zheshang FoF for Industry Transformation and Upgrading LP ("Zheshang FoF") (Note v)	Partnership	The PRC	24.99	24.99	Investment management and consulting
Zhejiang Concord Property Investment Co., Ltd. ("Zhejiang Concord Property") (Note vi)	Corporate	The PRC	45	45	Investment and real estate development
Shanghai Rural Commercial Bank Co., Ltd. ("SRCB") (Note vii)	Corporate	The PRC	4.96	4.92	Commercial banking

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24. INTERESTS IN ASSOCIATES (continued)

Name of entities	Form of business structure	Place of registration and operation	Percentage of equity interest and voting right attributable to the Group		Principal activities
			12/31/2024 %	12/31/2023 %	
Zhejiang Hangning Expressway Co., Ltd. ("Zhejiang Hangning") (Note viii)	Corporate	The PRC	**30**	30	Expressway
Zheshang Zhongtuo Zheqi Supply Chain Management (Zhejiang) Co., Ltd. ("Zhongtuo Zheqi")	Corporate	The PRC	**20**	20	Supply Chain Management
CICC- Shenjiahuhang Expressway asset-backed special program ("ABS Program") (Note ix)	Structured product	The PRC	**30**	30	Expressway
Zhejiang Wenzhou YongTaiWen Expressway Co., Ltd. ("YongTaiWen Co") (Note x)	Corporate	The PRC	**15**	15	Expressway
Guodu Securities Co., Ltd. (Note xi)	Corporate	The PRC	**34.25**	–	Operation of securities business

All of the above associates are accounted for using the equity method in these consolidated financial statements.

Notes:

(i) The Group is able to exercise significant influence over Zheshang Fund because it has the power to appoint one out of four directors of that company under the provisions stated in the Articles of Association of that company.

On August 14, 2014, Zheshang Securities, together with one of the shareholders of Zheshang Fund, Yangshengtang Co., Ltd., auctioned off their respective 25% equity interests (totalling 50%) in Zheshang Fund. The hammer price reached Rmb414,000,000 offered by Zheling Technology Co., Ltd, another shareholder of Zheshang Fund which is independent to the Group, and Zheshang Securities has received a consideration of Rmb207,000,000 accordingly.

As at December 31, 2024, the disposal transaction has not been completed and the refundable consideration of Rmb207,000,000 (2023: Rmb207,000,000) in respect of such transfer reversed by Zheshang Securities was included in other payables in Note 38.

The Directors consider the disposal required approval by the China Securities Regulatory Commission and equity transfer registration, which was a lengthy process and they are not able to estimate the timing when and whether such approval would be granted. The amount of deposit received would be refundable to Zheling Technology Co., Ltd if the transfer eventually cannot be completed.

24. INTERESTS IN ASSOCIATES (continued)

Notes: (continued)

(ii) The Group is able to exercise significant influence over Zhejiang Communications Finance because it has the power to appoint one out of six directors of that company under the provisions stated in the articles of association of that company.

(iii) The Group is able to exercise significant influence over Yangtze United Financial Leasing because it has the power to appoint one out of nine directors of that company under the provisions stated in the articles of association of that company.

(iv) The Group is able to exercise significant influence over Taiping Insurance because it has the power to appoint one out of nine directors of that company after the capital injection.

(v) As a limited partner of Zheshang FoF, the management considers the Group has significant influence over the investees. 24.99% is the percentage of capital commitment subscribed by the Group, the Group recognises share of profit based on the capital account allocation provided by Zheshang FoF.

(vi) The Group is able to exercise significant influence over Zhejiang Concord Property because it has the power to appoint the one out of three directors of Zhejiang Concord Property under the provisions stated in the articles of association of that company.

(vii) The Group acquired 3,866,700 shares of SRCB and the percentage of equity interest in SRCB slightly increased from 4.92% to 4.96% during the year ended December 31, 2024. The Group can exercise significant influence over SRCB because it has the power to appoint one out of fifteen directors of SRCB.

(viii) The Group is able to exercise significant influence over Zhejiang Hangning because it has the power to appoint two out of nine directors of that company under the provisions stated in the articles of association of that company.

(ix) In November 2022, the Group together with other professional institutional investors entered into the asset management agreement with China International Capital Corporation Limited ("CICC") as the fund manager of the ABS Program. The Group subscribed Rmb75,000,000 of the subordinated class of the ABS Program and continued to provide operational service in relation to the underlying assets, upon which the Group can exercise significant influence over the ABS Program.

(x) On September 28, 2023, the Company and Communications Group entered into the YongTaiWen Equity Purchase Agreement, pursuant to which the Company agreed to acquire a 15% equity interest in Zhejiang Wenzhou YongTaiWen Expressway Co., Ltd. ("YongTaiWen Co") at a consideration of RMB733,096,810. The transaction was completed on October 26, 2023 upon the revision of the articles of association and modification of business registration. The Group can exercise significant influence over YongTaiWen Co because it has the power to appoint one out of ten directors of that company under the provisions stated in the articles of association of that company.

(xi) On December 26, 2024, Zheshang Securities acquired a 34.2546% equity interest in Guodu Securities Co., Ltd. ("Guodu Securities") with 1,997,043,125 shares and completed the equity transfer registration, pursuant to the approval granted by the China Securities Regulatory Commission on November 30, 2024.

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24. INTERESTS IN ASSOCIATES (continued)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standards.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Zhejiang Hangning

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Current assets	1,001,393	897,252
Non-current assets	6,073,724	6,700,583
Current liabilities	(372,887)	(434,561)
Non-current liabilities	(38,440)	(30,130)

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
Revenue	1,787,183	1,767,704
Profit from continuing operations	523,859	486,599
Profit for the year	523,859	486,599
Total comprehensive income for the year	523,859	486,599
Dividends received from the associate during the year	297,964	214,630

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhejiang Hangning recognised in the consolidated financial statements:

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Net assets of the associate	6,663,790	7,133,144
Proportion of the Group's ownership interest in Zhejiang Hangning	30.00%	30.00%
Carrying amount of the Group's interest in Zhejiang Hangning	1,999,137	2,139,943

24. INTERESTS IN ASSOCIATES (continued)

Zhejiang Communications Finance

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Current assets	**15,607,389**	16,831,958
Non-current assets	**34,463,627**	37,671,367
Current liabilities	**(41,204,155)**	(45,912,020)
Non-current liabilities	**(27,543)**	(29,137)

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
Revenue	**1,475,983**	1,633,045
Profit from continuing operations	**395,235**	818,647
Profit for the year	**395,235**	818,647
Total comprehensive income for the year	**395,235**	818,647
Dividends received from the associate during the year	**23,711**	63,100

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhejiang Communications Finance recognised in the consolidated financial statements:

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Net assets of the associate	**8,839,318**	8,562,168
Proportion of the Group's ownership interest in Zhejiang Communications Finance	**20.08%**	20.08%
Carrying amount of the Group's interest in Zhejiang Communications Finance	**1,774,935**	1,719,283

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24. INTERESTS IN ASSOCIATES (continued)

Aggregate information of associates that are not individually material

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
The Group's share of profit from continuing operations	702,878	745,883
The Group's share of other comprehensive income	251,095	86,812
The Group's share of total comprehensive income	953,973	832,695
Aggregate carrying amount of the Group's interests in these associates	13,436,667	7,631,829

25. INTERESTS IN JOINT VENTURES

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Unlisted investments in joint ventures, at cost	2,081,671	1,373,970
Share of post-acquisition gain, net of dividends received	318,766	123,921
	2,400,437	1,497,891

At December 31, 2024 and 2023, the Group had interests in the following joint ventures:

Name of entity	Form of business structure	Place of registration and operation	Percentage of equity interest and voting right attributable to the Group		Principal activities
			12/31/2024 %	12/31/2023 %	
Zhejiang Shaoxing Shengxin Expressway Co., Ltd. ("Shengxin Co")	Corporate	The PRC	50	50	Management of the Shaoxing section of the Ningbo-Jinhua Expressway
Zhejiang Zhijiang Communications Holdings Co., Ltd. (Note i)	Corporate	The PRC	50	50	Investment

25. INTERESTS IN JOINT VENTURES

Note:

(i) Zhejiang Zhijiang Communications Holdings Co., Ltd. ("Zhijiang Communications Holdings") is a limited liability company established in the PRC on November 28, 2023 by the Company and China Merchants Expressway Network & Technology Holdings Co., Ltd.

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS Accounting Standards.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Shengxin Co

	12/31/2024 ***Rmb'000***	12/31/2023 *Rmb'000*
Current assets	**1,870,978**	577,991
Non-current assets	**1,713,862**	1,480,906
Current liabilities	**(942,119)**	(324,683)
Non-current liabilities	**(748,009)**	(549,248)
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**727,045**	188,584
Current financial liabilities (excluding trade and other payables and provisions)	**(748,320)**	(251,023)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(721,225)**	(518,000)

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25. INTERESTS IN JOINT VENTURES (continued)

Shengxin Co (continued)

	Year ended 12/31/2024 ***Rmb'000***	Year ended 12/31/2023 *Rmb'000*
Revenue	**1,714,042**	550,786
Profit for the year	**216,547**	164,277
Total comprehensive income for the year	**216,547**	164,277
Dividends received from the associate during the year	**–**	50,000
The above profit for the year includes the following:		
Depreciation and amortisation	**(192,175)**	(186,572)
Interest income	**1,088**	2,609
Interest expense	**(14,897)**	(22,785)
Income tax expense	**(69,879)**	(55,285)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shengxin Co recognised in the consolidated financial statements:

	12/31/2024 ***Rmb'000***	12/31/2023 *Rmb'000*
Net assets of the associate	**1,894,713**	1,184,966
Proportion of the Group's ownership interest in Shengxin Co	**50.00%**	50.00%
Carrying amount of the Group's interest in Shengxin Co	**947,357**	592,483

Zhijiang Communications Holdings

	12/31/2024 ***Rmb'000***	12/31/2023 *Rmb'000*
Current assets	**225,210**	1,314,002
Non-current assets	**10,382,050**	10,635,177
Current liabilities	**(62,101)**	(1,231,653)
Non-current liabilities	**(7,639,000)**	(6,558,000)

25. INTERESTS IN JOINT VENTURES (continued)

Zhijiang Communications Holdings (continued)

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**202,996**	10,146
Current financial liabilities (excluding trade and other payables and provisions)	**(26,896)**	(274,976)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(7,439,000)**	(5,808,000)

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
Profit for the year	**44,937**	49,815
Total comprehensive income for the year	**44,937**	49,815
The above profit for the year includes the following: Interest income	**1,116**	28

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhijiang Communications Holdings recognised in the consolidated financial statements:

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Net assets of Zhijiang Communications Holdings	**2,906,159**	4,159,526
Less: non-controlling interests of Zhijiang Communications Holdings' subsidiary	**–**	(2,348,711)
	2,906,159	1,810,815
Proportion of the Group's ownership interest in Zhijiang Communications Holdings	**50.00%**	50.00%
Carrying amount of the Group's interest in Zhijiang Communications Holdings	**1,453,080**	905,408

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26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2024 Rmb'000	12/31/2023 Rmb'000
Financial assets mandatorily measured at FVTPL:		
– Debt securities	19,829,409	25,464,795
– Equity securities (Note i, ii)	1,918,504	3,875,559
– Funds	8,637,292	8,564,248
– Other investments (Note iii)	5,637,360	4,014,038
	36,022,565	41,918,640
Analysed as:		
– Listed (Note iv)	11,945,840	11,498,377
– Unlisted	24,076,725	30,420,263
	36,022,565	41,918,640
Analysed for reporting purposes as:		
Current assets	35,536,634	41,729,113
Non-current assets	485,931	189,527
	36,022,565	41,918,640

Notes:

(i) The restricted shares with a legally enforceable restriction that prevents the Group to dispose of within a specified period amounted to nil as at December 31, 2024 (Rmb 57,860,000 as at December 31, 2023). The fair values of these securities have taken into account the relevant features including the restriction.

(ii) As at December 31, 2024, the Group has entered into securities lending arrangements with clients that resulted in the transfer of financial assets at fair value through profit or loss with a total fair value of Rmb8,261,982 (2023: Rmb7,833,652) to external clients. Since the arrangements will be settled by the securities with the same quantity lent, the economic risks and benefits of those securities are not transferred and it does not result in the derecognition of the financial assets.

(iii) Other investments mainly represent investments in collective asset management schemes issued and managed by the Group, wealth management products issued by banks and targeted asset management schemes (or trust investments) managed by non-bank financial institutions, which mainly invest in debt securities, publicly traded equity securities listed in the PRC.

(iv) Securities and funds traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the "Listed" category.

27. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Listed equity investments, at fair value		
– Infrastructure real estate investment trusts (the "REITs")	**374,636**	–
– Equity securities	**1,334,123**	–
	1,708,759	–

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

28. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Analysed by type of issuers:		
– Corporate entities (Note i, ii)	**3,229,914**	1,296,558
– Government (Note ii)	**9,205,113**	6,867,340
	12,435,027	8,163,898
Analysed as:		
– Listed (Note iii)	**10,011**	514,806
– Unlisted	**12,425,016**	7,649,092
	12,435,027	8,163,898
Analysed for reporting purposes as:		
Current assets	**1,022,862**	445,173
Non-current assets	**11,412,165**	7,718,725
	12,435,027	8,163,898
Expected credit losses	**4,829**	1,975

Notes:

(i) It mainly comprises bonds and notes issued by corporates.

