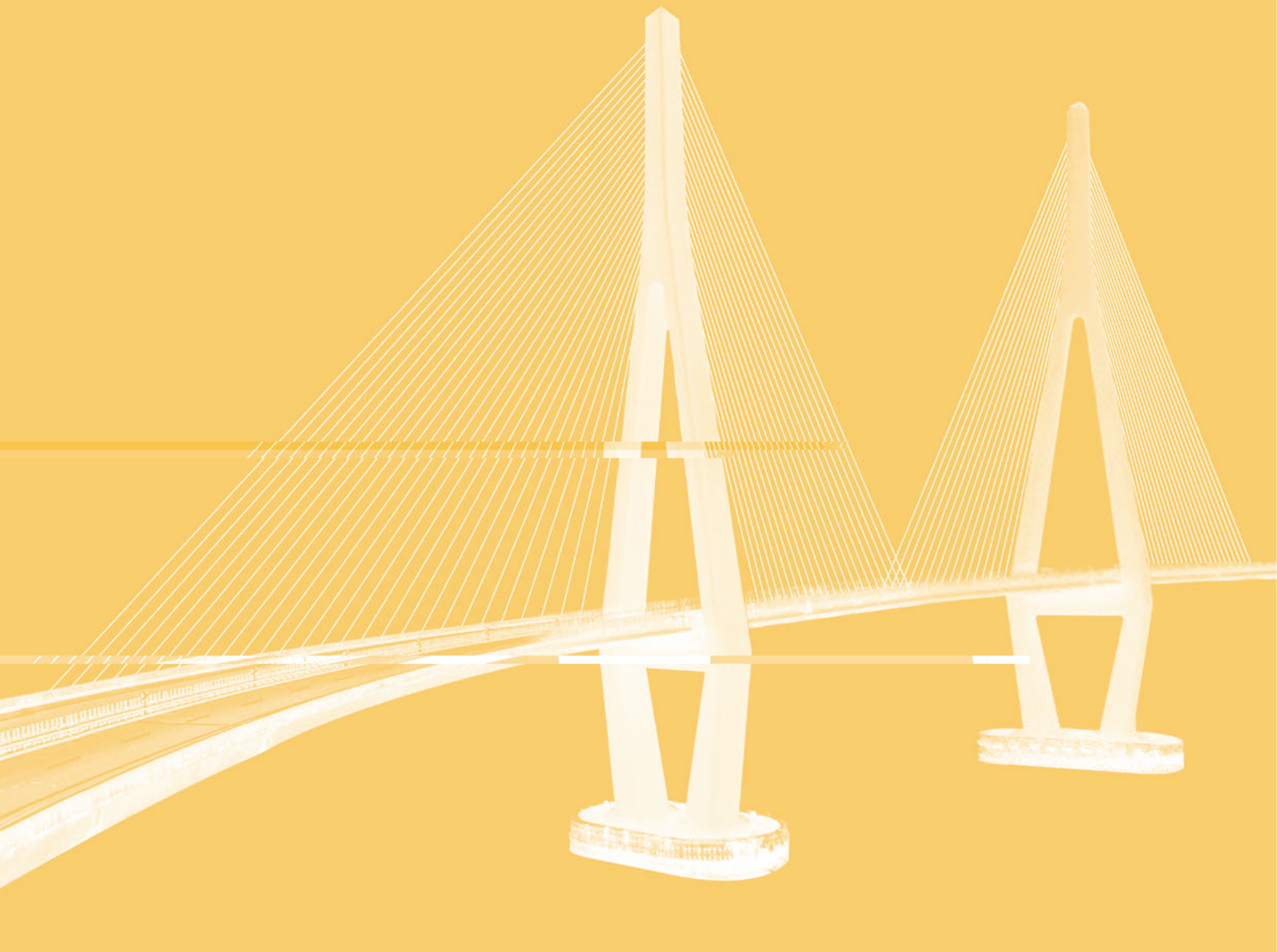
浙江滬杭甬高速公路股份有限公司
ZHEJIANG EXPRESSWAY CO., LTD.

STOCK CODE : 0576

Striving For Excellence

2021
ANNUAL REPORT

Str



ANNUAL REPORT

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	China Merchants Expressway Network & Technology Holdings Co Ltd. (招商局公路網絡科技控股股份有限公司), a joint stock limited company established in the PRC on December 18, 1993, whose shares are listed on the Shenzhen Stock Exchange
Company or Zhejiang Expressway	Zhejiang Expressway Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability on March 1, 1997
Communications Group	Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司), a wholly state-owned enterprise established in the PRC, on December 29, 2001 and the controlling shareholder of the Company
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), a 80.1% owned subsidiary of the Company, which is established with Zhejiang Hongtu Transportation Construction Company (浙江交工宏途交通建設有限公司) for PPP Project in Deqing County
Directors	the directors of the Company
GDP	gross domestic product
Group	the Company and its subsidiaries
H Shares	the overseas listed foreign shares of Rmb1.00 each in the share capital of the Company which are primarily listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars since May 15, 1997
Hanghui Co	Zhejiang Hanghui Expressway Co., Ltd. (浙江杭徽高速公路有限公司), a 51% owned subsidiary of the Company
HangNing Co	Zhejiang HangNing Expressway Co., Ltd. (浙江杭寧高速公路有限責任公司), a 30% owned associate of the company, which is established in the PRC with limited liability
Huihang Co	Huangshan Yangtze Huihang Expressway Co., Ltd (黃山長江徽杭高速公路有限責任公司), a wholly-owned subsidiary of the Company
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
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 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 company established in the PRC and an indirectly non-wholly owned subsidiary of Communications Group
Jinhua Co	Zhejiang Jinhua Yongjin Expressway Co., Ltd. (浙江金華甬金高速公路有限公司), a wholly-owned subsidiary of the Company
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
LongLiLiLong Co	Zhejiang LongLiLiLong Expressway Co., Ltd. (浙江龍麗麗龍高速公路有限公司), a wholly-owned subsidiary of the Company
Jiaxing Branch	Jiaxing Branch of Zhejiang LongLiLiLong Expressway Co., Ltd.; Zhejiang Jiaxing Expressway Co., Ltd. has been absorbed and merged by LongLiLiLong Co., and its main assets and business continued to exist under Jiaxing branch
Maintenance Co	Zhejiang Expressway Maintenance Co., Ltd. (浙江滬杭甬養護工程有限公司), a company incorporated in the PRC and an indirect 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), a limited liability company established in the PRC on April 26, 2004 and an approximately 80.45% owned subsidiary of Communications Group
Period	the period from January 1, 2021 to December 31, 2021
PRC	the People's Republic of China
Rmb	Renminbi, the lawful currency of the PRC

SFO	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
Shangsan Co	Zhejiang Shangsan Expressway Co., Ltd. (浙江上三高速公路有限公司), a limited liability company established in the PRC on January 1, 1998 which is owned as to 73.625% by the Company and 18.375% by China Merchants, respectively
Shareholders	the shareholders of the Company
Shengxin Co	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), a wholly-owned subsidiary of the Company
SRCB	Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司) a 4.85% owned associate of the Company
Supervisory Committee	the supervisory committee 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
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
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
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 46.22% owned associate of Communications Group
Zheshang Financial	Zhejiang Zheshang Financial Holding Co., Ltd.* (浙江浙商金控有限公司), is a wholly-owned subsidiary of the Communications Group, was established under the laws of the PRC with limited liability in August 2018
Zhejiang Grand Hotel	Zhejiang Grand Hotel Limited (浙江大酒店有限公司), a wholly-owned subsidiary of the Company
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 knwon 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 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 54.7894% owned subsidiary of the Shangsan Co
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
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 Shenjiahuhang Co

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 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 93 km Shenjiahuhang Expressway, the 46 km Zhoushan Bay Bridge, the 222 km LongLiLiLong Expressways and the 50km Zhajiasu 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, 2021, total assets of the Company and its subsidiaries amounted to Rmb176,296.68 million.

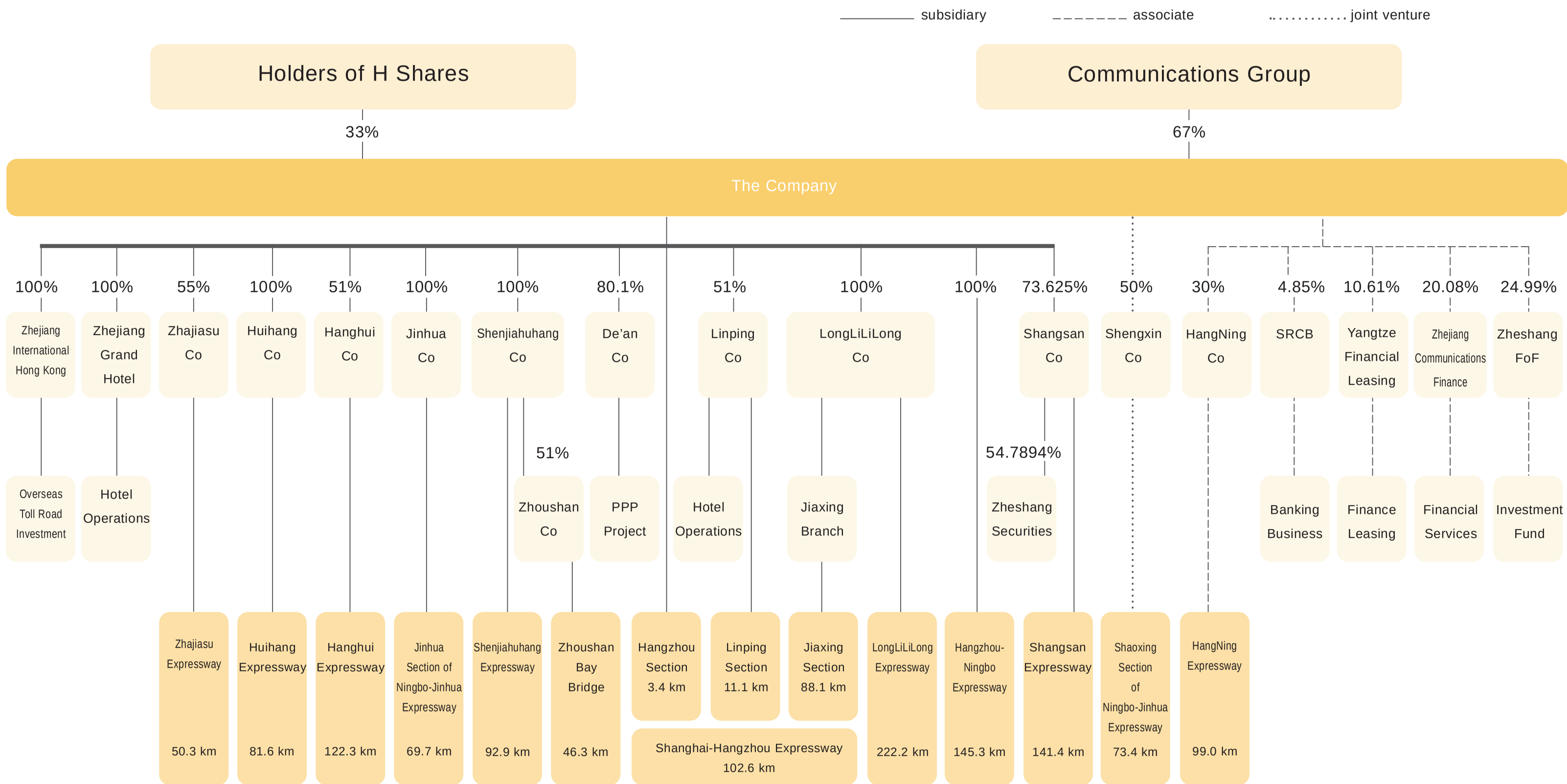
Incorporated on December 29, 2001, Communications Group, the controlling shareholder of the Company, is a wholly state-owned communications company established by the Zhejiang Provincial Government. It mainly operates a diversity of businesses, such as investment, operations, maintenance, toll collection 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.

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, and the Company subsequently obtained a secondary listing on the London Stock Exchange on May 5, 2000.

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 31, 2022:



Review of Major Corporate Events

1. On January 20, 2021, the Company successfully issued five-year zero coupon convertible bonds in an aggregate amount of Euro230 million.

2. On February 10, 2021, the Board approved the Company to entrust Zhejiang Communications Investment Expressway Operation Management Co., Ltd. to operate and manage the LongLiLiLong Expressways.

3. On February 11, 2021, the PPP project of Duihekou to Aibuli section of Zhenhai-Anji Road in Deqing County, undertaken by the Company and Zhejiang Hongtu, was completed and opened to traffic. The total length of this section of the project is approximately 14.62km.

4. On March 23, 2021, the Company announced its 2020 annual results.

5. On March 26, 2021, the Company completed the early redemption of the remaining outstanding Euro365 million five-year zero coupon convertible bonds issued by the Company on April 21, 2017, at the aggregate principal amount of Euro100,000 together with accrued interest.

6. On April 21, 2021, the Company held its Annual General Meeting to approve, inter alia, the payment of a dividend of Rmb35.5 cents per share, the reappointment of Deloitte Touche Tohmatsu Certified Public Accountants as Hong Kong auditor of the Company, the reappointment of Pan-China Certified Public Accountants LLP as the PRC auditor of the Company, the grant of general mandate to the Board to issue, allot and deal with additional H Shares of not more than 20% of the issued H Shares of the Company, and the corresponding amendments to the articles of association of the Company as it thinks fit.

7. On April 30, 2021, the Company announced its 2021 first quarterly results.

8. On May 7, 2021, the Company entered into a share transfer agreement with natural persons Mr. ZHOU Minghai and Mr. SHI Guoliang to acquire 55% equity interests in the Zhajiasu Company at a consideration of Rmb771,650,000.

9. On June 10, 2021, the Company held the first meeting of the union member representatives and employee representatives of the seventh session to elect Mr. LU Xinghai and Mr. WANG Yubing as the Supervisors Representing Employees of the ninth session of the Supervisory Committee.

10. On June 21, 2021, the “Zheshang Securities Shanghai-Hangzhou-Ningbo Expressway Closed-end Infrastructure Securities Investment Fund” with the Company as promoter was listed on the Shanghai Stock Exchange, and the aggregate funds raised amounted to Rmb4,360 million. The project is the first infrastructure public REITs project in Zhejiang Province, as well as one of the first batch of infrastructure public REITs projects in China.

11. On June 28, 2021, the Company held its second Extraordinary General Meeting of 2021 to elect the members of the Board and the Supervisory Committee of the ninth session (excluding the Supervisors Representing Employees).

12. On June 30, 2021, the Company held the first meeting of the Board of the ninth session to appoint the Chairman of the Company, the chairman and members for each of the special committees of the Board, senior management officers and authorized representatives of the Company.

13. On July 5, 2021, the Company received the international credit ratings of "A+" and "A" from Fitch and S&P respectively as well as a "stable" rating outlook.

14. On July 9, 2021, the Company was successfully selected as the "Benchmarking Enterprises in the Management Benchmarking Action of Key State-owned Enterprises" of the State-owned Assets Supervision and Administration Commission of the State Council.

15. On July 14, 2021, the Company successfully issued the five-year bonds in an aggregate amount of USD470 million, at the interest rate of 1.638% per annum.

16. On August 19, 2021, the Company announced its 2021 interim results.

    On the same date, the Board approved the resolution of the absorption and merger of Zhejiang Jiaxing Expressway Co., Ltd. ("Jiaxing Co") by LongLiLiLong Co. The change of industrial and commercial registration for the aforementioned absorption and merger has been completed on January 20, 2022, and the main assets and business of Jiaxing Co continued to exist under "Jiaxing Branch of Zhejiang LongLiLiLong Expressway Co., Ltd.".

17. On October 29, 2021, the Company announced its 2021 third quarterly results.

    On the same date, the Board approved the Company to operate and manage the Zhejiang Section of the ShenSuZheWan Expressway, the Xiwu to Xinwu Section of the Ningbo YongTaiWen Expressway and the South Connection of Qianjiang Channel as entrusted by the relevant branches and subsidiaries of the Communications Group.

18. On November 9, 2021, the Company held its third Extraordinary General Meeting of 2021 to approve the proposed amendment to the Articles of Association of adding "labour dispatch" to the business scope of the Company.

19. On December 17, 2021, the Company was awarded the "Most Valuable Listed Company for Investment during the 14th Five-Year Plan" in the 11th China Securities Golden Bauhinia Awards.

20. On 9 March 2022, the consortium formed by the Company, China Merchants and four other companies entered into a termination protocol with the turkish company IC Ictas to terminate the Turkey project.

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							
– Jiaxing Section	100%	88.1	8	7	2	1998	7
– Linping Section	51%	11.1	6	1	0	1995-1998	7
– Hangzhou Section	100%	3.4	4	1	0	1995	7
Hangzhou-Ningbo Expressway							
– Hangzhou to Hongken section	100%	15.7	4	1	0	1992	6
– Hongken to Duantang section	100%	123.4	8	11	2	1995	6
– Duantang to Dazhujia section	100%	6.2	4	1	0	1996	6
Shangsan Expressway	73.625%	141.4	4	11	3	2000	9
Ningbo-Jinhua Expressway							
– Jinhua Section	100%	69.7	4	7	1	2005	9
Hanghui Expressway							
– Changyu Section	51%	36.7	4	5	1	2004	8
– Changhang Section	51%	85.6	4	8	1	2006	10
Huihang Expressway	100%	81.6	4	4	2	2004	12
Shenjiahuhang Expressway							
– Huzhou Section	100%	42.0	4	3	1	2008	12
– Lianhang Section	100%	50.9	4	7	1	2010	14
Zhoushan Bay Bridge	51%	46.3	4	8	1	2009	13
LongLi Expressway	100%	119.8	4	9	3	2006	10
LiLong Expressway							
– Liandu Section	100%	22.97	4	2	0	2007	11
– Other Sections	100%	79.47	4	5	1	2006	10
Zhajiasu Expressway	55%	50.28	4	4	1	2002	9

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.

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:

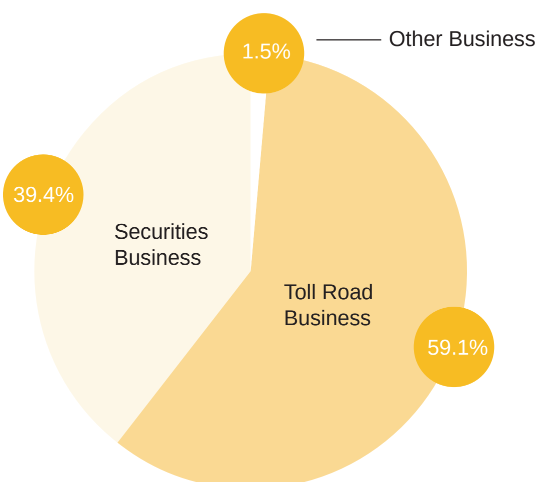
1. Total number of axles includes floating axles.

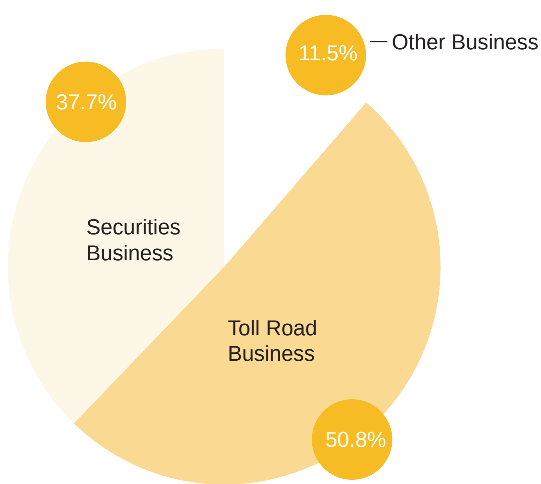
2. For trucks with 6 axles above running on Huihang Expressway, toll rates of trucks with each additional axle shall be calculated at 1.1 times of the standard rate for Class 6 trucks; whereas toll rates of trucks with 10 axles or above shall be calculated at the standard rate for trucks with 10 axles.

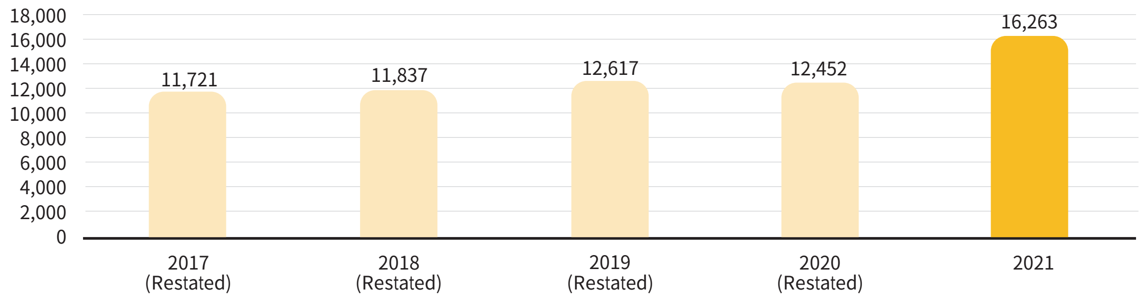
Financial and Operating Highlights

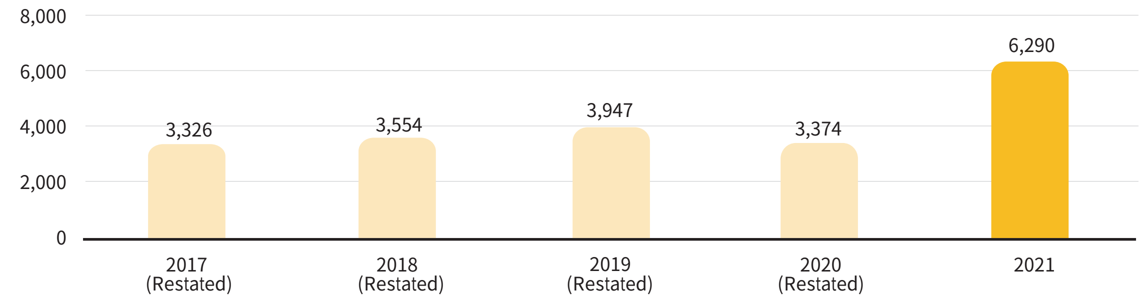
	Year ended December 31,				
	2017 Rmb'000 (Restated)	2018 Rmb'000 (Restated)	2019 Rmb000 (Restated)	2020 Rmb000 (Restated)	2021 Rmb000
Revenue	11,720,781	11,837,093	12,617,094	12,451,534	16,262,601
Profit Before Tax	4,482,540	4,661,797	5,298,330	4,533,614	8,164,125
Income Tax Expense	(1,156,278)	(1,108,239)	(1,351,157)	(1,160,027)	(1,873,961)
Profit for the year	3,326,262	3,553,558	3,947,173	3,373,587	6,290,164
Profit for the year attributable to:					
Owners of the Company	2,643,346	3,074,140	3,243,392	2,416,395	4,762,431
Non-controlling interests	682,916	479,418	703,781	957,192	1,527,733
Basic Earnings Per Share (EPS) (Rmb cents)	60.86	70.78	74.68	55.64	109.65
Diluted EPS (Rmb cents)	58.97	66.67	72.21	55.19	102.50