(ii) As at December 31, 2024, the fair value of securities of the Group which have been placed as collateral for financial assets sold under repurchase agreements was Rmb8,579,310,000 (December 31, 2023: Rmb5,397,901,000).

(iii) Debt securities traded on stock exchanges are included in the "Listed" category.

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28. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The following table shows the reconciliation of loss allowances that have been recognised for debt instruments at fair value through other comprehensive income.

	12m ECL *Rmb'000*	Lifetime ECL (not credit– impaired) *Rmb'000*	Lifetime ECL (credit– impaired) *Rmb'000*	Total *Rmb'000*
As at January 1, 2024	**1,975**	**–**	**–**	**1,975**
Changes in the loss allowance:				
– Charged to profit or loss	**2,854**	**–**	**–**	**2,854**
As at December 31, 2024	**4,829**	**–**	**–**	**4,829**
As at January 1, 2023	1,108	–	–	1,108
Changes in the loss allowance:				
– Charged to profit or loss	867	–	–	867
As at December 31, 2023	1,975	–	–	1,975

The table below details the credit risk exposures of the debt instruments at fair value through other comprehensive income, which are subject to ECL assessment.

	12m ECL *Rmb'000*	Lifetime ECL (not credit– impaired) *Rmb'000*	Lifetime ECL (credit– impaired) *Rmb'000*	Total *Rmb'000*
As at December 31, 2024				
Gross carrying amount	**12,435,027**	**–**	**–**	**12,435,027**
As at December 31, 2023				
Gross carrying amount	8,163,898	–	–	8,163,898

29. TRADE RECEIVABLES

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Trade receivables		
– contracts with customers	**1,070,246**	837,226
Less: Allowance for credit losses	**(19,748)**	(5,748)
	1,050,498	831,478
Trade receivables (before allowance for credit losses) comprise:		
Fellow subsidiaries	**16,390**	19,520
Third parties	**1,053,856**	817,706
	1,070,246	837,226

The Group has no credit periods granted to its trade customers of toll operation business. The Group's trade receivable balance for toll operation represents toll receivables from the respective expressway fee settlement centre of Zhejiang Province and Anhui Province, Transportation Bureau of Linping County of Hangzhou, Transportation Bureau of Hangzhou, Transportation Bureau of Yiwu, Transportation Bureau of Linan 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 accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by the management.

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

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Within 3 months	**489,187**	420,733
3 months to 1 year	**391,596**	381,569
1 to 2 years	**168,839**	23,734
Over 2 years	**876**	5,442
	1,050,498	831,478

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29. TRADE RECEIVABLES (continued)

Movement of allowance for credit losses

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
At the beginning of the year	**5,748**	6,348
Impairment recognised for the year	**14,000**	271
Amount reversed during the year	–	(599)
Written off	–	(272)
At the end of the year	**19,748**	5,748

30. LOANS TO CUSTOMERS ARISING FROM MARGIN FINANCING BUSINESS

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Loans to margin clients	**24,245,980**	19,948,786
Less: Impairment allowance	**(21,638)**	(14,025)
	24,224,342	19,934,761

The Group has provided customers with margin financing and securities 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.

As at December 31, 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 collateral. The undiscounted market value of the security collateral amounted to Rmb68,356,839,000 (2023: Rmb53,641,550,000). Cash collateral of Rmb3,962,276,000 (2023: Rmb2,380,641,000) received from clients was included in accounts payable to customers arising from securities business as detailed in Note 36.

30. LOANS TO CUSTOMERS ARISING FROM MARGIN FINANCING BUSINESS (continued)

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

The following table shows the reconciliation of loss allowances that have been recognised for loans to customers arising from margin financing business.

	12m ECL *Rmb'000*	Lifetime ECL (not credit–impaired) *Rmb'000*	Lifetime ECL (credit–impaired) *Rmb'000*	Total *Rmb'000*
As at January 1, 2023	9,215	1,555	910	11,680
– Transfer to 12m ECL	89	(89)	–	–
– Transfer to lifetime ECL (not credit-impaired)	(849)	849	–	–
– Charged to profit or loss	(1,415)	2,595	1,165	2,345
As at December 31, 2023	7,040	4,910	2,075	14,025
– Transfer to 12m ECL	3,923	(3,923)	–	–
– Transfer to lifetime ECL (not credit-impaired)	(43)	43	–	–
– Charged to profit or loss	(1,097)	(378)	9,088	7,613
As at December 31, 2024	**9,823**	**652**	**11,163**	**21,638**

The tables below detail the credit risk exposures of the Group's loans to customers arising from margin financing business, which are subject to ECL assessment.

	12m ECL *Rmb'000*	Lifetime ECL (not credit–impaired) *Rmb'000*	Lifetime ECL (credit–impaired) *Rmb'000*	Total *Rmb'000*
As at December 31, 2024				
Gross carrying amount	**24,030,085**	**204,732**	**11,163**	**24,245,980**
As at December 31, 2023				
Gross carrying amount	18,782,496	1,164,213	2,077	19,948,786

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31. OTHER RECEIVABLES AND PREPAYMENTS

Non-current

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Prepayments	**242,873**	12,350
Receivables from government cooperation projects	**742,735**	842,123
	985,608	854,473

Current

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Entrusted loan	**180,100**	180,151
Prepayments	**491,682**	431,595
Trading deposits (Note i)	**3,296,745**	4,951,608
Receivables from government cooperation projects	**246,762**	148,270
Others	**116,981**	278,916
	4,332,270	5,990,540

Note:

(i) Trading deposits mainly represent over-the-counter option deposit and equity swap deposit.

32. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Analysed by collateral type:		
Bonds	**2,858,303**	3,590,327
Stock securities	**2,734,995**	4,256,006
	5,593,298	7,846,333
Less: Impairment allowance	**(102,242)**	(116,931)
	5,491,056	7,729,402
Analysed by market:		
Inter-bank market	**2,000**	186,805
Shanghai/Shenzhen Stock Exchange	**5,591,298**	7,659,528
	5,593,298	7,846,333
Less: Impairment allowance	**(102,242)**	(116,931)
	5,491,056	7,729,402
Analysed for reporting purposes as:		
Current assets	**5,491,056**	7,729,402
Non-current assets	**–**	–
	5,491,056	7,729,402

The collateral includes both equity and debt securities listed in the PRC. As at December 31, 2024, the fair value of securities held as collateral was Rmb10,264,849,000 (2023: Rmb15,059,896,000), respectively.

The following table shows the reconciliation of loss allowances that have been recognised for financial assets held under resale agreements.

	12m ECL *Rmb'000*	Lifetime ECL (not credit–impaired) *Rmb'000*	Lifetime ECL (credit–impaired) *Rmb'000*	Total *Rmb'000*
As at January 1, 2023	10,763	5,460	94,471	110,694
– Transfer to lifetime ECL (not credit-impaired)	(155)	155	–	–
– Charged to profit or loss	2,444	3,793	–	6,237
As at December 31, 2023	13,052	9,408	94,471	116,931
– Transfer to 12m ECL	4,078	(4,078)	–	–
– Transfer to lifetime ECL (not credit-impaired)	–	–	–	–
– Charged to profit or loss	(9,359)	(5,330)	–	(14,689)
As at December 31, 2024	**7,771**	**–**	**94,471**	**102,242**

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32. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

The tables below detail the credit risk exposures of the Group's financial assets held under resale agreements, which are subject to ECL assessment.

	12m ECL *Rmb'000*	Lifetime ECL (not credit–impaired) *Rmb'000*	Lifetime ECL (credit–impaired) *Rmb'000*	Total *Rmb'000*
As at December 31, 2024 Gross carrying amount	**5,498,827**	**–**	**94,471**	**5,593,298**
As at December 31, 2023 Gross carrying amount	7,117,112	634,750	94,471	7,846,333

33. BANK BALANCES AND CLEARING SETTLEMENT FUND HELD ON BEHALF OF CUSTOMERS

For the Group's securities operation carried out by Zheshang Securities, the Group receives and holds money deposited by customers (including other institutions). These customers' money is maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to the respective customers and other institutions.

Bank balances and clearing settlement fund held on behalf of customers carry interest at market rates which range from 0.1% to 2.45% (2023: 0.3% to 5.90%) per annum. Bank balances and clearing settlement fund held on behalf of customers that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD *Rmb'000*	USD *Rmb'000*
As at December 31, 2024	**185,703**	799,113
As at December 31, 2023	**282,732**	794,934

34. BANK BALANCES, CLEARING SETTLEMENT FUND, DEPOSITS AND CASH

Non-current

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Time deposits	**8,971,236**	3,048,619

Current

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Time deposits with original maturity over three months	**2,379,965**	4,268,560
Restricted bank balances and cash (Note)	**80,259**	100,631
Unrestricted bank balances and cash	**20,932,480**	23,630,440
Time deposits with original maturity of less than three months	**–**	200,000
Cash and cash equivalents	**20,932,480**	23,830,440
	23,392,704	28,199,631

Note: The restricted bank deposits include the bank acceptance deposits, fund management risk reserve, collective asset management scheme deposits and margin deposits.

Bank balances carry interest at the average market rate of 0.10% (2023: 0.35%) per annum. Time deposits carry interest at fixed rates ranging from 2.15% to 4.72% (2023: 1.95% to 4.89%) per annum.

Bank balances, clearing settlement fund, deposits and cash that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD *Rmb'000*	USD *Rmb'000*
As at December 31, 2024	**2,456,880**	748,711
As at December 31, 2023	**2,028,698**	271,850

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35. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Due to banks	**1,750,000**	1,950,000

As at December 31, 2024, the effective interest rates bearing on the outstanding amounts due to banks varied from 1.45% to 2.75% (December 31, 2023: 1.80% to 2.50%) per annum. The amounts due to banks were repayable within seven days from the end of the reporting period.

36. ACCOUNTS PAYABLE TO CUSTOMERS ARISING FROM SECURITIES BUSINESS

The amounts mainly represent money held by the Group on behalf of clients at the banks and clearing houses.

The amounts also include payables for securities/futures business as well as cash collateral from customers for securities lending and/or margin financing arrangement.

The majority of the accounts payable balance is repayable on demand except where certain accounts payable to brokerage clients represent margin deposits received from clients for their trading activities under normal course of business. No ageing analysis is disclosed as in the opinion of the Directors, an ageing analysis does not give any additional value in view of the nature of the business.

As at December 31, 2024, cash collateral of Rmb3,962,276,000 (2023: Rmb2,380,641,000) has been received from clients for securities lending or margin financing arrangement, under the normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

Accounts payable to customers arising from securities business that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD *Rmb'000*	USD *Rmb'000*
As at December 31, 2024	**185,703**	799,113
As at December 31, 2023	**282,732**	794,934

37. TRADE PAYABLES

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

	12/31/2024	12/31/2023
	Rmb'000	*Rmb'000*
Within 3 months	**537,785**	668,425
3 months to 1 year	**124,735**	127,248
1 to 2 years	**132,298**	154,917
2 to 3 years	**76,991**	78,708
Over 3 years	**271,397**	235,876
	1,143,206	1,265,174

38. OTHER PAYABLES AND ACCRUALS

	12/31/2024	12/31/2023
	Rmb'000	*Rmb'000*
Accrued payroll and welfare	**1,550,259**	1,630,360
Advances	**20,919**	28,932
Advance payments for settlement from securities business	**73,869**	103,439
Trading deposit and settlement (Note)	**5,937,262**	10,096,481
Deposit received for disposal of an associate	**207,000**	207,000
Retention payable	**118,524**	138,312
Pledge deposit for warehouse receipt	**214,285**	521,454
Compensations for highway crossing	**38,909**	45,977
Clearing funds payable	**503,337**	524,597
Toll collected on behalf of other toll roads	**8,160**	7,708
Futures risk reserve	**197,120**	179,764
Government subsidies for removal of expressway toll stations on provincial borders	**23,924**	48,067
Deferred income	**63,767**	60,700
Notes payable	**73,150**	170,000
Balance payable of share purchase	**779,016**	27,500
Government subsidies for transportation infrastructure	**144,490**	–
Others	**178,012**	164,300
	10,132,003	13,954,591

Note: Trading deposits mainly represent over-the-counter option deposit and equity swap deposit.

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39. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	12/31/2024		
	Nominal Amount	**Assets**	**Liabilities**
	Rmb'000	***Rmb'000***	***Rmb'000***
Equity swap	**3,753,197**	**9,150**	**108,719**
Equity option	**13,809,060**	**532,083**	**419,781**
Commodity futures	**15,910,248**	**–**	**–**
Commodity options	**2,426,921**	**15,320**	**17,844**
Commodity forwards	**782,305**	**12,465**	**10,378**
Others (Note)	**11,176,482**	**1,443**	**1,409**
	47,858,213	**570,461**	**558,131**

	12/31/2023		
	Nominal Amount	Assets	Liabilities
	Rmb'000	*Rmb'000*	*Rmb'000*
Equity swap	8,202,798	79,828	56,512
Equity option	57,072,022	1,126,616	871,920
Commodity futures	32,299,545	33,045	37,547
Commodity options	5,554,008	36,954	28,255
Others (Note)	13,499,999	2,667	1,793
	116,628,372	1,279,110	996,027

Note:

Others include stock index futures, treasury futures, interest rate swap ("IRS") and other options.