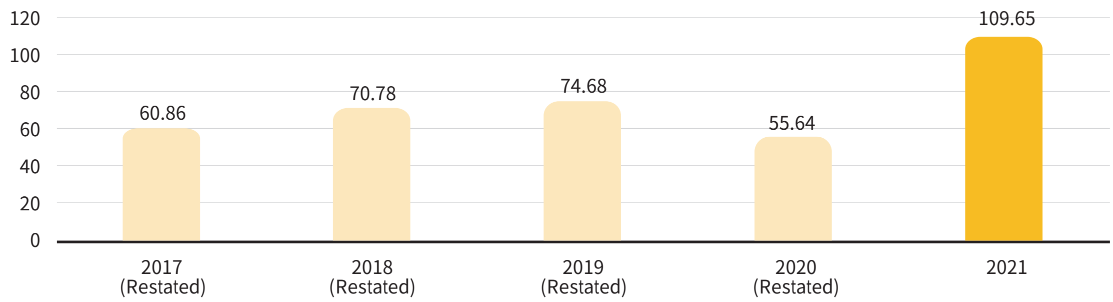
	2017 (Restated)	2018 (Restated)	2019 (Restated)	2020 (Restated)	2021
ROE	14.4%	15.3%	18.2%	10.2%	17.5%

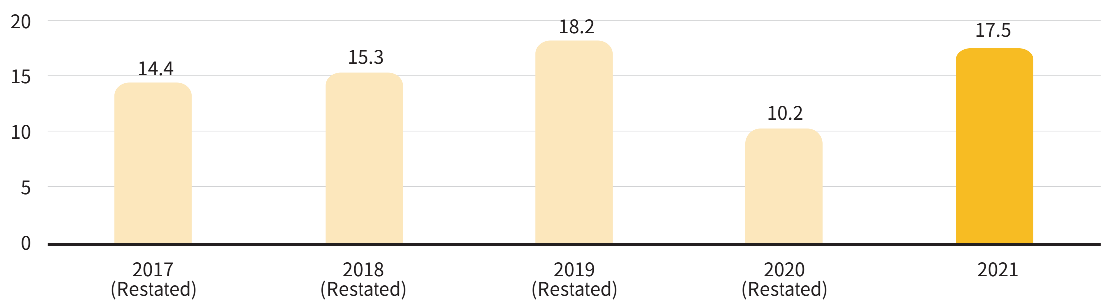





18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
11,721
11,837
12,617
12,452
16,263
2017 (Restated)
2018 (Restated)
2019 (Restated)
2020 (Restated)
2021


8,000
6,000
4,000
2,000
0
3,326
3,554
3,947
3,374
6,290
2017 (Restated)
2018 (Restated)
2019 (Restated)
2020 (Restated)
2021


120
100
80
60
40
20
0
60.86
70.78
74.68
55.64
109.65
2017 (Restated)
2018 (Restated)
2019 (Restated)
2020 (Restated)
2021


20
15
10
5
0
14.4
15.3
18.2
10.2
17.5
2017 (Restated)
2018 (Restated)
2019 (Restated)
2020 (Restated)
2021

YU Zhihong
Chairman

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the annual results of Zhejiang Expressway Co., Ltd., and its subsidiaries (collectively referred to as "the Group") for the year 2021.

In 2021, despite the challenges posed by the complex macro environment and resurgence of the novel coronavirus ("Covid-19") epidemic, the economic development and pandemic containment in China remained stable, with key indicators achieving targets and annual national GDP growth reaching 8.1%. Zhejiang Province, where the major business of the Group is located, continued to open-up and surged to the third place nationwide in terms of foreign trade volume. GDP for the province grew by 8.5%, exceeding the national average.

In face of the impact from the epidemic and macroeconomic pressure, the Group took proactive actions to do better during the opening year of the 14th Five-Year Plan, continuously strengthening the brand influence of its core business operations and enhancing the core competitiveness of its securities business. During the Period, the Group's core toll road business recorded toll revenue of Rmb9,607.20 million, representing a year-on-year increase of 39.5%. In addition, revenue from the securities business remained stable with steady progress. During the Period, total revenue of the Group increased by 30.6% year-on-year to Rmb16,262.60 million, profit attributable to owners of the Company increased by 97.1% year-on-year to Rmb4,762.43 million, and ROE (return on equity) was 17.5%. The Directors recommended a dividend of Rmb37.5 cents per share, an indication of the Group's ability to provide stable shareholder returns.

The Group adhered to strengthening of its core toll road business, focusing on improving service quality and brand image, as well as enhancing its abilities in ensuring smooth traffic, maintenance and marketing. With regards to the construction of intelligent expressways, the Group continued to elevate its digitalization capabilities and achieved breakthroughs in terms of design, application scenarios and service effectiveness, including the completion of effectiveness evaluation of the Shanghai-Hangzhou-Ningbo Expressway intelligent upgrade project (Phase I) and the continuous optimization of Phase II implementation plan. Meanwhile, the Group constantly expanded the scale of its core toll road business by proactively pursuing investment and M&A projects at home and abroad, including the successful acquisition of a 55% controlling interests in Jiaxing Zhajiasu Expressway Co., Ltd., which further increased its operating mileage and market share in the northern part of Zhejiang province.

Chairman's Statement

During the Period, the Chinese capital market progressively deepened reforms and open-up, overall development momentum remained sound, as it continued to pursue high-quality development. The Group actively seized market opportunities and constantly enhanced its core competitiveness. Performance of the securities business remained stable and recorded revenue of Rmb6,403.02 million, representing a year-on-year increase of 25.9%. The key businesses of Zheshang Securities, including brokerage, investment banking and securities margin trading showed favorable momentum and drove the growth of the entire business segment.

It is also worth mentioning that the Group's capital operation continued to be optimized and was highly recognized by the international market. International credit rating agencies, Fitch and Standard & Poor's (S&P), assigned the Group "A+" and "A" ratings, respectively. Financing channels have also been expanded further, including the successfully listing of Hanghui Expressway public REITs on the Shanghai Stock Exchange, marking the first of its kind in Zhejiang Province.

Looking forward, 2022 will be the critical year for implementation of the 14th Five-Year Plan. The Group will adhere to the principle of high-quality and sustainable development, and focus on the five areas of "technology, service, development, reform and safety". Meanwhile, the Group will continue to implement regular epidemic containment, enhance core competitiveness, improve operational performance, cultivate professional talents, and devote itself in pursuing the goal of "Striving for Excellence". In addition, the Group will fully leverage its competitive edges in the capital market, proactively expand its financing channels to meet to the needs of business operation and development.

For the core toll road operations business, the Group will strive to build a renowned brand for expressway operations and services in China, focus on technology empowerment and service quality, and at the same time seize M&A opportunities at home and abroad, proactively explore new profit growth drivers to further expand the scale of its core business. For the securities business, the Group will continue to optimize its business structure, enhance the coordination and synergies between each business segment, in order to steadily move towards becoming a top-tier securities company in China.

On behalf of the Board, I would like to thank our investors, shareholders, business partners, customers, management team and employees for your support. As we look ahead, we will work diligently together and harness the strength of our collaborative spirit to achieve efficient management, safeguard the overall interests of the Company and generate greater value for shareholders.

Chairman

March 24, 2022

Stable Overall Performance with Steady Progress, Providing Stable Returns to Shareholders

In face of the impact from the epidemic and macroeconomic pressure, the Group took proactive actions to do better during the opening year of the 14th Five-Year Plan, continuously strengthening the brand influence of its core business operations and enhancing the core competitiveness of its securities business. Overall annual results remained stable with steady progress, achieving a ROE (return on equity) of 17.5%. The Directors recommended a dividend of Rmb37.5 cents per share, an indication of the Group's ability to provide stable shareholder returns.

Management Discussion and Analysis

In 2021, despite the frequent recurring of the epidemic worldwide, the overall situation improved under the background of accelerated COVID-19 vaccination. The global economy gradually recovered amid fluctuations, but the recovery trends were highly divergent. In the face of the challenging and complex international environment, as well as the sporadic rebound of the epidemic situation at home, the Chinese government adhered to the general keynote of maintaining stable growth with steady progress, coordinated the prevention and control of the epidemic in a scientific manner and maintained economic and social development. With increased support for the real economy, and thorough implementation of strategy to expand domestic demand, the national economy continued to recover steadily, and the national GDP grew by 8.1% year-on-year. In 2021, Zhejiang Province firmly advanced high-quality development to build a demonstration zone of common prosperity. The rapid expansion of the digital economy and the accelerated growth rate of foreign trade have helped Zhejiang Province's economy to grow steadily. The province's GDP increased by 8.5% year-on-year, representing a growth rate which was higher than the national average.

During the Period, toll revenue of the Group's expressways recorded significant growth due to the effect of low base in the same period in 2020. Revenue from the securities business recorded stable growth, benefiting from the positive momentum in the domestic capital markets. During the Period, total revenue of the Group was Rmb16,262.60 million, representing an increase of 30.6% year-on-year, of which Rmb9,607.20 million was generated by the nine major expressways operated by the Group (2020 (restated): Rmb6,888.35 million), representing 59.1% of the total revenue. Revenue generated by the securities business was Rmb6,403.02 million (2020: Rmb5,087.34 million), representing 39.4% of the total revenue.

YUAN Yingjie
Executive Director and
General Manager

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

	2021 Rmb'000	2020 Rmb'000 (Restated)	% change
Toll road operation revenue	9,607,199	6,888,345	39.5%
Shanghai-Hangzhou-Ningbo Expressway	4,288,494	3,216,475	33.3%
Shangsan Expressway	1,225,287	960,320	27.6%
Jinhua section, Ningbo-Jinhua Expressway	542,069	380,889	42.3%
Hanghui Expressway	641,440	450,251	42.5%
Huihang Expressway	151,287	100,792	50.1%
Shenjiahuhang Expressway	777,938	555,322	40.1%
Zhoushan Bay Bridge	933,884	715,537	30.5%
LongLiLiLong Expressways	718,344	508,759	41.2%
Zhajiasu Expressway	328,456	–	Not applicable
Securities business revenue	6,403,024	5,087,340	25.9%
Commission and fee income	4,155,663	3,266,806	27.2%
Interest income	2,247,361	1,820,534	23.4%
Other operation revenue	252,378	475,849	–47.0%
Hotel and catering	113,526	125,336	–9.4%
Construction	138,852	350,513	–60.4%
Total revenue	16,262,601	12,451,534	30.6%

During the Period, the traffic volume of the Group's expressways generally maintained a steady growth as China's economy continued to recover, while toll revenue achieved a significant increase, mainly attributable to the low base of the same period in 2020 as a result of the combined impact of the COVID-19 pandemic and subsequent toll-free policy. The performance of the toll revenue and traffic volume varied among different sections of the Group's expressways due to various factors.

Striving to Strengthen the Core Toll Road Operations Business and Proactively Pursuing Investment and M&A Projects

The Group is committed to improving the service quality and brand image of its core toll road operations business, enhancing its abilities in ensuring smooth traffic, maintenance and marketing, and continuously elevating its digitalization capabilities for the construction of intelligent expressways. The Group also continued to expand the scale of its core toll road business by proactively promoting investment and M&A projects at home and abroad, including the successful acquisition of 55% equity interests in Jiaxing Zhajiasu Expressway Co., Ltd., which further increased its operating mileage and market share.

From February 12, 2020 to August 5, 2020, the Zhejiang Provincial Government helped enterprises to resume work and production by expanding the discount rate of tolls to 15% for Class-3 and Class-4 passenger vehicles with ETC registrations, as well as trucks from other provinces with ETC registrations. Starting from August 6, 2020, the discount was restored to the original 5%. The reduction of discounts on ETC concessions for the above vehicles generated certain positive impact on the toll revenue during the Period.