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures and treasury futures were settled daily. Accordingly, the net position of them in derivative instruments were nil at December 31, 2024 and 2023.

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in IRS were settled daily in the corresponding payments or receipts included in "clearing settlement funds" as at December 31, 2024. Accordingly, the net position of the IRS contracts in derivative instruments was nil at December 31, 2024 (2023: nil).

The IRS contracts and other options in Mainland China not under the daily mark-to-market and settlement arrangement are presented gross at the end of the reporting period.

40. BANK AND OTHER BORROWINGS

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Loans from banks, secured (Note i)	**13,004,328**	13,207,942
Loans from banks, unsecured	**3,398,078**	765,675
Loans from related parties, secured (Note i)	**–**	925,558
Loans from related parties, unsecured (Notes 57(i), 57(ii))	**682,694**	2,907,768
	17,085,100	17,806,943
Carrying amount repayable:		
Within one year	**2,507,616**	4,593,399
More than one year but not more than two years	**1,398,110**	1,812,450
More than two years but not more than five years	**7,597,464**	4,121,454
More than five years	**5,581,910**	7,279,640
	17,085,100	17,806,943
Less: Amounts due within one year	**(2,507,616)**	(4,593,399)
Amounts shown under non-current liabilities	**14,577,484**	13,213,544
The bank and other borrowings comprise:		
Fixed-rate borrowings	**1,705,058**	3,726,547
Variable-rate borrowings	**15,380,042**	14,080,396
	17,085,100	17,806,943

The range of effective interest rates (which are also agreed to contract interest rates) on the Group's borrowings are as follows:

	12/31/2024	12/31/2023
Effective interest rate:		
Fixed-rate borrowings	**2.69%-6.03%**	2.70%-5.25%
Variable-rate borrowings	**2.27%-4.50%**	3.73%-7.43%

Note:

i As at December 31, 2024, the Group pledged the following assets for these secured loans from financial institutions: (i) other receivables with an aggregate carrying value of Rmb989,497,000 (2023: Rmb990,393,000) and (ii) expressway operating rights of Zhoushan Bay Bridge, LongLi Expressway and Lilong Expressway, Zhajiasu Expressway, and HuangQuNan Expressway (2023: expressway operating rights of Zhoushan Bay Bridge, LongLi Expressway and Lilong Expressway, Zhajiasu Expressway, and HuangQuNan Expressway) and (iii) securities collateral from loans to customers arising from margin financing business.

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41. SHORT-TERM FINANCING NOTES PAYABLE

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Unsecured:		
Short-term financing bond	**7,019,962**	1,507,582
Beneficial certificates	**65,666**	630,029
Total	**7,085,628**	2,137,611

As at December 31, 2024, the short-term financing bond bears an interest rate between 1.78% and 2.25% (2023: 2.50%) and the yields of all the outstanding beneficial certificates were at 7.00% (2023: between 2.35% and 7.00%).

42. BONDS PAYABLE

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Corporate and subordinated bonds without redemption option (Note i, ii)	**27,821,866**	24,280,716
Medium-term notes (Note iii)	**3,048,688**	3,048,452
the REITs (Note iv)	**–**	1,685,083
	30,870,554	29,014,251
Less: Bonds due within 1 year	**(10,994,506)**	(5,404,107)
Amounts shown under non-current liabilities	**19,876,048**	23,610,144

42. BONDS PAYABLE (continued)

Notes:

(i) This balance represented 9 corporate bonds, 5 subordinated bonds and 2 beneficial certificate (2023: 8 corporate bonds, 2 subordinated bonds and 1 beneficial certificate) due by year 2025 to 2029 (2023: 2024 to 2026) issued by Zheshang Securities, without redemption option, with fixed interest rates ranging from 2.07% to 4.08% (2023: 2.89% to 4.08%) per annum.

(ii) On July 14, 2021, the Group issued the 1.638% Bonds due 2026 in the aggregate principal amount of USD470,000,000. The bonds will bear interest from and including 14 July 2021 at the rate of 1.638% per annum, payable semi-annually in arrear on 14 January and 14 July each year.

(iii) This balance represented 2 medium-term notes due by year 2025 issued by the Company with fixed interest rates of 2.80% and 2.97% per annum, respectively.

(iv) On June 21, 2021, the Group issued the REITs with the underlying expressway operating rights in relation to the Hangzhou section of Hanghui Expressway. The Group held 51% of the shares of the REITs, with an operational period of 20 years. In July 2024, the REITs holders' meeting approved the changes of REITs arrangements relating to the income appropriation mechanism, pursuant to which the Company accounted for the REITs as a minority interest on the consolidated financial statements thereafter.

43. 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 is listed 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 holders (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 HKD8.83 per H share and a fixed exchange rate of HKD9.5145 to Euro1.00 (the "Fixed Exchange Rate"). The Conversion Price 2021 is subject to anti-dilutive adjustments and certain events including mainly: share consolidation, subdivision or re-classification, capitalisation of profits or reserves, capital distributions, rights issue of shares or options over shares, rights issue of other securities and issues at less than current market price. The latest Conversion Price 2021 was HKD6.29 per H share.

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43. CONVERTIBLE BONDS (continued)

Convertible Bond 2021

(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 "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 the outstanding principal amount as at the relevant redemption date.

(a) at any time after January 20, 2024 but prior to the 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.

(iii) Redemption at the option of the bondholders

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

The Convertible Bond 2021 comprises two components:

(a) Debt component initially measured at fair value amounted to 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%.

43. CONVERTIBLE BONDS (continued)

Convertible Bond 2021 (continued)

(2) Redemption (continued)

(iii) Redemption at the option of the bondholders (continued)

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

Transaction costs totalling Rmb8,427,515 that relate to the issue of the Convertible Bond 2021 are allocated to the components (including conversion right and redemption options) 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.

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 for the years ended December 31, 2024 and 2023 are set out below:

	Debt component at amortised cost		Derivative component at FVTPL		Total	
	Euro'000	*Rmb'000*	*Euro'000*	*Rmb'000*	*Euro'000*	*Rmb'000*
As at January 1, 2023	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)
As at December 31, 2023	227,481	1,787,819	3,518	27,646	230,999	1,815,465
Redemption	**(202,600)**	**(1,592,274)**	**–**	**–**	**(202,600)**	**(1,592,274)**
Conversion of Convertible Bond	**(200)**	**(1,472)**	**(22)**	**(164)**	**(222)**	**(1,636)**
Exchange realignment	**–**	**(8,243)**	**–**	**–**	**–**	**(8,243)**
Interest charge	**1,192**	**8,879**	**–**	**–**	**1,192**	**8,879**
Gain on changes in fair value	**–**	**–**	**512**	**2,676**	**512**	**2,676**
As at December 31, 2024	**25,873**	**194,709**	**4,008**	**30,158**	**29,881**	**224,867**

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43. CONVERTIBLE BONDS (continued)

Convertible Bond 2021 (continued)

On December 22, 2023, pursuant to the terms and conditions of the bonds, notice of redemption had been served on the Company requiring the Company to redeem part of the bonds at the principal amount of Euro202,600,000. Such redemption rights were executed on January 20, 2024. During the year ended December 31, 2024, the bondholders converted part of the Convertible Bond 2021 with a principal amount of Euro200,000 to the shares of the Company. As of December 31, 2024, the outstanding bonds in the principal amount were Euro27,200,000.

For the detailed key inputs the valuers use to calculate the fair value of the derivative component, refer to Note 53(c).

Convertible Bond 2022

On June 14, 2022, Zheshang Securities, a subsidiary of the Company, issued a convertible bond due 2028 (the "Maturity Date 2022") in an aggregate principal amount of Rmb7,000,000,000 (the "Convertible Bond 2022"). The Convertible Bond 2022 is listed and traded on the Shanghai Stock Exchange. The coupon rate is 0.2% per annum for the first year, 0.4% per annum for the second year, 0.6% per annum for the third year, 1.0% per annum for the fourth year, 1.5% per annum for the fifth year, 2.0% per annum 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 Shangsan Co, another subsidiary of the Group. 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 initial conversion price will be adjusted when Zheshang Securities distributes stock dividends, capitalises common reserves into share capital, issues new shares (excluding the increase in share capital due to the conversion of the Convertible Bond 2022 issued) or places new shares, distributes cash dividend.

43. CONVERTIBLE BONDS (continued)

Convertible Bond 2022 (continued)

(1) Conversion right (continued)

When the share price of Zheshang Securities is less than 80% of the conversion price for any 15 business days within a period of 30 consecutive business days prior to the maturity date of the Convertible Bond 2022 (the "Maturity Date 2022"), the board of directors of Zheshang Securities has the right to propose a downward revision resolution on conversion price, and submits it to the shareholder's meeting of Zheshang Securities for approval.

(2) Redemption

(i) Redemption at maturity

Zheshang Securities will redeem all outstanding Convertible Bond 2022 at 106 percent of its outstanding 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;

(b) The aggregate principal amount of the outstanding Convertible Bond 2022 is less than Rmb30,000,000.

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.

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43. CONVERTIBLE BONDS (continued)

Convertible Bond 2022 (continued)

(2) Redemption (continued)

(ii) Redemption on conditions (continued)

Changes in the liability and equity components of the Convertible Bond 2022 for the years ended December 31, 2024 and 2023 are set out below:

	Liability component *Rmb'000*	Equity component *Rmb'000*	Total *Rmb'000*
At January 1, 2023	3,923,672	476,247	4,399,919
Interest charge	184,217	–	184,217
Interest paid	(11,163)	–	(11,163)
Addition (Note i)	2,529,887	804,528	3,334,415
Conversion into shares	(146)	(15)	(161)
At December 31, 2023	6,626,467	1,280,760	7,907,227
Interest charge	**401,129**	**–**	**401,129**
Interest paid	**(27,859)**	**–**	**(27,859)**
Conversion into shares and redemption (Note ii)	**(6,999,737)**	**(1,280,760)**	**(8,280,497)**
At December 31, 2024	**–**	**–**	**–**

Notes:

(i) During the year ended December 31, 2023, Shangsan Co disposed of the Convertible Bond 2022 held on hand with the principal amount of Rmb2,715,347,000. Upon the disposal, this balance was no longer regarded as intragroup assets and liabilities which were eliminated in full on consolidation, and is considered as an addition during the year.

(ii) During the year ended December 31, 2024, the bondholders converted part of the Convertible Bond 2022 with a principal amount of Rmb6,991,440,000 to the shares of Zheshang Securities. As at December 31, 2024, Zheshang Securities exercised the redemption rights and redeemed a principal amount of Rmb8,297,000.

44. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Analysed as collateral type:		
Bonds	23,139,450	24,569,621
Equity securities	–	22,524
Analysed by market:		
Shanghai/Shenzhen Stock Exchange	5,632,127	4,206,992
Inter-bank market	17,507,323	20,385,153
	23,139,450	24,592,145

As at December 31, 2024 and 2023, the above financial assets sold under repurchase agreements include those repurchase agreements entered into with qualified investors, with maturities within 1 year.

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. The cash proceeds received are recognised as financial liabilities.

As at December 31, 2024 and 2023, 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.

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45. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Financial liabilities held for trading:		
– Securities	**1,698**	331,350
– Funds	**–**	33,114
Financial liabilities designated at FVTPL:		
– Financial liabilities arising from consolidation of structured entities (Note)	**478,855**	107,597
	480,553	472,061

Note: Financial liabilities designated at FVTPL arising from consolidation of structured entities represent the third party unit holders' interests in the consolidated structured schemes and funds. Interests in these consolidated structured entities directly held by the Group had fair values of Rmb1,766,693,000 and Rmb1,947,766,000 at December 31, 2024 and 2023, respectively. The total assets of the consolidated structured entities amounted to Rmb1,998,450,000 and Rmb2,631,450,000 at December 31, 2024 and 2023, respectively.

The Group has designated these liabilities as at FVTPL, as in the opinion of the management, such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

46. LEASE LIABILITIES

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Lease liabilities payables		
Within one year	**147,689**	147,914
Within a period of more than one year but no more than two years	**104,522**	123,731
Within a period of more than two years but no more than five years	**138,859**	184,120
Within a period of more than five years	**3,025**	19,665
	394,095	475,430
Less: Amounts due for settlement with 12 months shown under current liabilities	**(147,689)**	(147,914)
Amount due for settlement after 12 months shown under non-current liabilities	**246,406**	327,516

47. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	12/31/2024	12/31/2023
	Rmb'000	*Rmb'000*
Deferred tax assets	**1,274,351**	1,446,067
Deferred tax liabilities	**(518,088)**	(260,060)
	756,263	1,186,007

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Changes in fair value of financial instruments carried at fair value	**Difference in tax and accounting depreciation of property, plant and equipment and expressway operating rights**	**Fair value adjustment of long term assets arising from business combination**	**Temporary differences of accrued expenses and impairment losses and tax losses and others**	**Total**
	Rmb'000	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*
At January 1, 2023	(99,058)	692,905	(133,434)	475,330	935,743
Charged/(credited) to profit or loss	974	(21,264)	13,817	269,772	263,299
Charged to other comprehensive income	(12,818)	–	–	(217)	(13,035)
At December 31, 2023	(110,902)	671,641	(119,617)	744,885	1,186,007
Charged/(credited) to profit or loss	(51,905)	(54,124)	13,177	(99,569)	(192,421)
Charged to other comprehensive income	(115,247)	–	–	(713)	(115,960)
Charged to reserve	–	–	–	(121,363)	(121,363)
At December 31, 2024	**(278,054)**	**617,517**	**(106,440)**	**523,240**	**756,263**

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47. DEFERRED TAXATION (continued)

As at December 31, 2024, the deferred tax asset of Rmb128,138,000 related to unused tax losses for LongLiLiLong Co has been reversed in the consolidated financial statements due to the utilization of tax losses. In addition, the Group had unused tax losses of approximately Rmb147,778,000 (2023: Rmb476,852,000) and differences in tax and accounting of expressway operating rights of approximately Rmb937,420,000 (2023: Rmb911,815,000) for which deferred tax was not recognised due to uncertainty of future taxable income. The expiry dates of the unrecognised tax losses are listed below.

	12/31/2024	12/31/2023
	Rmb'000	*Rmb'000*
2025	**6,590**	12,615
2026	**22,593**	31,668
2027	**79,374**	144,869
2028	**26,919**	287,700
2029	**12,302**	–
	147,778	476,852

48. SHARE CAPITAL

	Number of shares			**Share Capital**		
	Domestic shares	**H Shares**	**Total**	**Domestic shares**	**H Shares**	**Total**
	'000	*'000*	*'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*
Registered, issued and fully paid:						
At January 1, 2023	2,909,260	1,433,855	4,343,115	2,909,260	1,433,855	4,343,115
Rights issue (Note i)	1,105,519	544,864	1,650,383	1,105,519	544,864	1,650,383
At December 31, 2023	4,014,779	1,978,719	5,993,498	4,014,779	1,978,719	5,993,498
Conversion of Convertible Bond 2021	–	303	303	–	303	303
At December 31, 2024	**4,014,779**	**1,979,022**	**5,993,801**	**4,014,779**	**1,979,022**	**5,993,801**

The domestic shares are not currently listed on any stock exchange.

The H Shares have been listed on the Stock Exchange since May 15, 1997.

48. SHARE CAPITAL (continued)

All the domestic shares and H Shares rank pari passu with each other as to dividends and voting rights.

Note i: Pursuant to the CSRC's written approval in respect of the rights issue, i.e., the Approval Regarding the Registration of Shares to be Issued by Zhejiang Expressway Co., Ltd. to Specific Targets (Zheng Jian Xu Ke [2023] No. 2473)《(關於同意浙江滬杭甬高速公路股份有限公司向特定對象發行股票註冊的批覆》(證監許可[2023]2473號)), new domestic rights shares were allotted to Communications Group on the basis of 3.8 domestic rights shares for every 10 existing domestic rights shares, while new H rights shares were allotted to qualified H Share holders on the basis of 3.8 H rights shares for every 10 existing H Shares.

544,864,710 new H rights shares were issued at a price of HKD4.06 per share, raising approximately HKD2.2 billion in total. The new H Shares were listed on the Stock Exchange on December 14, 2023. As at the time of listing of H shares, approximately RMB4.1 billion in total has also been received for 1,105,518,800 new domestic rights shares at a price of RMB3.73 per share.

After the completion of the above rights issue, a total of 1,650,383,510 new shares were issued. The fund raised in excess of the par value of the new shares (net of issuance cost) was credited to share premium.

49. NON-CONTROLLING INTERESTS

The summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests, namely Shangsan Co and its subsidiaries, Linping Co, and Zhajiasu Co (as defined in Note 58) at the end of the reporting period are set out below. The summarised financial information below represents the amounts before intragroup elimination with the Company.

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December 31, 2024

49. NON-CONTROLLING INTERESTS (continued)

Shangsan Co and its subsidiaries

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Current assets	136,638,265	139,345,784
Non-current assets	23,624,392	11,882,573
Current liabilities	101,037,510	95,092,076
Non-current liabilities	17,051,107	22,590,243
Equity attributable to owners of the Company	22,851,370	14,655,985
Non-controlling interests	19,322,669	18,890,053
Revenue	7,254,751	7,480,666
Expenses	(4,728,136)	(5,291,516)
Profit for the year	2,526,615	2,189,150
Other comprehensive income for the year	178,646	43,011
Total comprehensive income for the year	2,705,261	2,232,161
Profit attributable to owners of the Company	1,160,970	992,980
Profit attributable to non-controlling interests	1,365,645	1,196,170
	2,526,615	2,189,150
Total comprehensive income attributable to owners of the Company	1,292,498	1,010,308
Total comprehensive income attributable to non-controlling interests	1,412,763	1,221,853
	2,705,261	2,232,161
Dividends paid to non-controlling shareholders	(548,573)	(323,381)
Net cash inflow from operating activities	6,182,103	2,661,928
Net cash outflow from investing activities	(5,027,890)	(7,763,620)
Net cash inflow from financing activities	7,104,743	3,642,509
Net cash inflow/(outflow)	8,258,956	(1,459,183)

49. NON-CONTROLLING INTERESTS (continued)

Linping Co

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Current assets	591,133	790,369
Non-current assets	802,282	546,354
Current liabilities	71,595	85,287
Non-current liabilities	4,831	5,187
Equity attributable to owners of the Company	673,473	635,587
Non-controlling interests	643,516	610,662
Revenue	242,514	247,370
Expenses	(134,162)	(151,346)
Profit for the year	108,352	96,024
Profit and total comprehensive income		
– attributable to owners of the Company	55,259	48,972
– attributable to non-controlling interests	53,093	47,052
	108,352	96,024
Dividends paid to non-controlling shareholders	(37,612)	(11,058)
Net cash inflow from operating activities	10,789	141,252
Net cash inflow/(outflow) from investing activities	47,253	(2,936)
Net cash outflow from financing activities	(37,612)	(22,567)
Net cash inflow	20,430	115,749

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49. NON-CONTROLLING INTERESTS (continued)

Zhajiasu Co

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Current assets	618,073	544,384
Non-current assets	2,104,164	2,128,331
Current liabilities	103,330	339,382
Non-current liabilities	1,275,594	1,022,069
Equity attributable to owners of the Company	738,822	721,195
Non-controlling interests	604,491	590,069
Revenue	727,699	477,037
Expenses	(695,651)	(484,917)
Profit/(loss) for the year	32,048	(7,880)
Profit and total comprehensive income		
– attributable to owners of the Company	17,626	(4,334)
– attributable to non-controlling interests	14,422	(3,546)
	32,048	(7,880)
Dividends paid to non-controlling shareholders	–	–
Net cash inflow from operating activities	352,082	373,478
Net cash outflow from investing activities	(279,168)	(29,204)
Net cash outflow from financing activities	(4,918)	(329,950)
Net cash inflow	67,996	14,324

50. RETIREMENT BENEFIT SCHEMES

The employees of the Group are members of the state-managed retirement benefits scheme operated by the PRC government. To supplement this existing retirement benefit scheme, the Group adopted a corporate annuity scheme in accordance with relevant rules and regulations. The Group is required to contribute a certain percentage of payroll costs to these retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefit schemes is to make the specified contributions.

No forfeited contributions are available to reduce the contributions payable in future years.

51. COMMITMENTS

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Authorised but not contracted for:		
– Purchase of machinery and equipment	**1,583,580**	968,391
– Acquisition and construction of properties	**235,131**	428,765
– Reconstruction and expansion projects of existing expressways	**2,800,000**	3,780,000
Contracted for but not provided:		
– Equity investments	**793,000**	1,061,250
Total	**5,411,711**	6,238,406

52. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings and lease liabilities disclosed in Notes 40, 41, 42, 43, 44 and 46, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

Notes to the Consolidated Financial Statements

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53. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Financial assets		
Financial assets at FVTPL	**36,022,565**	41,918,640
Financial assets at FVTOCI	**14,143,786**	8,163,898
Derivative financial assets	**570,461**	1,279,110
Financial assets at amortised cost	**116,779,515**	111,560,176
Financial liabilities		
Derivative financial liabilities	**558,131**	996,027
Financial liabilities at FVTPL	**480,553**	472,061
Convertible Bonds – derivative component	**30,158**	27,646
Financial liabilities at amortised cost	**130,499,750**	130,657,729

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, loans to customers arising from margin financing business, other receivables, derivative financial assets, financial assets at FVTPL, debt instruments at FVTOCI, equity investments designated at FVTOCI, financial assets held under resale agreements, bank balances, clearing settlement fund held on behalf of customers, pledged bank deposits, clearing settlement fund, deposits and cash, placements from other financial institutions, accounts payable to customers arising from securities business, trade payables, other payables, derivative financial liabilities, bank and other borrowings, short-term financing notes payable, bonds payable, convertible bonds, financial guarantee contracts, financial assets sold under repurchase agreements, and financial liabilities at FVTPL. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk, and other price risk), credit risk and impairment assessment, and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to debt instruments at FVTOCI, loans to customers arising from margin financing business, financial assets held under resale agreements, fixed-rate time deposits, placements from other financial institutions, fixed-rate bank and other borrowings, fixed rate short-term financing notes payable, bonds payable, debt component of convertible bonds, financial assets sold under repurchase agreements and financial liabilities at FVTPL (see Notes 28, 30, 32, 34, 35, 40, 41, 42, 43, 44 and 45 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and clearing settlement fund held on behalf of customers, bank balances, clearing settlement fund, deposits and bank and other borrowings (see Notes 33, 34 and 40 for details).

The Group currently does not have an interest rate risk hedging policy as the management considers the Group is not exposed to significant interest rate risk. The management will continue to monitor interest rate risk exposure and consider hedging against it should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments, comprising variable-rate bank balances and clearing settlement fund held on behalf of customers, bank balances, clearing settlement fund, deposits and bank and other borrowings at the end of the reporting period.

The analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2024 would have increased/decreased by Rmb214,046,000 (2023: Rmb221,938,000). This was mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and clearing settlement fund.

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53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Currency risk

Several subsidiaries of the Group have foreign currency denominated monetary assets and liabilities, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	12/31/2024	12/31/2023	**12/31/2024**	12/31/2023
	Rmb'000	*Rmb'000*	***Rmb'000***	*Rmb'000*
Hong Kong dollar ("HKD")	**2,337,676**	2,311,475	**181,962**	282,732
United States dollar ("USD")	**1,020,254**	1,066,784	**4,113,823**	4,123,803
Euro dollar ("EUR") (Note)	**–**	–	**241,916**	1,815,465

Note: Amount represented both the debt and derivative components of the Convertible Bond 2021.

Sensitivity analysis

The Group is mainly exposed to HKD, USD and EUR relative to Rmb. The following table details the Group's sensitivity to a 10% (2023: 10%) increase and decrease in Rmb against the relevant foreign currencies. 10% (2023: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2023: 10%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where Rmb strengthens by 10% (2023: 10%) against the relevant currency. For a 10% (2023: 10%) weakening of Rmb against the relevant currency, there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Currency risk (continued)

Sensitivity analysis (continued)

	HKD impact		USD impact		EUR impact	
	12/31/2024	12/31/2023	**12/31/2024**	12/31/2023	**12/31/2024**	12/31/2023
	Rmb'000	*Rmb'000*	***Rmb'000***	*Rmb'000*	***Rmb'000***	*Rmb'000*
Profit or loss	**(161,679)**	(152,880)	**235,480**	229,276	**17,374**	136,157

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(iii) Other price risk

The Group is exposed to equity and debt security price risk in relation to its financial assets at FVTPL, derivative financial assets and liabilities and financial liabilities at FVTPL.

The Group currently does not have a price risk hedging policy and the management will continue to monitor price risk exposure and consider hedging against it should the need arise.

Sensitivity analysis

For financial instruments other than derivative component of Convertible Bond 2021

The sensitivity analysis below has been determined based on the exposure to equity and debt security price risks at the reporting date.

If the prices of the respective equity and debt instruments had been 5% (2023: 5%) higher/lower,

- post-tax profit for the year ended December 31, 2024 would have increased/decreased by Rmb1,350,846,000 as a result of the changes in fair value of financial assets at FVTPL.

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53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk (continued)

Sensitivity analysis (continued)

For financial instruments other than derivative component of Convertible Bond 2021 (continued)

- post-tax profit for the year ended December 31, 2023 would have increased/decreased by Rmb1,571,949,000 as a result of the changes in fair value of financial assets at FVTPL.

For derivative component of Convertible Bond 2021

The price risk in 2024 arose from the derivative component of Convertible Bond 2021.

The exposure to foreign currency exchange rate of the Convertible Bond 2021 has been covered in Note 53(b) (ii) already.