With the approval of the Zhejiang Provincial Government, the relevant local governments have respectively implemented a policy to pay the tolls for local Class-1 passenger vehicles with ETC registration travelling on the Jiaxing City Section of the Shanghai-Hangzhou Expressway from September 1, 2020 to December 31, 2022, the Jiashan Section of the Shanghai-Hangzhou Expressway from November 10, 2020 to December 31, 2022, the Jinhua Jindong Section of the Ningbo-Jinhua Expressway from March 26, 2021 to December 31, 2022 and the expressways within Deqing County from September 1, 2021 to December 31, 2022. This will help the passenger vehicles traffic volume growth of the relevant sof thma ( )]T0c (August

Continuously Improving Core Competitiveness of Zheshang Securities with Core Businesses Showing Favorable Momentum

The Group actively seized market opportunities and constantly enhanced its core competitiveness. Performance of the securities business remained stable. During the Period, the key businesses of Zheshang Securities, including brokerage, investment banking and securities margin trading showed favorable momentum and drove the growth of the entire business segment.

In addition, certain sections of the Group's expressways were also affected by the diversion of traffic from neighboring road networks. The Shaoxing-Xinchang Section of the Hangzhou-Shaoxing-Taizhou Expressway has been opened to traffic since July 10, 2020, and the Taizhou Section has been opened to traffic since December 22, 2020, so the traffic volume on Shangsan Expressway was affected due to traffic diversion. In order to alleviate traffic congestion, the East-Route of the Hangzhou Ring Expressway (Xiasha East Interchange to Hongken Junction) was closed to semi-trailer traffic from January 28, 2021 to October 30, 2022. In addition, the southern connection of the Qianjiang Channel provided a 60% discount for semi-trailer trucks from February 9, 2021 to July 8, 2021. The traffic volume of semi-trailers on the Shanghai-Hangzhou-Ningbo Expressway was negatively affected. The opening to traffic of the West Parallel of the Hangzhou Ring Expressway since December 22, 2020, and semi-trailers being prohibited from the West-Route of Hangzhou Ring Expressway (from Nanzhuangdou Interchange to Hangzhou South Junction) during the period from January 28, 2021 to October 30, 2022, will have a certain negative impact on the traffic volume of Shenjiahuhang Expressway.

Looking back at 2021, the Group's core expressway business maintained steady development. In terms of operation management, the Group deepened implementation of branding concept in operation, and the cultural brand of "Super Intelligent-Zhejiang Expressway" was honored with the "Excellent Cultural Brand" in the Third Transportation Awards. The intelligent upgrade and innovation project of Zhejiang Expressway was carried out in an orderly manner and was awarded the 2021 China Expressway Informatization Classic Project by the China Highway and Transportation Society. The Group also carried out the guardrail and traffic markings renovation project, strengthened the systematic management of congested road sections with high traffic volume effectively improving the traffic efficiency. In addition, the Group initiated pilot projects for differentiated toll collection and conducted marketing activities such as "Expressways + tourism", to constantly improve its marketing capabilities.

In terms of investment and financing, the Group successfully acquired a 55% controlling stake in Jiaxing Zhajiasu Expressway Co. Ltd. ("Zhajiasu Company") in May 2021, increasing its controlling mileage by 50 kilometers and expanding the scale of its core expressway business. In June 2021, the Hanghui Expressway public REITs project was successfully listed on the Shanghai Stock Exchange, which was conducive to revitalizing the stock assets and innovating financing model. The successful issuance of 230 million Euro convertible bonds and 470 million USD bonds fully leveraged the functions of the listing platform and continuously expanded its financing channels in the capital market.

Management Discussion and Analysis

During the Period, total toll revenue from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 141km Shangsan Expressway, the 70km Jinhua Section of the Ningbo-Jinhua Expressway, the 122km Hanghui Expressway, the 82km Huihang Expressway, the 93km Shenjiahuhang Expressway, the 46km Zhoushan Bay Bridge, the 222km LongLiLiLong Expressways and the 50km Zhajiasu Expressway was Rmb9,607.20 million.

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

The Group's Expressway Sections	Daily Average Traffic Volume (in Full-Trip Equivalents)	Year-on-year Growth	Toll Revenue (Rmb million)	Year-on-year Growth
Shanghai-Hangzhou-Ningbo Expressway	73,924	2.45%	4,288.49	33.3%
– Shanghai-Hangzhou Section	71,934	–0.22%		
– Hangzhou-Ningbo Section	75,377	4.39%		
Shangsan Expressway	33,863	–8.59%	1,225.29	27.6%
Jinhua Section, Ningbo-Jinhua Expressway	30,894	6.57%	542.07	42.3%
Hanghui Expressway	24,161	3.99%	641.44	42.5%
Huihang Expressway	9,290	10.20%	151.29	50.1%
Shenjiahuhang Expressway	34,526	4.78%	777.94	40.1%
Zhoushan Bay Bridge	22,183	6.18%	933.88	30.5%
LongLiLiLong Expressways	14,076	8.89%	718.34	41.2%
Zhajiasu Expressway	37,910	2.21%	328.46	Not applicable

Note: 1. Traffic volume during the same period in 2020 included traffic volume through the toll-free period (from February 17, 2020 to May 5, 2020).

2. Traffic volume and toll revenue of Zhajiasu Expressway referred to the figures from May to December 2021.

With the establishment of Beijing Stock Exchange and the simultaneous launch of the pilot run of the registration-based IPO system, as well as amid the positive market environment as a result of capital market reform, securities trading activities increased and the domestic capital market flourished. Zheshang Securities has actively grasped the market opportunities and continuously improved its compliance and risk control standards as well as core competitiveness, resulting in stable and progressive operating results. In particular, the brokerage business and securities margin trading business grew significantly, while the investment banking business maintained a sound development momentum. Meanwhile, Zheshang Securities completed the work of private placement during the Period, effectively replenishing capital to support and ensure the development of various businesses.

During the Period, Zheshang Securities recorded total revenue of Rmb6,403.02 million, an increase of 25.9% year-on-year, of which, commission and fee income increased 27.2% year-on-year to Rmb4,155.66 million, and interest income from the securities business was Rmb2,247.36 million, an increase of 23.4% 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 Rmb1,835.56 million (2020: Rmb1,483.02 million).

The recurring epidemic at home and abroad in 2021 affected the recovery of real world business operations and the resumption of business travel demand, disrupting the recovery pace of the hotel and catering business. The Group's two hotels strived to overcome the impact of the epidemic, implemented business transformative and innovative business models progressively, and gradually resumed normal operations.

Zhejiang Grand Hotel, owned by Zhejiang Grand Hotel Limited (a 100% owned subsidiary of the Company), recorded revenue of Rmb45.45 million for the Period (2020: Rmb51.45 million).

Grand New Century Hotel, owned by Zhejiang Linping Expressway Co. Ltd. (a 51% owned subsidiary of the Company, which was formerly known as "Zhejiang Yuhang Expressway Co., Ltd."), recorded revenue of Rmb68.08 million for the Period (2020: Rmb73.89 million).

Management Discussion and Analysis

Zhejiang Shaoxing Shengxin Expressway Co., Ltd. ("Shengxin Co", a 50% owned joint venture

During the Period, Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership) (a 24.99% owned associate of the Company) was primarily engaged in equity investments, investment management and investment consultation. During the Period, the share of profit of the associate attributable to the Company is Rmb178.44 million (2020: Rmb42.24 million).

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

During the Period, profit attributable to owners of the Company was approximately Rmb4,762.43 million, representing an increase of 97.1% year-on-year, basic earnings per share was Rmb109.65 cents, representing an increase of 97.1% year-on-year, diluted earnings per share was Rmb102.50 cents, representing an increase of 85.7% year-on-year, and return on owners' equity was 17.5%, representing an increase of 71.6% year-on-year.

As at December 31, 2021, current assets of the Group amounted to Rmb130,843.32 million in aggregate (December 31, 2020 (restated): Rmb91,652.14 million), of which bank balances, clearing settlement fund, deposits and cash accounted for 13.5% (December 31, 2020 (restated): 9.8%), bank balances and clearing settlement fund held on behalf of customers accounted for 29.3% (December 31, 2020 (restated): 29.6%), financial assets at FVTPL accounted for 34.7% (December 31, 2020 (restated): 31.8%) and loans to customers arising from margin financing business accounted for 14.8% (December 31, 2020 (restated): 16.4%). The current ratio (current assets over current liabilities) of the Group as at December 31, 2021 was 1.30 (December 31, 2020 (restated): 1.30). 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, 2020 (restated): 1.40).

Management Discussion and Analysis

The amount of financial assets at FVTPL included in current assets of the Group as at December 31, 2021 was Rmb45,445.71 million (December 31, 2020: Rmb29,158.09 million), of which 77.4% was invested in bonds, 6.9% was invested in stocks, 6.4% was invested in equity funds, and the rest were invested in structured products and trust products.

During the Period, net cash from the Group's operating activities amounted to Rmb2,823.00 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,	
	2021 Rmb'000	2020 Rmb'000 (Restated)
Cash and cash equivalents	17,153,977	8,645,085
Restricted bank balances and cash	132,090	23,986
Time deposits	413,843	313,600
Financial assets at fair value through profit or loss	45,445,711	29,158,094
Total	63,145,621	38,140,765

As at December 31, 2021, total liabilities of the Group amounted to Rmb131,873.66 million (December 31, 2020 (restated): Rmb98,500.70 million), of which 12.7% was bank and other borrowings, 6.0% was short-term financing note, 21.0% was bonds payable, 19.1% was financial assets sold under repurchase agreements and 28.9% was accounts payable to customers arising from securities business.

As at December 31, 2021, total interest-bearing borrowings of the Group amounted to Rmb54,048.37 million, representing an increase of 16.6% compared to that as at December 31, 2020. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb14,534.41 million, borrowings from other domestic financial institutions of Rmb2,152.57 million, borrowings from other domestic institutions of Rmb56.94 million, short-term financing note of Rmb6,526.56 million, beneficial certificates of Rmb1,414.14 million, long-term beneficial certificates of Rmb1,005.62 million, mid-term notes of Rmb3,062.37 million, subordinated bonds of Rmb10,041.65 million, corporate bonds of Rmb10,596.63 million, asset backed securities of Rmb2,942.82 million, and convertible bond denominated in Euro that equivalents to Rmb1,714.66 million. Of the interest-bearing borrowings, 61.7% was not payable within one year.

As at December 31, 2021, the Group's borrowings from domestic commercial banks bore annual fixed interest rates ranged from 4.13% to 4.85%, annual floating interest rates ranged from 4.08% to 4.70%, the annual fixed interest rates of other domestic financial institutions ranged from 3.82% to 4.13%, and the annual fixed interest rates of other domestic institutions ranged was 3.0%. As at December 31, 2021, the annual fixed interest rates of beneficial certificates was 3.25%, the annual floating interest rates of beneficial certificates ranged from 3.0% to 19.0%. The annual fixed interest rates for short-term financing notes ranged from 2.61% to 2.8%. The annual fixed interest rates for long-term beneficial certificates ranged was 4.10%,. The annual fixed interest rate for a mid-term note were 3.64% and 3.86%. The annual fixed annual interest rates for subordinated bonds ranged from 3.50% to 4.60%. The annual fixed interest rate for corporate bond ranged from 1.638% to 3.85%. The annual fixed interest rate for asset backed securities was 3.70%. The annual coupon rate for convertible bond denominated in Euro was nil, while the annual interest rate for accounts payable to customers arising from the securities business was fixed at 0.35%.