Conversion option derivatives of Convertible Bond 2021

1) Changes in share price

If the share price of the Company had been 10% (2023:10%) higher/lower while all other input variables of the valuation models were held constant, the Group's profit for the year would have (decreased)/increased as follows:

	Year ended 12/31/2024 *Rmb'000*	Year ended 12/31/2023 *Rmb'000*
10% Higher	**(12,533)**	(5,746)
10% Lower	**12,368**	465

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk (continued)

Conversion option derivatives of Convertible Bond 2021 (continued)

2) Changes in volatility

If the volatility to the valuation model had been 10% (2023:10%) higher/lower while all other variables were held constant, the Group's profit for the year would have (decreased)/increased as follows:

	Year ended 12/31/2024 ***Rmb'000***	Year ended 12/31/2023 *Rmb'000*
10% Higher	**(1,548)**	(1,408)
10% Lower	**2,363**	465

Credit risk and impairment assessment

As at December 31, 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group arose from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liability in relation to financial guarantee contracts issued by the Group as disclosed in Note 56.

The credit risk on liquid funds, representing bank balances, clearing settlement fund, deposits and cash is limited because the counterparties are state-owned banks or banks with high credit ratings assigned by international credit-rating agencies.

Other items under the Group's different operations with credit risk and corresponding impairment assessment are set out below:

Toll operation and high grade road construction service

The Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances arising from toll operation on a collective basis or individual basis, using life time ECL under the simplified approach.

Notes to the Consolidated Financial Statements

December 31, 2024

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Toll operation and high grade road construction service (continued)

The Group has no credit period granted to its trade customers of toll operation. All the Group's trade receivable balances for toll operation, upon the conditions satisfied, are receivable from the government-operated organisations. In this regard, the Directors consider that the credit risk is low as the Group has no history of loss experience with the government-operated organisations in the past. No significant ECL was recognised as at December 31, 2024 and 2023.

Securities operation

The Group's securities operation currently faces credit risk primarily from loans to customers arising from margin financing business, and financial assets held under resale agreements which are secured by clients' securities or deposits held as collateral. It refers to the risk of loss arising from the debtor's failure to meet its contractual obligations in a timely manner.

i) Credit risk management

Credit risk from loans to customers arises from margin financing business and financial assets held under resale agreements mainly including the debtor falsifying the application, failing to repay debts, violating the agreement, violating regulatory discipline of trading behaviour, and providing collateral that involves law dispute, etc. The Group's management authorises professional personnel to examine and approve the credit limit of these businesses, as well as adjusts such credit limit in accordance with the regular assessment of the debtor's repayment capacity. Risk management division oversights the collateral and usage of related credit limit, and initiates margin call if necessary. Once the debtor fails to enhance the collateral to the account, the credit risk will be controlled by liquidating the pledged securities.

ii) Measurement of ECL

Since January 1, 2018, the Group has applied the ECL model to measure the expected credit losses for applicable financial assets mainly including loans to customers arising from margin financing business and financial assets held under resale agreements.

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Securities operation (continued)

ii) Measurement of ECL (continued)

The Group has used the "3 stage" ECL model to assess the credit losses when its credit risk has increased significantly since initial recognition:

(i) An asset moves to stage 1 where there has low risk of default or has not been a significant increase in credit risk and that is not credit impaired. The Group will continuously monitor its credit risk;

(ii) An asset moves to stage 2 where there has been a significant increase in credit risk since initial recognition but that is not credit impaired. The Group does not see it as an instrument with impairment loss;

(iii) An asset moves to stage 3 when impairment losses were incurred; and

(iv) The loss impairment for financial instruments in stage 1 is anticipated credit losses for the next 12 months, which correspond to the amount of anticipated credit losses for the entire life time resulting from possible defaults within the next 12 months. In the second or third stage, the expected credit losses of financial instruments are measured for the entire life time and the expected credit losses are recorded.

The factors the Group considers whether credit risk increases significantly, refer to Note 4. In particular, for loans to customers arising from margin financing business and financial assets held under resale agreements, the Group generally believes that when the loan to collateral ratio determined by fair value reaches the warning line, the credit risk increases significantly and needs to be transferred to "stage 2", and when the loan to collateral ratio determined by fair value reaches the liquidation line or expect there would be loss after closing the position mandatorily, it will be transferred to "stage 3".

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Securities operation (continued)

ii) Measurement of ECL (continued)

The Group uses PD, EAD and LGD to measure credit risks:

(i) PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions;

(ii) EAD is the amount that the Group should be repaid at the time of default in the next 12 months or throughout the remaining life; and

(iii) LGD is an estimate of the loss arising on default. The Group estimates LGD based on the history of recovery rates and considers the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.

The expected credit losses are measured based on the probability weighted results of PD, EAD and LGD.

The assessment of significant increase in credit risk and the measurement of ECL all involve forward-looking information. When considering macroeconomic forward-looking adjustments, the Group simulates optimistic, extremely optimistic, pessimistic, and extremely pessimistic scenarios by adjusting the coefficients of the baseline scenario, and assigns corresponding weights. Through the analysis of historical data, the Group identifies the key economic indicators affecting the credit risk and ECL of each asset portfolio.

The Group regularly forecasts the economic condition by selecting various indicators within the macroeconomic indicator pool to make a sound estimation of the ECL.

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Securities operation (continued)

In order to determine the relationship between these economic indicators and the default probability as well as the default loss rate, the Group constructs an econometric model to determine the impact of historical changes in these indicators on the PD and LGD.

The Group makes forward-looking estimation of the ECL based on the scenario reflecting key economic indicators above. The Group accrues the credit loss provisions for the next 12 months for financial assets in Stage 1, and accrues the credit loss provisions for the whole life for those financial assets in Stage 2 and Stage 3. The Group has classified exposures with similar risk characteristics when calculating anticipated credit loss impairment in a portfolio. During the classification, the Group obtained sufficient information to ensure its statistical reliability.

Other operations

In respect of the Group's other operations, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group did not experience significant credit loss on its other operations, and performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

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December 31, 2024

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items (Note)
Low risk (stage 1)	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful (stage 2)	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss (stage 3)	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Note: Other financial assets include loans to customers arising from margin financing business, bank balances, clearing settlement fund, deposits and cash, pledged bank deposits, bank balances and clearing settlement fund held on behalf of customers, debt instruments at FVTOCI, financial assets held under agreements and other receivables.

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The table below details the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	**12/31/2024 Gross carrying amount** ***Rmb'000***	12/31/2023 Gross carrying amount *Rmb'000*
Financial assets						
Debt instruments at FVTOCI	28	N/A	Low risk	12-month ECL	**14,143,786**	8,163,898
Trade receivables (Note i)	29					
– toll operation		N/A	Low risk	Lifetime ECL	**698,372**	545,379
– securities operation		N/A	Low risk	Lifetime ECL	**339,953**	284,654
– others		N/A	Low risk	Lifetime ECL	**31,921**	7,193
Loans to customers arising from margin financing business						
– securities operation	30	N/A	Low risk	12-month ECL	**24,030,085**	18,782,496
			Doubtful	Lifetime ECL – not credit – impaired	**204,732**	1,164,213
			Loss	Lifetime ECL – credit – impaired	**11,163**	2,077
Bank balances, clearing settlement fund, deposit and cash	34	AA to AAA	Low risk	12-month ECL	**32,363,940**	31,248,250
Bank balances and clearing settlement fund held on behalf customers – securities operation	33	AA	Low risk	12-month ECL	**49,066,356**	45,415,217
Financial assets held under resale agreements – securities operation	32	N/A	Low risk	12-month ECL	**5,498,827**	7,117,112

Notes to the Consolidated Financial Statements

December 31, 2024

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	12/31/2024 Gross carrying amount *Rmb'000*	12/31/2023 Gross carrying amount *Rmb'000*
			Doubtful	Lifetime ECL– not credit– impaired	–	634,750
			Loss	Lifetime ECL– credit– impaired	94,471	94,471
Other receivables	31	N/A	Low risk	12-month ECL	4,655,914	6,463,994
Other items						
Financial guarantee contracts (Note ii) – toll operation	56	N/A	Low risk	12-month ECL	202,302	259,484

Notes:

i. During the year ended December 31, 2024, the Group provided ECL of Rmb19,749,000 (2023: Rmb5,748,000) on trade receivables.

ii. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

Concentration of credit risk

As at December 31, 2024, other than the concentration of credit risk on trade receivables and financial guarantee contracts amounting to Rmb1,070,246,000 (2023: Rmb837,226,000), and Rmb202,302,000 (2023: Rmb259,484,000), respectively, of which these balances were only limited and concentrated to a few counterparties, the Group does not have any other significant concentrations of credit risk.

There was also no concentration of risks on its margin financing business and financial assets held under resale agreements as at December 31, 2024 and 2023 respectively as the Group has a large number of clients who are dispersed.

The Group's concentration of credit risk by geographical location is mainly in the PRC.

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

Most of the bank balances, clearing settlement fund, pledged bank deposits and cash at December 31, 2024 and 2023 were denominated in Rmb which is not a freely convertible currency in the international market. The exchange rate of Rmb is regulated by the PRC government and the remittance of these Rmb funds out of the PRC is subject to foreign exchange controls imposed by the PRC government.

The Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. Liquidity risk analysis below excludes the derivative component of Convertible Bond 2021 as the settlement of which does not involve cash settlement. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Notes to the Consolidated Financial Statements

December 31, 2024

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables

	Weighted average interest rate *%*	On demand or less than 3 months *Rmb'000*	3 months to 1 year *Rmb'000*	1 to 3 years *Rmb'000*	3 to 5 years *Rmb'000*	Over 5 years *Rmb'000*	Total undiscounted cash flows *Rmb'000*	Carrying amount at year end *Rmb'000*
2024								
Non-derivative financial liabilities								
Accounts payable to customers arising from securities business	–	48,397,105	–	–	–	–	48,397,105	48,397,105
Trade payables	–	1,143,206	–	–	–	–	1,143,206	1,143,206
Other payables	–	833,998	–	–	–	–	833,998	833,998
Bank and other borrowings	–	–	–					
– fixed rate	2.69%-6.03%	140,295	1,125,521	494,775	–	–	1,760,591	1,705,058
– variable rate	2.27%-4.50%	118,346	1,640,676	5,980,857	3,626,579	5,966,523	17,332,981	15,380,042
Short-term financing notes payable	2.02%	2,075,699	5,062,984	–	–	–	7,138,683	7,085,628
Financial assets sold under repurchase agreements	1.99%	23,141,663	–	–	–	–	23,141,663	23,139,450
Placements from other financial institutions	1.64%	1,750,448	–	–	–	–	1,750,448	1,750,000
Bonds payable	2.72%	2,204,220	9,225,080	18,517,618	2,094,200	–	32,041,118	30,937,290
Convertible Bond	4.74%	234,945	–	–	–	–	234,945	224,867
Lease liabilities	3.62%-5.35%	60,196	129,432	191,884	42,638	3,313	427,463	394,095
Financial guarantees	–	209,449	–	–	–	–	209,449	–
Financial liabilities at fair value through profit or loss	–	1,698	478,855	–	–	–	480,553	480,553
		80,311,268	17,662,548	25,185,134	5,763,417	5,969,836	134,892,203	131,471,292

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount at year end
	%	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*
2023								
Non-derivative financial liabilities								
Accounts payable to customers arising from securities business	–	44,803,323	–	–	–	–	44,803,323	44,803,323
Trade payables	–	1,265,174	–	–	–	–	1,265,174	1,265,174
Other payables	–	696,520	–	–	–	–	696,520	696,520
Bank and other borrowings								
– fixed rate	2.70%-5.25%	2,360,057	963,137	451,015	–	–	3,774,209	3,726,547
– variable rate	3.73%-7.43%	132,765	1,683,870	3,244,412	3,006,150	9,286,371	17,353,568	14,080,396
Short-term financing notes payable	2.89%	1,985,585	162,338	–	–	–	2,147,923	2,137,611
Financial assets sold under repurchase agreements	4.14%	24,636,064	–	–	–	–	24,636,064	24,592,145
Placements from other financial institutions	2.05%	1,950,778	–	–	–	–	1,950,778	1,950,000
Bonds payable	3.27%	158,063	5,932,643	23,412,573	584,570	1,107,732	31,195,581	29,014,251
Convertible Bonds								
– debt component	3.36%-4.74%	1,592,274	27,999	111,995	7,454,720	–	9,186,988	8,441,932
Lease liabilities	3.62%-5.35%	46,444	101,318	240,416	115,486	26,121	529,785	475,430
Financial guarantees	–	259,484	–	–	–	–	259,484	–
Financial liabilities at fair value through profit or loss	–	364,464	107,597	–	–	–	472,061	472,061
		80,250,995	8,978,902	27,460,411	11,160,926	10,420,224	138,271,458	131,655,390

Notes to the Consolidated Financial Statements

December 31, 2024

53. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of the interest rates determined at the end of the reporting period.

As at December 31, 2024 and 2023, the Group did not enter into any master netting arrangements with counterparties. The collateral items for which, such as financial assets held under resale agreements, financial assets at FVTPL, loans to customers arising from margin financing business, placements from other financial institutions and financial assets sold under repurchase agreements, financial liabilities at FVTPL, etc., have been disclosed in the corresponding notes, which are generally not on the net basis in financial position. However, the risk exposure associated with favourable contracts is significantly reduced by the collateral items received by the Group which could be recovered to the extent if a default occurs, in respect of the outstanding receivable amounts from the counterparty.

The analysis above does not include the cash flow of derivatives, which do not have a material impact on the cash flow of the Group.

53. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments

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

Fair value measurements of financial instruments recognised in the 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 values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

If there is a reliable market quote for a financial instrument, the fair value of the financial instrument is measured based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instrument is estimated using valuation techniques. For the fair value of financial instruments categorised within Level 2, the valuation techniques applied include discounted cash flow, recent transaction price and net asset value method. The significant observable inputs used in the valuation techniques used for Level 2 include future cash flows estimated based on applying the interest yield curves, net asset values determined with reference to observable (quoted) prices of underlying investment portfolio, forward interest rates and forward exchanges.

For financial instruments categorised within Level 3, fair values are determined by using valuation techniques, including valuation methods such as discounted cash flow model, the option pricing model, net asset value method and recent transaction price method. Determinations to classify fair value measurement within Level 3 are generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the valuation techniques and inputs used for the major financial instruments in Level 3.

Notes to the Consolidated Financial Statements

December 31, 2024

53. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Financial instruments	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Equity securities	Level 3	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability. This discount is determined by option pricing model.	Discount for lack of marketability; the volatility of the share prices of the securities	The higher the discount, the lower the fair value. The higher the volatility, the lower the fair value.
Debt investments	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, the lower the fair value.
Trust products	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, the lower the fair value.
Equity securities/ unlisted equity investments	Level 3	Recent transaction price	Discount for lack of marketability	The higher the discount, the lower the fair value.
Interests attributable to other holders of consolidated structured entities	Level 3	The fair value is 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.	P/E multiples; discount for lack of marketability	The higher the multiples, the higher the fair value. The higher the discount, the lower the fair value.

53. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Financial instruments	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Derivative component of convertible bond	Level 3	Binomial option pricing model	Expected volatility (23.32%) taking into account the actual historical share price of the Company over the same time period as the convertible bond's remaining time to maturity.	The higher the expected volatility, the higher the fair value.
Derivative assets/ liabilities	Level 3	The option pricing model is used which is calculated based on the option exercise price, the price and volatility of the underlying equity instrument, the option exercise time, and the risk-free interest rate.	The volatility of the underlying equity instrument for option	The higher volatility of the underlying equity instrument, the greater impact on the fair value.

There were no transfers between Level 1 and Level 2 during the year.

Notes to the Consolidated Financial Statements

December 31, 2024

53. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

As at December 31, 2024

	Level 1 *Rmb'000*	Level 2 *Rmb'000*	Level 3 *Rmb'000*	Total *Rmb'000*
Financial assets at FVTPL				
– Equity securities	1,906,975	327	11,202	1,918,504
– Funds	2,135,950	6,501,342	–	8,637,292
– Debt investments	7,406,014	12,418,895	4,500	19,829,409
– Asset management schemes	–	5,181,498	–	5,181,498
– Unlisted equity investments	–	–	455,862	455,862
Sub-total	11,448,939	24,102,062	471,564	36,022,565
Debt instruments at FVTOCI	10,011	12,425,017	–	12,435,028
Equity Investments Designated at FVTOCI	1,699,046	9,713	–	1,708,759
Derivative assets	–	37,735	532,726	570,461

	Level 1 *Rmb'000*	Level 2 *Rmb'000*	Level 3 *Rmb'000*	Total *Rmb'000*
Financial liabilities at FVTPL				
– Securities	–	1,697	–	1,697
– Structured entities	–	178,289	300,567	478,856
Sub-total	–	179,986	300,567	480,553
Derivative component of Convertible Bond 2021	–	–	30,158	30,158
Derivative liabilities	–	138,350	419,781	558,131

53. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

As at December 31, 2023

	Level 1 *Rmb'000*	Level 2 *Rmb'000*	Level 3 *Rmb'000*	Total *Rmb'000*
Financial assets at FVTPL				
– Equity securities	3,689,142	120,800	65,617	3,875,559
– Funds	1,406,449	7,157,799	–	8,564,248
– Debt investments	6,344,926	19,115,369	4,500	25,464,795
– Asset management schemes	–	3,792,244	–	3,792,244
– Trust products	–	–	32,267	32,267
– Unlisted equity investments	–	–	189,527	189,527
Sub-total	11,440,517	30,186,212	291,911	41,918,640
Debt instruments at FVTOCI	514,806	7,649,092	–	8,163,898
Derivative assets	–	141,810	1,137,300	1,279,110

	Level 1 *Rmb'000*	Level 2 *Rmb'000*	Level 3 *Rmb'000*	Total *Rmb'000*
Financial liabilities at FVTPL				
– Securities	327,658	3,692	–	331,350
– Fund	–	33,114	–	33,114
– Structured entities	–	87,571	20,026	107,597
Sub-total	327,658	124,377	20,026	472,061
Derivative component of Convertible Bond 2021	–	–	27,646	27,646
Derivative liabilities	–	104,513	891,514	996,027

The following tables represent the changes in Level 3 financial assets at FVTPL during the years ended December 31, 2024 and 2023. For the changes in Level 3 derivative component of Convertible Bond 2022 during the years ended December 31, 2024 and 2023, please refer to Note 43.

Notes to the Consolidated Financial Statements

December 31, 2024

53. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

For the year ended December 31, 2024

Financial instruments in Level 3:

	Financial assets at FVTPL *Rmb'000*	Derivative financial assets *Rmb'000*	Financial liabilities at FVTPL *Rmb'000*	Derivative financial liabilities *Rmb'000*	Total *Rmb'000*
At beginning of the year	291,911	1,137,300	20,026	891,514	2,340,751
Additions (Note i)	275,704	160,061	280,000	324,248	1,040,013
Disposal	(37,203)	(832,797)	–	(746,389)	(1,616,389)
Transfer out (Note ii)	(57,860)	–	–	–	(57,860)
Changes in fair value changes	(988)	68,162	541	(49,592)	18,123
At end of the year	471,564	532,726	300,567	419,781	1,724,638
Total gains/(losses) for assets held at the end of the year					
– unrealised gains/(losses) recognised in profit or loss					18,123

Unrealised gains/(losses) recognised in profit or loss for financial instrument at FVTPL are disclosed in Note 9.

Notes:

(i) Financial assets at FVTPL included the equity securities traded on the NEEQ with decreased turnover rates with significant unobservable inputs applied in valuing these investments. The equity securities traded on the NEEQ with decreased turnover rates were transferred from Level 2 to Level 3 in the fair value hierarchy.

(ii) These included equity securities traded on stock exchanges with lock-up periods. They were transferred from Level 3 to Level 1 when the lock-up periods lapsed and became unrestricted.

53. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

For the year ended December 31, 2023

Financial instruments in Level 3:

	Financial assets at FVTPL *Rmb'000*	Derivative financial assets *Rmb'000*	Financial liabilities at FVTPL *Rmb'000*	Derivative financial liabilities *Rmb'000*	Total *Rmb'000*
At beginning of the year	511,619	625,227	12	341,360	1,478,218
Additions (Note i)	144,560	460,160	20,000	453,377	1,078,097
Disposal	(386,486)	54,411	(12)	273,455	(58,632)
Transfer out (Note ii)	(4,617)	–	–	–	(4,617)
Changes in fair value changes	26,835	(2,498)	26	(176,678)	(152,315)
At end of the year	291,911	1,137,300	20,026	891,514	2,340,751
Total gains/(losses) for assets held at the end of the year					
– unrealised gains/(losses) recognised in profit or loss					245,066

Unrealised gains/(losses) recognised in profit or loss for FVTPL are disclosed in Note 9.

	As at 12/31/2024		As at 12/31/2023	
	Carrying amount ***Rmb'000***	**Fair value** ***Rmb'000***	Carrying amount *Rmb'000*	Fair value *Rmb'000*
Convertible Bond 2021	**224,867**	**224,867**	1,815,465	1,779,176
Debt Component of Convertible Bond 2022	**–**	**–**	6,626,467	6,698,743

The fair values of the debt components of Convertible Bond 2022 and Convertible Bond 2021 as at December 31, 2024 and December 31, 2023 were within Level 3 hierarchy and were determined by the Directors with reference to the valuation performed by a firm of independent professional valuers. The fair values of the debt components of Convertible Bond 2022 and Convertible Bond 2021 are determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the Convertible Bond 2022 and Convertible Bond 2021 and discount rate that reflects the credit risk of the Company.

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54. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Dividends payable *Rmb'000*	Bank and other borrowings *Rmb'000*	Bonds payable *Rmb'000*	Convertible bonds *Rmb'000*	Lease Liabilities *Rmb'000*	Short-term financing note payable *Rmb'000*	Total *Rmb'000*
At January 1, 2024	168,573	17,806,943	29,014,251	8,441,932	475,430	2,137,611	58,044,740
Financing cash flows	(2,613,633)	(718,335)	3,500,000	(1,600,571)	(160,536)	4,937,120	3,344,045
Operating cash flows	–	(612,334)	(858,225)	(19,562)	(5,862)	(30,431)	(1,526,414)
Non-cash changes	–	–	–	–	–	–	–
New leases	–	–	–	–	74,186	–	74,186
Lease decreased	–	–	–	–	(10,781)	–	(10,781)
Fair value adjustment	–	–	–	–	–	–	–
Exchange realignment	–	–	–	–	–	–	–
Accrued dividend	2,902,716	–	–	–	–	–	2,902,716
REITs measurement from bonds payable to non-controlling interests	–	–	(1,651,962)	–	–	–	(1,651,962)
Interest expenses	–	608,826	866,490	203,349	21,658	41,328	1,741,651
Conversion into shares	–	–	–	(6,800,281)	–	–	(6,800,281)
At December 31, 2024	457,656	17,085,100	30,870,554	224,867	394,095	7,085,628	56,117,900

54. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Dividends payable	Bank and other borrowings	Bonds payable	Convertible bonds	Lease Liabilities	Short-term financing note payable	Total
	Rmb'000	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*
At January 1, 2023 (restated)	–	22,356,817	23,307,569	5,712,073	444,030	3,567,025	55,387,514
Financing cash flows	(1,977,242)	(4,535,590)	5,700,000	2,529,887	(145,537)	(1,417,760)	153,758
Operating cash flows	–	(800,299)	(836,385)	(11,163)	(7,683)	(107,079)	(1,762,609)
Non-cash changes							
New leases	–	–	–	–	165,368	–	165,368
Lease decreased	–	–	–	–	(3,465)	–	(3,465)
Fair value adjustment	–	–	–	(280,620)	–	–	(280,620)
Exchange realignment	14,135	–	55,396	79,600	–	–	149,131
Accrued dividend	2,131,680	–	–	–	–	–	2,131,680
Interest expenses	–	786,015	787,671	412,301	22,717	95,425	2,104,129
Conversion into shares	–	–	–	(146)	–	–	(146)
At December 31, 2023	168,573	17,806,943	29,014,251	8,441,932	475,430	2,137,611	58,044,740

55. OPERATING LEASES

The Group as lessor

The Group leased their service areas and communication ducts and part of spare office premises under operating lease arrangements. Leases are negotiated for terms ranging from 1 to 25 years and rentals are fixed annually.

At the end of the reporting period, the Group had contracts with tenants for the following future minimum lease payments:

	12/31/2024	12/31/2023
	Rmb'000	*Rmb'000*
Within one year	**55,788**	61,778
In the second to fifth years, inclusive	**146,925**	146,857
After five years	**34,955**	63,834
	237,668	272,469

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55. OPERATING LEASES (continued)

The Group as lessor (continued)

For certain of the Group's service areas, the rental income is variable and being calculated at the higher of a pre-agreed percentage of revenue of the relevant service areas made by the lessees or the minimum lease payments. The commitment above represented the minimum lease payments from lessees only and did not include any contingent rent elements.

56. CONTINGENT LIABILITIES

Financial guarantee given to bank

	12/31/2024	12/31/2023
	Rmb'000	*Rmb'000*
Guarantees given to a bank, in respect of a joint venture	**202,302**	259,484

The Group provided a financial guarantee to Shengxin Co, a 50% owned joint venture of the Group, in favour of a bank for 50% of its outstanding long-term bank borrowings and interest, and accrued off-balance sheet provision in light of the financial guarantee. As at December 31, 2024, the bank borrowings of Shengxin Co and accrued interest amounted to Rmb404,603,000 (2023: Rmb518,967,000). The Directors consider that the fair value of the guarantee was insignificant at initial recognition and default by the guaranteed party was not probable, therefore the provision under ECL model for the financial guarantee contract was not material as at December 31, 2024 and 2023.

57. RELATED PARTY TRANSACTIONS AND BALANCES

Other than disclosed elsewhere in the consolidated financial statements, during the year, the Group also entered into the following significant transactions with related parties:

(i) 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 contracts entered into between the Company and Zhejiang Communications Investment Logistics Group Co., Ltd. ("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 Rmb50,810,229 at a fixed interest rate of 3.00% per annum, with a maturity date on July 20, 2024. A principal amount of Rmb50,810,229 was repaid on July 20, 2024.

Pursuant to the entrusted loan contracts entered into between Quzhou Branch of LongLiLiLong Expressway 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 on 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 19, 2024. A principal amount of Rmb2,300,000,000 was repaid on March 7, 2024.