Management Discussion and Analysis

		Maturity Profile		
	Gross amount Rmb'000	Within 1 year Rmb'000	2-5 years inclusive Rmb'000	Beyond 5 years Rmb'000
Floating rates				
Borrowings from domestic commercial banks	14,462,553	1,282,733	4,825,550	8,354,270
Borrowings from a domestic financial institution	1,121,317	103,527	395,280	622,510
Beneficial Certificates	412,583	412,583	–	–
Asset backed securities	2,128,419	82,712	–	2,045,707
Fixed rates				
Borrowings from domestic commercial banks	71,859	71,859	–	–
Borrowings from a domestic financial institution	1,031,252	801,252	230,000	–
Borrowings from a domestic institution	56,936	56,936	–	–
Beneficial Certificates	1,001,558	1,001,558	–	–
Short-term financing notes	6,526,561	6,526,561	–	–
Long-term Beneficial Certificates	1,005,615	5,615	1,000,000	–
Subordinated bonds	10,041,651	3,641,651	6,400,000	–
Corporate bonds	10,596,630	3,605,868	6,990,762	–
Mid-term notes	3,062,374	3,062,374	–	–
Asset backed securities	814,402	57,441	216,663	540,298
Convertible bonds	1,714,662	–	1,714,662	–
Total as at December 31, 2021	54,048,372	20,712,670	21,772,917	11,562,785
Total as at December 31, 2020 (Restated)	46,349,989	21,523,800	21,504,339	3,321,850

Total interest expenses and profit before interest and tax for the Period amounted to Rmb1,942.53 million and Rmb10,106.66 million, respectively. The interest cover ratio (profit before interest and tax over interest expenses) stood at 5.2 (Corresponding period of 2020 (restated): 3.2 times).

	2021 Rmb'000	2020 Rmb'000 (Restated)
Profit before tax and interest	10,106,658	6,632,107
Interest expenses	1,942,533	2,098,493
Interest cover ratio	5.2	3.2

As at December 31, 2021, the asset-liability ratio (total liabilities over total assets) of the Group was 74.8% (December 31, 2020 (restated): 72.7%). 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 68.0% (December 31, 2020 (restated): 65.9%).

As at December 31, 2021, the Group had Rmb44,423.03 million in total equity, Rmb100,209.19 million in fixed-rate liabilities, Rmb18,124.87 million in floating-rate liabilities, and Rmb13,539.59 million in interest-free liabilities, representing 25.2%, 56.8%, 10.3% and 7.7% 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 211.2% as at December 31, 2021 (December 31, 2020 (restated): 193.4%).

	As at December 31, 2021		As at December 31, 2020	
	Rmb'000	%	Rmb'000 (Restated)	% (Restated)
Total equity	44,423,025	25.2%	36,945,993	27.3%
Fixed rate liabilities	100,209,191	56.8%	73,858,938	54.5%
Floating rate liabilities	18,124,872	10.3%	11,860,430	8.8%
Interest-free liabilities	13,539,594	7.7%	12,781,336	9.4%
Total	176,296,682	100.0%	135,446,697	100.0%
Long-term interest-bearing liabilities	33,695,918	19.1%	25,125,083	18.5%
Gearing ratio 1 (note)	211.2%		193.4%	
Gearing ratio 2 (note)	75.9%		68.0%	
Asset-liabilities ratio 1 (note)	74.8%		72.7%	
Asset-liabilities ratio 2 (note)	68.0%		65.9%	

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.

Management Discussion and Analysis

During the Period, capital expenditure of the Group totaled Rmb 2,015.34 million. Amongst the total capital expenditure of the Group, Rmb815.09 million was incurred for acquiring equity investments, Rmb186.82 million was incurred for acquisition and construction of properties and ancillary facilities, and Rmb1,013.43 million was incurred for purchase and construction of equipment and facilities.

As at December 31, 2021, the capital expenditure committed by the Group amounted to Rmb3,624.36 million in total. Amongst the remaining balance of total capital expenditure committed by the Group, Rmb210.00 million will be used for acquiring equity investments, Rmb1,516.88 million will be used for acquisition and construction of properties, Rmb1,897.48 million for acquisition and construction of equipment, facilities and ancillary facilities.

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.

Pursuant to the board resolution of the Company dated November 16, 2012, the Company and Shaoxing Communications Investment Group Co., Ltd. (the other joint venture partner that holds 50% equity interest in Shengxin Co) provided Shengxin Co. with joint guarantee for its bank loans of Rmb2.20 billion, in accordance with their proportionate equity interests in Shengxin Co. During the Period, Rmb210.00 million of the bank loans had been repaid. As at December 31, 2021, the remaining bank loan balance was Rmb873.00 million.

Zhejiang Shenjiahuhang Expressway Co., Ltd. and Zhejiang Zhoushan Bay Bridge Co., Ltd., the subsidiaries of the Company, pledged their rights of toll on expressway for their bank borrowing, as at December 31, 2021, the remaining bank loan balance was Rmb1,919.60 million and Rmb6,114.46 million respectively.

Deqing County De'an Highway Construction Co., Ltd., a subsidiary of the Company, pledged its trade receivables for its bank borrowing, as at December 31, 2021, the remaining bank loan balance was Rmb611.96 million.

Huangshan Yangtze Huihang Expressway Co., Ltd., a subsidiary of the Company, pledged its right of toll on expressway and advertisement operation right for its borrowing, as at December 31, 2021, the remaining balance was Rmb1,193.27 million.

LongLiLiLong, a subsidiary of the Company, pledged its right of toll on expressway for its bank and other borrowing, as at December 31, 2021, the remaining bank and other borrowing balance was Rmb5,100.00 million.

Zhajiasu, a subsidiary of the Company, pledged its right of toll on expressway for its bank borrowing, as at December 31, 2021, the remaining bank loan balance was Rmb1,818.32 million.

During the Period, Rmb2,013.00 million of the senior class securities had been repaid for the Rmb47.70 million Zhejiang Expressway's Huihang Expressway asset backed securities issued on September 23, 2019, the remaining Rmb806.31 million will be secured by the Company.

Except for the above, as at December 31, 2021, the Group did not have any other contingent liabilities, pledge of assets or guarantees.

During the Period, save for (i) dividend payments to the holders of H shares in Hong Kong dollars; (ii) Zheshang International Financial Holding Co., Limited. (a wholly owned subsidiary of Zheshang Securities) operating in Hong Kong; (iii) issuance of the zero coupon convertible bond with a principal amount of Euro230 million in Hong Kong capital market in January 2021, which will be due in January 2026; (iv) the short term international commercial bank borrowing with a principal amount of Euro130 million, which was borrowed in April 2021 and repaid in July 2021; and (v) 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%; the Group's principal operations were transacted and booked in Renminbi.

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

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.

Management Discussion and Analysis

In 2022, the negative impact of the epidemic on the global economy is expected to diminish continuously as the vaccination rate continues to rise and the development of effective drugs advances. However, the global economic recovery is still facing uncertainties caused by virus variants and epidemic resurgence. Despite the burdens of contracted demand, supply chain disruption and weakening expectations as well as uncertainties brought on by the ongoing Russia-Ukraine conflict, China's economy is expected to achieve stable growth in 2022 with the support of the government's sound and effective macro policies and initiatives to smooth the economic circulations. Zhejiang Province will actively implement policies to strengthen enterprises by reducing their encumbrances, vigorously develop the digital economy, focus on organizing the Hangzhou Asian Games to ensure its success and give full play of the event to jointly boost the high-quality development in building a demonstration zone of common prosperity, in which case a favorable environment for the development of the Group's relevant businesses will be created. Under the premise of controlled epidemic, the overall traffic volume on the Group's expressways is expected to achieve stable growth in 2022.

On January 20, 2022, changing in the industrial and commercial registration for the absorption and merger of Zhejiang Jiaxing Expressway Co. Ltd. ("Jiaxing Company") by LongLiLiLong Company was completed and the principal assets and business of Jiaxing Company were transferred to the "Jiaxing Branch of Zhejiang LongLiLiLong Expressway Co. Ltd." for the continuation of the company. This will be conducive to the coordination of internal management resources, enhancing operational management efficiency. It will improve the optimal allocation of financial resources and create incremental revenue from integration, improve overall profitability and achieve sustainable operation.

It has been the Group's steadfast principle to uphold high-quality and sustainable development, focusing on technology empowerment, customer service, capacity development, deepening reform and safety management. The Group will actively accelerate the construction of the intelligent Shanghai-Hangzhou-Ningbo Expressway (Phase II), enrich and improve data integration applications such as "Intelligent Expressway", and continue to steer the digital reform process. It will focus on optimizing the comprehensive road environment and improving the capability of branding operation, deepen the implementation of marketing strategies such as reward program, "Expressway + Tourism" and "Expressway + Service Area", study differentiated toll collection to achieve a discount system with a win-win situation, and continuously innovate personalized services to enhance customer stickiness. The Group will carry out research on relevant expressway widening, deepen the utilization plan of the resources along expressways, and actively expand low-cost financing channels to meet the operational development needs of its core business. It will also actively carry out reforms of its systems and mechanisms, strengthen the building of talent team, and constantly activate its organic growth capabilities. It will also strictly implement regular epidemic prevention and control, continuously improve its safety and risk control abilities to ensure smooth traffic flow, laying a solid foundation for high-quality development.

Meanwhile, in order to meet the growing trend of traffic volume, the Group is expected to allocate approximately RMB1.2 billion to add and expand service areas along some of the expressways. However, due to factors such as land acquisition, the exact amount of investment and project progress will be subject to the actual situation. The addition and expansion of service areas will help optimize the layout of expressway service areas, improve the service functions and facilities, and enhance the overall image of the service areas. New traffic volume will be attracted by strengthening the comprehensive service capacity of expressways and improving the conditions of public travelling, improving the operation capacity of service areas and creating new landmarks for consumption upgrade.

Management Discussion and Analysis

The Chinese government will scale up in depth capital market reforms by focusing on the full implementation of the registration-based IPO system for stock issuance as the main theme and optimize the market-based and legal-based bond default handling mechanism to encourage the standardized and healthy development of the capital market. Zheshang Securities will grasp the opportunities of capital market reform and development, actively adapt to the profound changes in the industry brought by the registration-based IPO system reform, focus on increasing the reserve of investment banking projects and proactively connect to the business of Beijing Stock Exchange. Zheshang Securities will focus on pushing forward the issuance of convertible bonds and exploring innovative equity financing methods to accelerate the pace of multi-channel financing. In addition, Zheshang Securities will continue to push for the mixed ownership reform of Zheshang Futures Co., Ltd. and introduce high-quality strategic investors to further enhance market competitiveness. Zheshang Securities will also effectively leverage on the resource endowment of Zhejiang local brokerage firms, dig deep into local high-quality project resources, and continuously facilitate the coordinated development of various business segments.

In the face of the complex and volatile domestic and international economic situation, the Group will continue to strengthen its expressway business and optimize its securities and finance business based on its own strength. The management will actively study the changes in government policy and market environment, focus on exploring the investment opportunities of high-quality expressway projects under the premise of risk control, and continuously

In 2021, the Group's human resources management focused on key areas such as organizational restructuring, team building, mechanism reform and innovative management, and strived to provide strong organizational and talent support for the development of all business lines.

During the Period, the Group developed and issued relevant regulations, including the Administrative Measures for Employees' Career Development Paths, further clarifying the career development paths of employees, as well as promoted and appointed management members through diversified channels to speed up the development of management team. The Group also continued to intensify talents recruitment by building up the employer brand, deepening enterprise-school cooperation, expanding recruitment channels and taking other measures. In addition, it improved its policies and measures on gross payroll control, performance-linked bonus distribution and differentiated incentives, to further strengthen the remuneration incentive-oriented function.

As of December 31, 2021, there were 8,957 employees within the Group, amongst whom 4,465 mainly worked in the related positions of the toll road operation business and 4,492 worked in the related positions of the securities business.

Principal Risks and Uncertainties

Currently, the global epidemic remains evolving, and the external environment is becoming more complex and harsher, while the economic development in China is also facing burdens arising from shrinking demand, interrupted supply and weaker expectations, which will bring some uncertainties to the sustained recovery and development of China's economy. Given that the expressway toll collection business is closely related to the macroeconomy, the performance of the Group's expressways is expected to be uncertain in terms of traffic volume and toll revenue.

The Group's expressways will be negatively affected by the diversion to the surrounding road networks and traffic control measures. The Hangzhou–Shaoxing–Taizhou Expressway has been fully opened to traffic since February 2022, which is expected to cause certain traffic volume diversion to the Group's adjacent Shaoxing section of the Hangzhou-Ningbo Expressway and the parallel Shangsan Expressway. The opening of the Hangzhou-Taizhou High-speed Railway in January 2022 is expected to have a certain negative impact on the passenger vehicles traffic volume of the Shangsan Expressway of the Group. In order to alleviate traffic congestion, the prohibition of entry of semi-trailers on the East-Route (from Xiasha East Interchange to Hongken Junction) and West-Route (from Nanzhuangdou Interchange to Hangzhou South Junction) of Hangzhou Ring Expressway from January 28, 2021 to October 30, 2022 will adversely affect the traffic flow of semi-trailers on relevant sections of the Shanghai-Hangzhou-Ningbo Expressway and the Shenjiahuhang Expressway respectively. Therefore, there is no assurance that the toll revenue of the Group's expressways will not be negatively affected in the future.

As approved by the Zhejiang Provincial Government, the toll roads across the province continue to implement a 5% discount on tolls for all vehicles with ETC devices, and the state-owned 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. In February 2022, the Ministry of Transport of the PRC announced the 2022 Legislative Scheme of the Ministry of Transport, indicating that it would facilitate the revision of the Administrative Regulations on Toll Roads in due course. Accordingly there are certain possibilities of policy adjustments in the expressway operation industry. Therefore, there is no assurance that the operating results of the Group's expressway business will not be adversely affected in the future.

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.

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.

For financial risks and uncertainties of the Group, please see notes 6, 53 and 54 to the Consolidated Financial Statements.

Principal Risks and Uncertainties

The Directors of the Company, whose names and functions are listed on pages 57 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.

Corporate Governance Report

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 14 of the Listing Rules (available at www.hkex.com.hk).

During the Period, except for the Code E.1.3, the Company has complied with all code provisions in the 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 of Listing Rules and CG Code will be adopted and applied for the daily operation of the Company.

The Company has adopted the Rules on Securities Dealings ("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 10 of 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.

The Chairman of the Company during the Period was:
Mr. YU Zhihong

The executive directors of the Company during the Period were:

Mr. CHEN Ninghui	
Mr. YUAN Yingjie	(Appointed as General Manager, with effect from May 19, 2021)
Ms. LUO Jianhu	(Resigned, with effect from May 19, 2021)

Corporate Governance Report

The non-executive directors of the Company during the Period were:

Mr. JIN Chaoyang	(Appointed, with effect from July 1, 2021)
Mr. DAI Benmeng	(Resigned, with effect from July 1, 2021)
Mr. FAN Ye	
Mr. HUANG Jianzhang	(Appointed, with effect from July 1, 2021)

The independent non-executive directors of the Company during the Period were:
Mr. PEI Ker-Wei
Ms. LEE Wai Tsang, Rosa
Mr. CHEN Bin

During the Period, the Board held a total of 12 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. YU Zhihong (Chairman)	3/12	3/12	6/12
Mr. CHEN Ninghui	6/12		6/12
Mr. YUAN Yingjie (General Manager)	6/12		6/12
Ms. LUO Jianhu (Resigned)	2/5		3/5
Mr. JIN Chaoyang	1/5	3/5	1/5
Mr. DAI Benmeng (Resigned)	2/7		5/7
Mr. FAN Ye	4/12	2/12	6/12
Mr. HUANG Jianzhang	4/5		1/5
Mr. PEI Ker-Wei	6/12		6/12
Ms. LEE Wai Tsang, Rosa	6/12		6/12
Mr. CHEN Bin	3/12	3/12	6/12

During the Period, the Company held four 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.

According to the "Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period for the Holding Shareholders' General Meetings for Overseas Listed Companies" (Guo Han [2019] No. 97), it was agreed that the requirements on the notice period of the general meetings, shareholders' proposal rights and convening procedures for joint stock companies incorporated in China and listed overseas shall be uniformly governed by the relevant provisions under the Company Law, pursuant to which, the Company made corresponding amendments to the Articles of Association as follows: "When the Company convenes an annual general meeting, a notice shall be given to all shareholders twenty days prior to the date of the meeting; and when the Company convenes an extraordinary general meeting, a notice shall be given to all shareholders fifteen days prior to the date of the meeting." As such, the Company's notice period for convening a shareholders' meeting is not in compliance with the code provision E.1.3 as stipulated in the CG Code.

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.

Corporate Governance Report

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 Rule 3.13 of 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. Upon the re-election of the members of the Board, the Company has arranged listing training for newly appointed directors to improve their understanding of the Listing Rules and relevant rules, and enhance the compliance with the requirements in relation to, among others, the management of connected transactions, information disclosure obligations, risk management and internal control, so as to help directors improve the effectiveness of performance. 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.

During the Period, Mr. YU Zhihong served as the Chairman and Mr. YUAN Yingjie and Ms. LUO Jianhu (Resigned) served as the General Manager of the Company, respectively. The roles of Chairman and General Manager are fully segregated as expressly set out in the Articles of Association of the Company.

Terms for the non-executive directors of current session of the Board started on July 1, 2021 and will expire on June 30, 2024.

Corporate Governance Report

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, Ms. LUO Jianhu resigned from the positions as an executive Director, General Manager and a member of the Strategic Committee of the Company on May 19, 2021. Mr. YUAN Yingjie was appointed as the General Manager on May 19, 2021, and as an executive director and a member of the Strategic Committee on July 1, 2021.

Due to the above change of positions, Mr. YUAN Yingjie ceased to be a non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee of the Company, and Mr. JIN Chaoyang was appointed to take up such positions on July 1, 2021.

Mr. DAI Benmeng resigned from the positions as a non-executive Director, a member of the Nomination Committee and a member of the Remuneration Committee of the Company on July 1, 2021, and Mr. FAN Ye was appointed to take up such positions and also as a member of the Audit Committee on July 1, 2021.

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. CHEN Bin, Mr. JIN Chaoyang and Mr. FAN Ye, 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. YU Zhihong, Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa, Mr. CHEN Bin and Mr. FAN Ye, of whom Mr. YU Zhihong 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. CHEN Bin, Mr. JIN Chaoyang and Mr. FAN Ye, 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, Mr. YU Zhihong, and the two executive directors, namely Mr. CHEN Ninghui and Mr. YUAN Yingjie as well as Mr. Tony ZHENG, Ms. RUAN Liya, Mr. ZHANG Jingzhong and several outside experts and advisors, of whom Mr. YU Zhihong serves as the chairman of the Strategic Committee.

During the Period, the Audit Committee held a total of four 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:

Corporate Governance Report

During the Period, the Nomination Committee held a total of three 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:

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. CHEN Bin		1/2	1/2
Mr. DAI Benmeng (Resigned)			1/1
Mr. YUAN Yingjie (Resigned)			1/1
Mr. JIN Chaoyang	1/1		
Mr. FAN Ye		1/1	1/1

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 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.

Corporate Governance Report

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 of the Company 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.

The Board members of the Company have skills in multiple professional fields, such as legal, accounting, finance, management, computer science and construction engineering, with related experience in different professional sectors. The diversified backgrounds of the Board is 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 40 and 65. The Board members with different age groups can provide diversified sight of views and opinions.

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, 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)

During the Period, the Company paid approximately RMB4.24 million and RMB0.93 million to Deloitte Touche Tohmatsu Certified Accountants (the Hong Kong auditor) and Zhejiang Pan-China Certified Public Accountants LLP (the PRC auditor), respectively, for the audit services they rendered in 2021. Besides, the Company paid approximately RMB0.20 million to Zhejiang Pan-China Certified Public Accountants LLP (the PRC auditor) for other assurance service provided.

During the Period, the Secretary to the Board helped the Company 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.

As at December 31, 2021, 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 Stock Exchange pursuant to the Model Code.

As at December 31, 2021, 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 Stock Exchange are set out below:

Substantial Shareholders	Capacity	Total interests held in ordinary shares of the Company	Percentage of the issued share capital of the Company (Domestic Shares)
Communications Group	Beneficial Owner	2,909,260,000	100%

Corporate Governance Report

Substantial Shareholders	Capacity	Total interests held in ordinary shares of the Company	Percentage of the issued share capital of the Company (H Shares)
JP Morgan Chase & Co.	Interest of controlled corporations/ investment manager/custodian corporation/approved lending agent	133,893,010(L) 27,067,025(S) 80,457,102(P)	9.33(L) 1.88(S) 5.61(P)
BlackRock, Inc.	Interest of controlled corporations	114,372,062(L) 478,000(S)	7.98(L) 0.03(S)
Morgan Stanley	Interest of controlled corporations	108,959,616(L) 11,375,977(S)	7.59(L) 0.79(S)
Citigroup Inc.	Interest of controlled corporations/ custodian corporation/approved lending agent	98,830,827(L) 1,022,000(S) 97,262,234(P)	6.89(L) 0.07(S) 6.78(P)
China Merchants Expressway Network & Technology Holdings Co Ltd.	Beneficial Owner	71,784,000(L)	5.01(L)

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, 2021, 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 Stock Exchange.

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 Board of Directors ten days prior to the date of the general meeting. The Board shall notify other shareholders within two days upon the receipt of the proposal, and submit such temporary proposal to the general meeting for consideration. 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.

Written requests, proposals and enquiries may be sent to the Company through the contact details listed on page 283 of this report.

The Board of the Company 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.

Corporate Governance Report

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

During the Period, the last shareholders' meeting of the Company took place at 10:00 a.m. on Tuesday, November 9, 2021 at the headquarters of the Company. Details of this extraordinary general meeting of the shareholders were set out in the announcement dated November 9, 2021 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 May 2022 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 4,343,114,500 shares comprising of domestic shares and foreign shares listed overseas (H shares). The domestic shares are held by Zhejiang Communications Investment Group Co., Ltd. as to 2,909,260,000 shares, representing approximately 67% of the total issued capital of the Company. The remaining 1,433,854,500 shares are H shares, representing approximately 33% of the total issued capital of the Company. As at the date of this report, to the best of the Directors' knowledge, other than Universal Cosmos Limited, an associate of Zhejiang Communications Investment Group Co., Ltd., which holds 2.07% of the H shares of the Company, the remaining 97.93% of the H Shares of the Company are held by the public.

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, maintaining a stable dividend payout level and striving to keep the absolute dividend payout relatively steady. During the Period, the dividend payout accounted for approximately 34.2% of the distributable profits of the Company for the year. Details of the dividend payout will be announced after the 2021 annual general meeting of the Company.

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 attaches great importance to risk management, by perfecting its risk management mechanism and relevant regulations, improving risk reporting mechanism, and revising 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 department on a regular basis. During the year, the Audit Committee focused on the implementation of the annual budget, the management of tender purchase and the use of administrative expenses and electromechanical repair and maintenance expenses of the Company. The audit 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

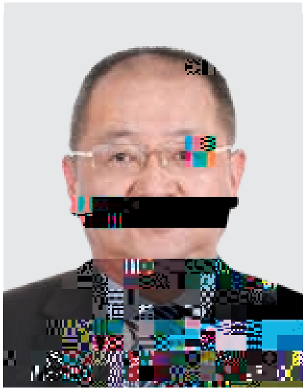
During the Period, the directors of the Company carried out a review on the effectiveness of the Company's internal control system, covering all material aspects of internal control, including financial control, operational control, compliance control and risk management functions. The internal control 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 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.

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..

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

Directors, Supervisors and Senior Management Profiles



Born in 1964, is a graduate from the Department of Electro-mechanic Engineering, Zhejiang University, and holds a Master's Degree in management from the Management Institute of Zhejiang University.