Pursuant to the entrusted loan contracts on March 7, 2024, Communications Group agreed to provide the Company with entrusted loans amounting to Rmb2,300,000,000 with a maturity date on March 7, 2025 and at a fixed interest rate of 3.45% per annum. A principal amount of Rmb1,500,000,000 was repaid on May 27, 2024. A principal amount of Rmb800,000,000 was repaid on June 28, 2024.

	For the year ended 12/31/2024 ***Rmb'000***	For the year ended 12/31/2023 *Rmb'000*
Interest expenses incurred	**36,180**	116,470

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57. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(i) 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, North Line of Qianjiang Channel, Linjian Expressway, Zhoudai Bridge and Fuchimen Bridge of Ningbo Zhoushan Port Main Passage, North Connection of Qianjiang Channel, Hangshaoyong Expressway and Hangyong Parallel Expressway Phase I. According to the agreements, the Company would charge Communications Group and its subsidiaries management fee on an actual cost basis. During this year, a total management fee of Rmb25,052,422 (2023: Rmb21,153,488) was charged.

Other transactions

	Year ended 12/31/2024 ***Rmb'000***	Year ended 12/31/2023 *Rmb'000*
Toll road service area leasing income earned (Note a)	**11,265**	10,401
Toll road service area management fee paid (Note a)	**10,980**	10,552
Property leasing income earned	**3,691**	4,993
Road maintenance service expenses incurred	**540,954**	578,389
Construction cost incurred (Note b)	**524,674**	411,978
System development and maintenance, expressway mechanical and electrical engineering service expenses incurred	**65,955**	44,406
Toll road related inspection service expense incurred	**13,917**	12,474
Underwriting and sponsor service income earned	**8,551**	1,379

57. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(i) Transactions and balances with Communications Group and government related parties (continued)

Other transactions (continued)

Notes:

(a) Pursuant to the leasing and operation agreement entered into between Jinhua Co (as defined in Note 58), Hanghui Co (as defined in Note 58), Longlililong Co (as defined in Note 58), Zhoushan Co (as defined in Note 58) and Zhejiang Commercial Group Co., Ltd. ("Zhejiang Commercial Group", a fellow subsidiary of Communications Group), the toll road service areas were leased to Zhejiang Commercial Group Co., Ltd, and Zhejiang Communications Group managed the operation of the service area in respect of the toll road service area. Such businesses began on January 1, 2011, and will expire at the same time with the operating rights.

(b) On June 3, 2024, the Company and its subsidiaries entered into the Guardrail Agreements with Zhejiang Shunchang High-grade Expressway Maintenance Co., Ltd. ("Zhejiang Shunchang"), Zhejiang Expressway Maintenance Co., Ltd. ("Maintenance Co") and Zhejiang Jiaogong High-grade Expressway Maintenance Co., Ltd. ("Jiaogong Maintenance") respectively, pursuant to which the guardrail revamp and upgrade projects were undertaken in respect of six expressways operated by the Group. Each of Zhejiang Shunchang, Maintenance Co and Jiaogong Maintenance is an indirect subsidiary of Communications Group.

On February 9, 2024, Jinhua Co (as defined in Note 58), Zhajiasu Co (as defined in Note 58) entered into agreements with Zhejiang Shuzhi Jiaoyuan Technology Co., Ltd. ("Shuzhi Jiaoyuan") for feasibility study, survey and design, and full-process consulting. Pursuant to these agreements, Shuzhi Jiaoyuan was appointed to conduct feasibility studies and survey and design for the Ningbo-Jinhua Expressway (Jinhua section) expansion project, and to provide full-process consulting services for the Zhajiasu Expressway expansion project from Nanhu Interchange to the Zhejiang-Jiangsu border.

As of December 31, 2024, Jinhua Co (as defined in Note 58) had paid an engineering advance payment of Rmb68,697,476 to Zhejiang Hongtu Transportation Construction Company ("Zhejiang Hongtu") for the reconstruction and expansion of the Ningbo-Jinhua Expressway (Jinhua Section), Section TJ02, and Zhajiasu Co (as defined in Note 58) had paid an engineering advance payment of Rmb49,739,953 to Zhejiang Jiaogong Jinzhu Communications Construction Co., Ltd.(("Jiaogong Jinzhu") for the reconstruction and expansion of the ZhaJiaSu Expressway (Nanhu Interchange to Zhejiang-Jiangsu Border Section), Section SG01, among the transaction amount disclosed afore mentioned.

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57. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(i) Transactions and balances with Communications Group and government related parties (continued)

Other transaction balances

In addition to the transaction balances already disclosed in the report, the other material transaction balances in relation to the transactions disclosed above with related parties are listed below.

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
Other receivables and prepayments	331,967	220,498
Trade payables	435,361	407,040
Other payables	103,783	161,312

Sales of asset management schemes and derivative contract business with Communications Group

During the year, Zheshang Securities Asset Management Co., Ltd. ("Asset Management", an indirect subsidiary of the Company) earned management fee income of Rmb85,757 (2023: Rmb94,934) from Zhejiang Zheshang Financial Holdings Co., Ltd.

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 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 institutions 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.

57. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(ii) Transactions and balances with associates and other related parties

Financial services provided by Zhejiang Communications Finance

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

Loans advanced from Zhejiang Communications Finance

During the year, LongLiLiLong Co repaid short-term and long-term loans with an aggregate principal amount of Rmb 1,060,558,000 to Zhejiang Communications Finance.

During the year, Zhejiang Communications Finance provided LongLiLiLong Co with short-term loans with a principal amount of Rmb20,000,000 and Rmb50,000,000 (2023: Rmb49,000,000), at fixed annual rates of 3.08% and 2.95% respectively (2023: 3.7%).

During the year, Zhejiang Communications Finance provided LongLiLiLong Co with long-term loans with a principal amount of Rmb120,000,000 and Rmb50,000,000 (2023: Rmb441,000,000), at fixed annual interest rates of 3.08% and 2.95% respectively (2023: 3.7%).

During the year, De'an Co repaid short-term loans with an aggregate principal amount of Rmb20,000,000 to Zhejiang Communications Finance.

During the year, Zhejiang Communications Finance provided De'an Co with short-term loans with a principal amount of Rmb20,000,000 and Rmb55,000,000 (2023: Nil), at fixed annual rates of 3.45% and 3.10% respectively.

	12/31/2024 ***Rmb'000***	12/31/2023 *Rmb'000*
Outstanding loan payable balances:		
repayable within one year	**522,694**	179,288
1 to 5 years	**160,000**	870,318
Over 5 years	**–**	399,616
	682,694	1,449,222

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57. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(ii) Transactions and balances with associates and other related parties (continued)

Financial services provided by Zhejiang Communications Finance (continued)

Loans advanced from Zhejiang Communications Finance (continued)

	Year ended 12/31/2024 ***Rmb'000***	Year ended 12/31/2023 *Rmb'000*
Interest expenses incurred	**30,112**	78,076

Deposits to Zhejiang Communications Finance

	12/31/2024 ***Rmb'000***	12/31/2023 *Rmb'000*
Bank balances and cash		
– Cash and cash equivalents	**2,919,410**	2,936,333

	Year ended 12/31/2024 ***Rmb'000***	Year ended 12/31/2023 *Rmb'000*
Interest income earned	**48,002**	51,422

Sales of asset management schemes to Zhejiang Communications Finance

During the year, Asset Management sold 447,696,065 units (2023: 180,618,622 units) equivalent to Rmb500,000,000 (2023: Rmb200,000,000) of the asset management schemes to Zhejiang Communications Finance. Management fee income of Rmb5,927,167 (2023: Rmb8,673,317) was earned.

57. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(ii) Transactions and balances with associates and other related parties (continued)

Purchase/sales of inventory from/to and derivative contract business with Zheshang Development Group Co., Ltd. and its subsidiaries (collectively referred to as the "Zheshang Development Group")

During the year, Zhejiang Zheqi purchased and sold commodities of Rmb54,284,084 (2023: Rmb223,481,124) and Rmb155,439,937 (2023: Rmb402,380,891) respectively from and to the Zheshang Development Group, to operate commodity trading business.

As at December 31, 2024, Zhejiang Zheqi received deposits of Rmb15,213,234 (2023: Rmb5,998,290) from Zheshang Development Group for derivative business. Zheshang Futures had the balance of Rmb283,728,942 (2023: Rmb210,274,925) with the Zheshang Development Group in the accounts payable to customers arising from securities business.

During the year, Zhejiang Zheqi carried out derivative contract business with the Zheshang Development Group, and the investment losses were Rmb27,063,418 (2023: losses of Rmb49,241,604) in total.

Zhajiasu Co provides China Merchants Expressway Network & Technology Holdings Co. Ltd. ("China Merchants Expressway", another shareholder of Zhajiasu Co) with entrusted loan

According to the entrusted loan contract signed between Zhajiasu Co and China Merchants Expressway on July 30, 2021, Zhajiasu Co provides an entrusted loan of Rmb180,000,000 at a fixed rate of 2.75% per annum. Interest income during the year was Rmb2,724,057. A principal amount of Rmb180,000,000 was repaid on July 29, 2024. According to the entrusted loan contract signed between Zhajiasu Co and China Merchants Expressway on October 9, 2024, Zhajiasu Co provides an entrusted loan of Rmb180,000,000 at a fixed rate of 2% per annum. Interest income during the year was Rmb792,453.

(iii) Key management emoluments

The remuneration of the Directors, supervisors and key management personnel during the year was Rmb11,214,000 (2023: Rmb10,261,000) including retirement benefit scheme contribution of Rmb392,000 (2023: Rmb328,000) which is determined based on the performance of the individuals and the market trends.

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58. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

58.1 General information of subsidiaries

Name of subsidiary	Date and place of registration	Registered and paid-in capital/share capital Rmb	Percentage of equity interest attributable to the Company				Principal activities
			Direct		Indirect		
			12/31/2024 %	12/31/2023 %	12/31/2024 %	12/31/2023 %	
Zhejiang Linping Expressway Co., Ltd. ("Linping Co")	Note 1	75,223,000	51	51	–	–	Management of the Linping Section of the Shanghai-Hangzhou Expressway
Shangsan Co	Note 2	5,380,000,000	73.625	73.625	–	–	Management of the Shangsan Expressway
Zhejiang Expressway Vehicle Towing and Rescue Services Co., Ltd ("Towing Co")	Note 3	8,000,000	100	100	–	–	Provision of vehicle towing, repair and, emergency rescue services
Zheshang Securities	Note 4	3,878,194,246	–	–	*34.2036	*40.3385	Operation of securities business
Zheshang Futures	Note 5	1,371,244,600	–	–	**35.3136	**39.7871	Operation of securities business
Zheshang Capital Management	Note 6	500,000,000	–	–	**34.2036	**40.3385	Operation of securities business
Asset Management	Note 7	1,200,000,000	–	–	**34.2036	**40.3385	Provision of asset management service
Zhejiang Zheqi	Note 8	2,200,000,000	–	–	**35.3136	**39.7871	Trading of futures
Zhejiang Jinhua Yongjin Expressway Co., Ltd. ("Jinhua Co")	Note 9	1,350,000,000	100	100	–	–	Management of the Jinhua Section of the Ningbo-Jinhua Expressway
Hanghui Co	Note 10	3,101,853,000	–	–	51	51	Management of the Zhejiang Section of the Hangzhou-Ruili Expressway
Zheshang International Financial Holding Co., Limited	Note 11	41,591,000	–	–	**35.3136	**39.7871	Trading of futures
Huihang Co	Note 12	580,000,000	100	100	–	–	Management of the Anhui Section of the Hangzhou- Ruili Expressway

58. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

58.1 General information of subsidiaries (continued)

Name of subsidiary	Date and place of registration	Registered and paid-in capital/share capital Rmb	Percentage of equity interest attributable to the Company				Principal activities
			Direct		Indirect		
			12/31/2024 %	12/31/2023 %	12/31/2024 %	12/31/2023 %	
De'an Co	Note 13	320,000,000	80.1	80.1	–	–	Construction and management
Zhoushan Co	Note 14	4,114,690,000	51	51	–	–	Management of the Zhoushan Bay Bridge
Zhejiang Grand Hotel	Note 15	306,662,167	100	100	–	–	Operation of a hotel
Zheshang Securities Investment Co., Ltd. ***	Note 16	261,000,000	–	–	**34.2036	**40.3385	Provision of investment management and advisory services and private equity investments
LongLiLiLong Co	Note 17	8,519,856,565	100	100	–	–	Management of the LongLi Expressway and LiLong Expressway
Zhajiasu Co	Note 18	300,000,000	55	55	–	–	Management of the Zhajiasu Expressway
Zheshang International Asset Management Ltd. ("Zheshang International Asset Management")	Note 19	HKD10, 000,000	–	–	**35.3136	**39.7871	Provision of asset management services
Zhejiang Zhijiang Intelligent Transportation Technology Co., Ltd.	Note 20	100,000,000	98	98	–	–	Provision of technology services

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58. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

58.1 General information of subsidiaries (continued)

* This company is a subsidiary of Shangsan Co, a non-wholly-owned subsidiary of the Company, and accordingly, is accounted for as a subsidiary by virtue of the Group's control over it. On June 26, 2017, Zheshang Securities completed the spin-off and offering on the Shanghai Stock Exchange, resulting in the dilution of the equity interest attributed to the Company. On March 12, 2019, Zheshang Securities issued a convertible bond and the conversion of shares during the year ended December 31, 2020, resulting in the dilution of the equity interest attributed to the Company. On May 21, 2021, Zheshang Securities issued non-public A shares which resulted in the dilution of the equity interest attributed to the Company. On June 14, 2022, Zheshang Securities issued convertible bonds, the conversion of shares resulting in the dilution of the equity interest attributed to the Company during the years ended December, 2023 and 2024. Due to the conversion of the Convertible Bond 2022 during 2024, accordingly the voting right of the Company was passively diluted and decreased from 40.3385% to 34.2036%.