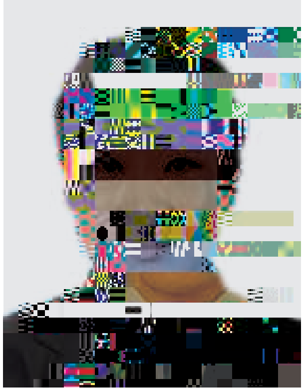
Starting from 1985, Mr. Yu Zhihong worked at Xiushui Township in Xiucheng District of Jiaxing City as Deputy Manager of Township Industrial Company and Deputy Head of Township, from 1987 successively served as Secretary to Xiucheng District OfistrictZhiho.5 (of)

Directors, Supervisors and Senior Management Profiles

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 Highway Traffics, and both Master and doctorate 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. Since 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 Zhejiang Communications Investment Group Co., Ltd. From 2018, he was deputy general manager of the expressway construction department, deputy general manager and general manager of the expressway management department of Zhejiang Communications Investment Group Co., Ltd.

He is currently an Executive Director, General Manager and Deputy Party Committee Secretary of the Company.



Born in 1971, graduated from Zhejiang University with a Bachelor's Degree in Law and graduated from the National Accounting Institute in 2016 with an EMBA Degree, majoring in Financial Accounting. She is a lawyer and Senior Economist.

Since she started her career in August 1994, Ms. Luo had held such positions as the Board Secretary of Zhejiang Transportation Engineering Construction Group Co., Ltd., the Deputy Director, Director of the Legal Affairs Department, the Deputy Director, Director of the Secretarial Office to the Board, Board Secretary and the Manager of the Investment and Development Department of Zhejiang Communications Investment Group Co., Ltd.

Ms. Luo has ceased to be an Executive Director, General Manager and Deputy Party Committee Secretary of the Company since 19 May 2021.

Born in 1970, a senior engineer, is a university graduate from Changsha University of Science and Technology in Highway Engineering.

Mr. Jin began work in December 1989. He served as Deputy General Manager and Party Committee Member of Zhejiang JinLiWen Expressway Co., Ltd.; General Manager of Safety Supervision and Management Department of Zhejiang Communications Investment Group Co., Ltd.; Director, General Manager and Deputy Party Secretary of Hangzhou City Expressway Co., Ltd.; Deputy Chairman, Deputy General Manager and Deputy Party Secretary of Zhejiang Communications Investment Expressway Operation Management Co., Ltd..

Mr. Jin is currently General Manager of Expressway Management Department of Zhejiang Communications Investment Group Co., Ltd..

Born in 1965, graduated from the Party School of the Zhejiang Committee of the Communist Party of China (浙江省委黨校) with a Bachelor's Degree of Economics and Management and is a Senior Economist.

He began working in February 1987 and has been a Director and the Deputy General Manager of Wenzhou Shipping Co., Ltd. (溫州海運有限公司), a Director and the General Manager of Zhejiang Wenzhou Yongtaiwen Expressway Co., Ltd. (浙江溫州甬台溫高速公路有限公司), a Director and the General Manager of Zhejiang Jinji Property Co., Ltd. (浙江金基置業有限公司), the person in charge of Zhejiang Province North Zhejiang Expressway Management Co., Ltd. (浙江浙北高速公路管理有限公司), the Chairman of Zhejiang ShenSuZheWan Expressway Co., Ltd. (浙江申蘇浙皖高速公路有限公司), and the General Manager of the Shanghai-Jiaxing-Huzhou-Hangzhou Branch of the Communications Group (交通集團申嘉湖杭分公司), the Manager of Human Resources Department and the Minister of Organization Department of Zhejiang Communications Investment Group Co., Ltd.. Mr. Dai is currently the Party Committee Member of the Zhejiang Communications Investment Group Co., Ltd..

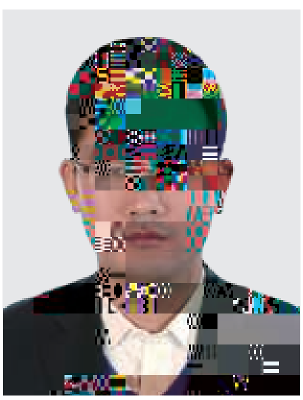
Mr. Dai has ceased to be a Non-executive Director of the Company since 1 July 2021.

Directors, Supervisors and Senior Management Profiles

Born in 1982, an economist, graduated from Zhejiang University with a Doctorate in Economy.

Since 2010, Mr. Fan has served at the Investment Development Department of Zhejiang Economy Construction Investment Co., Ltd. (浙江省經濟建設投資有限公司). 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. (杭州南車城市軌道交通車輛有限公司). 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 Communications Investment Property Group Co., Ltd. (浙江省交投地產集團有限公司).

Mr. Fan is currently the General Manager of the Industrial Investment Management Department (I) of Zhejiang Communications Investment Group Co., Ltd..



Born in 1980, a senior economist, 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.; Assistant Director and Deputy Director of the Board Secretary's Office of Zhejiang Expressway Co. Ltd.; Deputy Manager (in charge of the work) and Manager of the Investment and Development Department of Zhejiang Expressway Co. Ltd..

Mr. Huang is currently the Vice President of Development Research Institute and Deputy General Manager of Strategy and Legal Affairs Department of Zhejiang Communications Investment Group Co., Ltd..

Born in 1957, is a full Professor of Accountancy 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.

He 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.

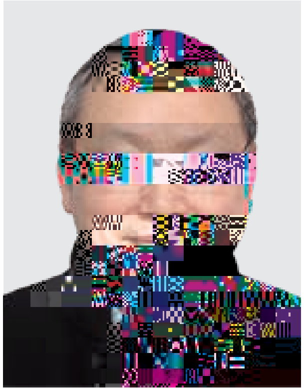
Mr. Pei currently also serves as an External Director of China Merchant Group, and an Independent Director of Want Want China Holdings (HK Stock Code: 00151) and Zhong An Group Limited (HK Stock Code: 00672).

Born in 1977, Ms. Lee has over 17 years of experience in the financial sector. She holds a Master of Science in Finance from Boston College and MBA from University of Chicago.

Ms. Lee is a licensed person for asset management under the Securities and Futures Ordinance ("SFO"). Ms. Lee is a Director of Grand Investment (Bullion) Limited and Tianjin Yishang Friendship Holdings Company Ltd. Ms. Lee is a Chief Investment Officer of Grand Finance Group Company Ltd.

Ms. Lee was an Executive Director of Grand Investment International Ltd (stock code: 1160) 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.

Directors, Supervisors and Senior Management Profiles



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.

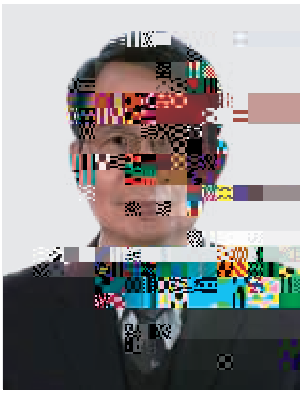
Mr. Chen worked at Tianshi Network Company of TCL Group as Deputy General Manager from 1998 to 2005, at Webex Group in the USA as General Manager of China Investment from 2005 to 2006, and at Cybernaut China Investment Fund as Senior Partner from 2006 to 2008. Mr. Chen has become Chief Executive and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

Born in 1962, is a professorial senior accountant. He graduated from Jiangxi College of Finance and Economics with a Bachelor’s degree in Accounting in 1985, and obtained an EMBA degree from Arizona State University in 2012.

From 1985 to 1988, Mr. Zheng worked as a teacher in the accounting department of Jiangxi College of Finance and Economics. From 1988 to 2002, he successively worked as deputy section chief of the finance department and section chief of the collection department of Zhejiang Highway Management Bureau. From 1998 to 2005, he successively worked as director of the comprehensive accounting department and assistant to the general commander in the highway construction headquarters of Jinliwen Expressway. From 2005 to 2019, he successively worked as deputy general manager, general manager, chairman of the board and secretary of the party committee of Zhejiang Jinliwen Expressway Co., Ltd..

He is currently the deputy chief accountant of Zhejiang Communications Investment Group Co., Ltd..

Directors, Supervisors and Senior Management Profiles



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

Mr. Lu had served as the Manager of Human Resources Department of Hangzhou Zhongcui Food Co., Ltd. and Deputy Manager of Human Resources Department of the Company.

Mr. Lu is currently the Director of Party and Masses Work Department and a Supervisor Representing Employees of the Company.

Born in 1961, graduated from Zhejiang University with a Bachelor's Degree of Engineering in Internal Combustion Engine from the Department of Thermophysical Engineering. He is a professor-level Senior Engineer.

Since Mr. Zhan started his career in 1982, he had worked at Zhejiang Province Vehicular Transport Company (浙江省汽車運輸公司), and successively served as an assistant engineer of Zhejiang Office of Motor Vehicles (浙江省車輛監理所), an engineer of the Machinery and Materials Section of Zhejiang Highway Management Bureau (浙江省公路管理局), and the deputy section chief, section chief and a senior engineer of the Equipment and Materials Section of Zhejiang Road and Bridge Engineering Office (浙江省路橋工程處). He also worked at Zhejiang Provincial Expressway Executive Commission as a Senior Engineer.

He has been working at Zhejiang Expressway Co., Ltd. as Manager of the Operations Management Department, Director of the monitoring center, Manager of the Investment and Development Division, Manager of the Equipment Management Department, Manager of the Engineering Management Department and Head of the Maintenance Management Office, and Director of the testing center. He is concurrently the Deputy General Manager of Zhejiang Expressway Investment Development Co., Ltd. and Chairman and General Manager of Zhejiang Expressway Advertising Co., Ltd..

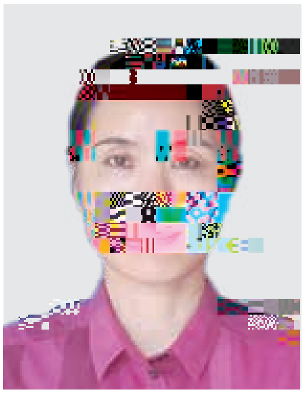
Mr. Zhan has ceased to serve as the Supervisor Representing Employees of the Company since 1 July 2021.

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

He started his career in 1991 and worked at the audit office of East China Investigation and Design Institute (華東勘測設計研究院). He had served as Head of Finance Department of Hangzhou KFC Ltd (杭州肯德基有限公司), Principal Accountant of Finance Department of Zhejiang Liantong Leasing Co., Ltd (浙江聯通租賃有限公司). Then he had served as Supervisor in the Financial Planning Department, Supervisor in the Internal Audit Department, Assistant Manager and Deputy Manager of the Legal Audit Department in the Company.

He is currently the Manager of Audit Department and a Supervisor Representing Employees of the Company.

Directors, Supervisors and Senior Management Profiles



Born in 1964, is a Senior Economist. She graduated from the Zhejiang University in 1986 and later received an Executive Master of Business Admiration (EMBA) in Cheung Kong Graduate School of Business (長江商學院).

Ms. He had served as the Secretary of Youth League Committee at the Hangzhou Business School (杭州商業學校) and as a Secretary to the Board, Deputy General Manager, General Manager and Vice Chairman at Baida Group Co., Ltd. (百大集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600865). Ms. He also served as a General Manager of Ping An Securities Company Limited, Zhejiang Branch (平安證券浙江分公司), Executive Deputy Director of the Professional Secretarial Committee to the board of directors of Zhejiang Provincial Listed Company Association (浙江省上市公司協會), Deputy Secretary General of Hangzhou Joint Stock Promotion Association (杭州股份制促進會), an Independent Director of Lanzhou Minbai Co., Ltd. (蘭州民百股份有限公司), and an Independent Director of Xilinmen Co., Ltd. (喜臨門股份有限公司). Ms. He currently serves as Vice Chairman of Zhejiang Shiqiang Group Co., Ltd. (浙江施強集團有限公司), a Member of the Equity Investment and M&A Committee of Zhejiang Merchants Association (浙商總會股權投資與併購委員會), a Supervisor of Zhejiang M&A Federation (浙江併購聯合會), an Independent Director of Guangyu Co., Ltd. (廣宇股份有限公司), and an Independent Director of Gujia Home Furnishing Co., Ltd. (顧家家居股份有限公司).