** These companies and partnership entities are subsidiaries of Zheshang Securities, a non-wholly-owned subsidiary of Shangsan Co, and accordingly, are accounted for as subsidiaries by virtue of the Group's control over them.

*** The translated English names are for identification only.

Note 1: Linping Co was established on June 7, 1994 in the PRC as a joint stock limited company and was subsequently restructured into a limited liability company under its current name on November 28, 1996. The Company is able to control over Linping Co because it has the power to appoint five out of nine directors of that company and under the provisions stated in the Articles of Association of that company, the passing of ordinary resolutions at the board meetings required one-half of the Directors attending the meetings. Zhejiang Yuhang Expressway Co., Ltd. renamed Zhejiang Linping Expressway Co., Ltd. in 2021.

Note 2: Shangsan Co was established on January 1, 1998 in the PRC as a limited liability company. On November 29, 2022, the Group, Shangsan Co, the Existing Shareholders and Communications Group entered into a Capital Increase Agreement to increase the registered capital of Shangsan Co, and as per the revised Articles of Association on the same date, the voting right of the Group in Shangsan Co slightly decreased from 73.625% to 73.624%. As at the reporting date, no capital was injected from any shareholder.

Note 3: Towing Co was established on July 31, 2003 in the PRC as a limited liability company.

Note 4: Zheshang Securities was established on May 9, 2002 in the PRC as a limited liability company. On March 12, 2019, Zheshang Securities issued a convertible bond and the Group's equity interest was diluted resulting from the conversion of shares by outside shareholders. On May 21, 2021, Zheshang Securities issued non-public A shares which resulted in the dilution of the equity interest attributed to the Company. On June 14, 2022, Zheshang Securities issued a convertible bond and the Group's equity interest of Zheshang Securities was diluted resulting from the conversion of shares by outside shareholders. See Note 43 for more details.

58. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

58.1 General information of subsidiaries (continued)

Note 5: Zheshang Futures was established on September 7, 1995 in the PRC as a limited liability company. During the year ended December 31, 2024, the Group's percentage of entity interest in Zhejiang Futures slightly decreased from 39.7871% to 35.3136% due to the share conversion of Convertible Bonds 2022 issued by Zheshang Securities.

Note 6: Zheshang Capital Management was established on February 9, 2012 in the PRC as a limited liability company.

Note 7: Asset Management was established on July 22, 2013 in the PRC as a limited liability company.

Note 8: Zhejiang Zheqi was established on April 9, 2013 in the PRC as a limited liability company, and its paid-in share capital was increased by Rmb100,000,000 to Rmb200,000,000 during the year ended December 31, 2014.

Note 9: Jinhua Co was established in February 2002 in the PRC as a limited liability company. Jinhua Co became a wholly owned subsidiary directly held by the Company during the year ended December 31, 2013.

Note 10: Hanghui Co was established in December 2008 in the PRC as a limited liability company. During the year ended December 31, 2015, the Company acquired the 80.614% equity interests in Hanghui Co from Communications Group, and Hanghui Co then became a subsidiary directly held by the Company as at December 31, 2015. In December 2015, the equity interest held by the Group increased to 88.674% as the Company had made a capital contribution to Hanghui Co. In June 2021, the Hanghui Expressway public REITs was successfully listed on the Shanghai Stock Exchange. The Company held 51% shareholder's interest indirectly after the restructuring. During the restructuring in light of the issuance of REITs, the Group's equity share decreased from 88.674% to 51% and thus did not lose control over Hanghui Co. The equity transaction as a result of the restructuring was accounted for under special reserves.

Note 11: Zheshang International Financial Holding Co., Limited (previously known as Zheshang Futures (Hong Kong) Co., Limited) was established on April 23, 2015 in Hong Kong as a limited liability company.

Note 12: Huihang Co was established in September 2000 in the PRC as a limited liability company. During the year ended December 31, 2016, the Company acquired the 100% equity interests in Huihang Co from an independent third party, and Huihang Co then became a subsidiary directly held by the Company as at December 31, 2016.

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58. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

58.1 General information of subsidiaries (continued)

Note 13: De'an Co was established on April 12, 2018 in the PRC as a limited liability company. The registered capital of De'an Co increased from Rmb100,000,000 to Rmb320,000,000 during the year ended December 31, 2020, of which Rmb17,421,750 was contributed by the Company, Rmb4,328,250 was contributed by Zhejiang Hongtu and the rest were converted from capital reserve.

Note 14: Zhoushan Co was established on as a limited liability company. In July 2018, Shenjiahuhang Expressway entered into an equity purchase agreement with Zhejiang Communications Investment Group Co., Ltd. to acquire 51% equity interests in Zhoushan Co. During the year, as part of the reorganisation for the purpose of the proposed issuance of Asset-Backed Securities ("ABS"), Shenjiahuhang Co transferred its 51% of equity interests in Zhoushan Co to the Company at the audited net asset value of Zhoushan Co as at June 30, 2022 pursuant to an equity transfer agreement dated 19 September 2022, upon which Zhoushan Co became the immediate subsidiary of the Company.

Note 15: Zhejiang Grand Hotel was established on January 6, 1998 in the PRC as a limited liability company and was acquired from Communications Group. On June 5, 2019, the Company entered into an equity transfer agreement with a wholly-owned subsidiary of Communications Group to acquire a 100% equity interest in Zhejiang Grand Hotel at a cash consideration of Rmb1,010,144,600.

Note 16: Zheshang Securities Investment Co., Ltd. was established on November 26, 2019 in the PRC as a limited liability company, and its paid-in share capital was increased by Rmb36,000,000 to Rmb261,000,000 during the year ended December 31,2023.

Note 17: LongLiLiLong Co is a limited liability company established in the PRC on April 8, 2005, and was acquired from Communications Group.

Note 18: Zhajiasu Co is a limited liability company established in the PRC on January 25, 2001, and was acquired on May 7, 2021 from two natural person shareholders.

Note 19: Zheshang International Asset Management is a limited liability company established in Hong Kong on November 15, 2021.

Note 20: Zhejiang Zhijiang Intelligent Transportation Technology Co., Ltd. is a limited liability company established in the PRC on April 27, 2023.

58. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

58.1 General information of subsidiaries (continued)

Except that Zheshang International Financial Holding Co., Limited and Zheshang International Asset Management Ltd. operate in Hong Kong, all of the Company's other subsidiaries operate in Mainland China.

58.2 Change in ownership interest in a subsidiary

During the year ended December 31, 2024, 695,602,390 shares of the Convertible Bond 2022 were converted, resulting in the dilution of the equity interest in Zheshang Securities attributed to the Company from 40.3384% to 34.2036%, and the Group's percentage of equity interests in its subsidiaries decreased accordingly.

59. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Regarding securities operation segment as defined in Note 7, the Group held interests in structured entities including collective asset management schemes, investment funds and limited partnership. The Group acted as fund manager for some structured entities and had power over them during the years ended December 31, 2024 and 2023. Except for the structured entities the Group has consolidated as disclosed in Note 45, in the opinion of the Directors, the variable returns the Group exposed to over these collective asset management schemes, investment funds and limited partnership in which the Group has interests or acted as fund manager are not significant. The Group therefore did not consolidate these structured entities.

The total assets of unconsolidated funds and asset management schemes managed by securities operation segment amounted to Rmb106,670,370,000 and Rmb106,058,993,000 as at December 31, 2024 and 2023, respectively. The related management fee income for the year ended December 31, 2024 amounted to Rmb393,900,000 (December 31, 2023: Rmb403,702,000).

The related management fee income and net investment gains for the year ended December 31, 2024 are disclosed in Note 6 and Note 8.

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59. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

Except for the abovementioned structured entities, the Group also invested in certain ABS Program classified as interests in associates which it doesn't act as the fund manager. With regard to the ABS Program, in case that the net cash flow generated from the underlying assets was not sufficient to cover the necessary expenditures of the ABS Program as agreed and senior class holder's share that they're entitled, the Group was committed to compensating the insufficient part. During the year ended December 31, 2024, the ABS Program's cashflow was sufficient to cover necessary expenditures and senior class holder's share.

Besides, the fund manager accepts open-ended withdrawal and subscription of senior class securities within the withdrawal registering period at the end of each of the three years from issuance of ABS, and the Group will purchase any senior class securities which have not completed open-ended withdrawal if the holders intend to within the withdrawal registration period.

60. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**1,025,920**	1,075,491
Right-of-use assets	**98,201**	105,008
Expressway operating rights	**770,257**	1,112,067
Other intangible assets	**63,076**	28,401
Interests in subsidiaries	**11,988,197**	10,766,236
Interests in associates	**8,486,668**	8,475,700
Interests in joint ventures	**2,081,670**	1,373,970
Other receivables and prepayments	**490**	12,350
Time deposits	**7,266,419**	3,048,619
	31,780,898	25,997,842

60. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY (continued)

	12/31/2024 *Rmb'000*	12/31/2023 *Rmb'000*
CURRENT ASSETS		
Trade receivables	**329,863**	259,960
Other receivables and prepayments	**133,283**	134,272
Amounts due from subsidiaries	**2,366,109**	1,280,194
Dividends receivable	**1,280,171**	2,366,109
Bank balances and cash		
– Time deposits with original maturity over three months	**2,364,624**	3,051,214
– Cash and cash equivalents	**7,047,934**	10,054,616
	13,521,984	17,146,365
CURRENT LIABILITIES		
Trade payables	**173,906**	211,735
Tax liabilities	**145,274**	157,157
Other taxes payable	**29,479**	26,427
Other payables and accruals	**123,418**	268,755
Amounts due to subsidiaries	**10,778,613**	7,829,311
Bonds payable	**3,072,297**	69,546
Bank and other borrowings	**220,134**	271,689
Convertible bond	**224,867**	1,815,465
	14,767,988	10,650,085
NET CURRENT LIABILITIES	**(1,246,004)**	6,496,280
TOTAL ASSETS LESS CURRENT LIABILITIES	**30,534,894**	32,494,122
NON-CURRENT LIABILITIES		
Bonds payable	**3,376,048**	6,325,061
Deferred tax liabilities	**92,227**	90,203
	3,468,275	6,415,264
	27,066,619	26,078,858
CAPITAL AND RESERVES		
Share capital	**5,993,801**	5,993,498
Reserves	**21,072,818**	20,085,360
	27,066,619	26,078,858

Notes to the Consolidated Financial Statements

December 31, 2024

60. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY (continued)

Movements of share capital and reserves of the Company are set out below.

	Share capital *Rmb'000*	Share premium *Rmb'000*	Statutory reserves *Rmb'000*	Investment revaluation reserve *Rmb'000*	Dividend reserve *Rmb'000*	Special reserves *Rmb'000*	Retained profits *Rmb'000*	Total *Rmb'000*
At January 1, 2023	4,343,115	3,645,726	2,364,430	18,711	1,628,668	71,382	7,198,020	19,270,052
Profit for the year	–	–	–	–	–	–	2,338,600	2,338,600
Total comprehensive income for the year	–	–	–	–	–	–	2,338,600	2,338,600
Issuance of shares	1,650,383	4,448,491	–	–	–	–	–	6,098,874
2022 dividend	–	–	–	–	(1,628,668)	–	–	(1,628,668)
Proposed dividend	–	–	–	–	1,917,919	–	(1,917,919)	–
Transfer to reserves	–	–	299,412	–	–	–	(299,412)	–
At December 31, 2023	5,993,498	8,094,217	2,663,842	18,711	1,917,919	71,382	7,319,289	26,078,858
Profit for the year	–	–	–	–	–	–	2,904,044	2,904,044
Total comprehensive income for the year	–	–	–	–	–	–	2,904,044	2,904,044
Conversion of Convertible Bond 2021	303	1,333	–	–	–	–	–	1,636
2023 dividend	–	–	–	–	(1,917,919)	–	–	(1,917,919)
Proposed dividend	–	–	–	–	2,307,613	–	(2,307,613)	–
Transfer to reserves	–	–	323,434	–	–	–	(323,434)	–
At December 31, 2024	**5,993,801**	**8,095,550**	**2,987,276**	**18,711**	**2,307,613**	**71,382**	**7,592,286**	**27,066,619**

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

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As to PRC law:
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PRC 310007

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Quarry Bay, Hong Kong

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99 Queen's Road Central, Hong Kong
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Fax: 852-2815 1352

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

H SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
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Hong Kong

H SHARES LISTING INFORMATION
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Code: 0576

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Location Map of Expressways in Zhejiang Province


ZHEJIANG EXPRESSWAY CO., LTD.