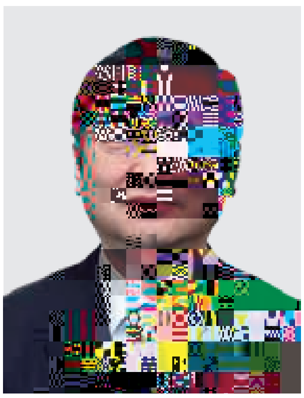
Born in 1965, a PRC Lawyer. He graduated from Hangzhou University (杭州大學) with a Bachelor Degree in Law in 1989 and later received a Master's Degree and a Doctoral Degree in Civil and Commercial Law in Southwest University of Political Science and Law (西南政法大學) in 1995 and 2004, respectively

Mr. Wu had worked in Chun'an Justice Bureau (淳安司法局) since 1989 and in Zhejiang Securities Co., Ltd. (浙江證券有限公司) from 1995 to 1996. Mr. Wu has been working in Zhejiang Xinyun Law Firm (浙江星韻律師事務所) 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. Mr. Wu also serves as an Independent Director of Hangzhou CNCR Information Technology Co., Ltd.(Stock Code: 300250).

Born in 1969, Mr. Zheng graduated from University of California at Berkeley with a BS Degree in Civil Engineering in 1995.

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

Mr. Zheng is currently the Deputy General Manager and Company Secretary of the Company. He also serves as a Director of Taiping Science and Technology Insurance Co., and Zhejiang International Hong Kong.



Born in 1969, 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. He is a senior engineer.

Mr. Li started his career in July 1991, and served as Deputy Director of Jinhua Administrative Branch, Office Director and Vice Chairman of Labor Union of Zhejiang JinLiWen Expressway Co., Ltd. He also worked as Deputy General Manager and a Member of the Party Committee in Zhejiang ShenSuZheWan Expressway Co., Ltd., and Deputy General Manager of Zhejiang ShenJiaHuHang Expressway Co., Ltd., Zhejiang Expressway Logistics 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., and served as Deputy General Manager and a Member of the Party Committee in Zhejiang JinLiWen Expressway Co., Ltd.

Mr. Li is currently the Deputy General Manager and a Party Committee Member of the Company.

Directors, Supervisors and Senior Management Profiles

Born in 1969, Ms. Zhang is a Senior Economist, and the Deputy General Manager of the Company. 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 since March 1997, and served as Assistant Manager, Deputy Manager, Manager of the Operation Department and Assistant to General Manager.

Ms. Zhang is currently the Deputy General Manager and a Party Committee Member of the Company.

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 Zhejiang Communications Investment Group Co., Ltd.

Mr. Wang is currently the Deputy General Manager and a Party Committee Member of the Company.

Born in 1972, a professor-level senior engineer, having a Master Degree in engineering from Chang'an University and a Bachelor 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 Zhejiang Communications Investment Group Co., Ltd., 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 is currently the Deputy General Manager and Party Committee Member of the Company.

Born in 1983, an economist, graduated from Zhejiang University with a Master Degree in Science.

Ms. Ruan started her career in 2007, and served as Investment Director of Zhejiang Jinji Real Estate Co., Ltd. She also worked in Zhejiang Communications Investment Group Co., Ltd. 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 is currently the Chief Financial Officer and Party Committee Member of the Company.

Directors, Supervisors and Senior Management Profiles

Born in 1982, graduated from the Electronic Information School of Zhejiang Sci-Tech University with a Bachelor Degree of Engineering in Electronic Information Engineering.

Mr. Ma started his career in August 2005. He served as the deputy office director of the Supervision and Executive Center at Hangjinqu Branch, the assistant to the Office Director and the deputy director of the Party Committee Affairs Department (News Center) of Zhejiang Communications Investment Group Co., Ltd.

Mr. Ma is currently a Party Committee Member, Secretary of the Disciplinary Inspection Commission and Chairman of the Labor Union of the Company.

Born in 1974, a senior engineer, graduated from Wuhan University of Technology.

Mr. Xu started his career in 1997, and served as Deputy Manager and Chief Engineer of the Eighth Contract Sectional Project of Hubei Xiangyang-Shiyan Expressway constructed by Zhejiang Communications Investment Group Co., Ltd.. He also served as Chief Economist, Office Director, Board Secretary, Deputy Secretary of the Party Committee and Secretary of the Discipline Inspection Commission of Zhejiang Jiaogong Road & Bridge Construction Co., Ltd., as well as Deputy Secretary of the Discipline Inspection Commission, Vice Chairman of Labor Union, Director of Discipline Inspection and Supervision Department, Director of the Party Committee Affairs Department and HR Manager of Zhejiang Jiaogong Group Co., Ltd.. He worked in Zhejiang JinLiWen Expressway Co., Ltd. as Deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Commission and Chairman of Labor Union.

Mr. Xu has ceased to be a Party Committee Member, Secretary of the Disciplinary Inspection Commission and Chairman of the Labor Union of the Company since September 2021.

Report of the Directors

The Directors of the Company hereby present their report and the audited financial statements of the Group for the year ended December 31, 2021.

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.

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 2021 Environmental and Social Responsibility Report.

During the Period, the entire revenue and segment profit of the Group were derived from the People's Republic of China ("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, 2021 is set out in note 8 to the financial statements.

The Group's profit for the year ended December 31, 2021 and the state of financial position at that date are set out in the financial statements on pages 102 to 277.

The Directors have recommended the payment of a dividend of Rmb0.375 (approximately HK$0.459) per share in the year of 2021. The final dividend is subject to shareholders' approval at the 2021 annual general meeting of the Company and is expected to be paid on or around June 30, 2022. 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 34.2% during the Period. Further details of the dividends are set out in note 17 to the financial statements.

Report of the Directors

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	2021 Rmb'000	2020 Rmb'000 (Restated)	2019 Rmb'000 (Restated)	2018 Rmb'000 (Restated)	2017 Rmb'000 (Restated)
Revenue	16,262,601	12,451,534	12,617,094	11,837,093	11,720,781
Operating costs	(9,521,482)	(8,038,467)	(7,378,876)	(6,485,466)	(6,505,217)
Gross profit	6,741,119	4,413,067	5,238,218	5,351,627	5,215,564
Securities investment gains	1,835,563	1,611,873	1,402,684	512,449	774,885
Other income and gains and losses	733,071	425,319	270,298	419,093	157,160
Administrative expenses	(173,447)	(147,839)	(143,720)	(128,363)	(129,936)
Other expenses and impairment losses	(51,972)	(374,624)	(106,285)	(62,850)	(156,938)

374,624)425,31912,451,534270,298157,160

534733,0715,351,627157,160

Assets and liabilities	As at December 31, 2021 Rmb'000	2020 Rmb'000 (Restated)	2019 Rmb'000 (Restated)	2018 Rmb'000 (Restated)	2017 Rmb'000 (Restated)
Total assets	176,296,682	135,446,697	110,637,256	100,147,241	95,470,731
Total liabilities	131,873,657	98,500,704	82,442,275	70,543,447	67,927,994
Net Assets	44,423,025	36,945,993	28,194,981	29,603,794	27,542,737

Notes:

1. The consolidated results of the Group for the four years ended December 31, 2020 have been abstracted from the Company's annual report on March 23, 2021, while those for the year ended December 31, 2021 were prepared based on the consolidated statement of profit or loss and other comprehensive income as set out on page 102 of the financial report.

2. The 2021 basic earnings per share is based on the profit attributable to owners of the Company for the year ended December 31, 2021 of Rmb4,762,431,000 (2020 restated: Rmb2,416,395,000) and the 4,343,114,500 (2020: 4,343,114,500) ordinary shares in issue during the year.

   The 2021 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, 2021 of Rmb4,702,924,000 (2020 restated: Rmb2,441,676,000) and the 4,588,176,000 (2020: 4,424,084,000) weighted average number of ordinary shares for the purpose of diluted earnings per share during the year.

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.

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.

During the year, the total amount of donation made by the group is Rmb8,846,000 for charitable or other purposes.

Report of the Directors

Details of movements in property, plant and equipment of the Group during the year are set out in note 19 to the financial statements.

Details of the capital commitments of the Group as at December 31, 2021 are set out in note 52 to the financial statements.

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 107 to the financial statements.

As at December 31, 2021, 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 Rmb7,747,958,000. In addition, in accordance with the Company Law of the PRC, the amount of approximately Rmb3,645,726,000 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.

As at December 31, 2021, other than the deposits placed with a non-bank financial institution of Rmb2,460,550,000, 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.

On March 26, 2021, the Company has redeemed all of the outstanding Euro365 million zero coupon convertible bonds due 2022 at the principal amount of Euro100,000 together with accrued interest.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

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

Mr. YU Zhihong

Mr. CHEN Ninghui
Mr. YUAN Yingjie (Appointed as General Manager on May 19, 2021)
Ms. LUO Jianhu (Resigned on May 19, 2021)

Mr. JIN Chaoyang (Appointed on July 1, 2021)
Mr. DAI Benmeng (Resigned on July 1, 2021)
Mr. FAN Ye
Mr. HUANG Jianzhang (Appointed on July 1, 2021)

Mr. PEI Ker-Wei
Ms. LEE Wai Tsang, Rosa
Mr. CHEN Bin

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 57 to 70 in the Company's annual report.

Report of the Directors

Each of the Director of the Company has entered into a service agreement with the Company, which effect from July 1, 2021 to June 30, 2024.

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

As at December 31, 2021 or during the year, none of the Directors or Supervisors had a material interest, either directly or indirectly, in any 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.

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.

There were no movements in the Company's issued share capital during the year.

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.

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.

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.

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.

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.

Report of the Directors

According to the requirements of the "Notice on Taxation Policies Concerning the Shanghai-Hong Kong Stock Connect Pilot Program (Finance Tax[2014] No. 81《(》([2014]81)) and "Notice on Taxation Policies Concerning the Shenzhen-Hong Kong Stock Connect Pilot Program (Finance Tax[2016] No.127) 《 》([2016]127) 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.

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.

The Company purchased appropriate liability insurance coverage for the directors, supervisors and senior management members of the Group during the year ended 31 December 2021 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.

Deloitte Touche Tohmatsu Certified Public Accountants Hong Kong, who has served as the Company's Hong Kong auditors since 2005, will retire and a resolution for their re-appointment as Hong Kong auditors of the Company will be proposed at the forth coming Annual General Meeting of the shareholders.

By Order of the Board

Hangzhou, Zhejiang Province, the PRC
March 24, 2022

Report of 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 PRC, 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 six 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, so that its operating results achieved a significant increase, the brands of main business operation were adequately demonstrated, the function of the listing platform was effectively utilized, and the technological and digital capabilities continued to be improved.

The Supervisory Committee has reviewed the financial statements of the Company for 2021 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 2021, 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

Hangzhou, Zhejiang Province, the PRC
March 24, 2022

Connected Transactions

During the year ended December 31, 2021, the Company had the following non-exempt connected transactions and continuing connected transactions.

On June 21, 2021, Zheshang Development and Zhejiang Zheqi entered into a joint venture agreement (the “ ”), pursuant to which Zheshang Development and Zhejiang Zheqi jointly established a joint venture principally engaged in spot and futures trading of commodities and supply chain management with a registered capital of Rmb150,000,000 which may increase to Rmb300,000,000, depending on the operating business conditions after the commencement of the joint venture. Please refer to the announcement of the Company dated June 21, 2021 for details.

Communications Group, which holds approximately 67% of the issued share capital of the Company, is a controlling shareholder of the Company. Zheshang Development is an associate of Communications Group, and therefore it is a connected person of the Company. Zhejiang Zheqi is a wholly-owned subsidiary of Zheshang Futures, which, in turn, is an indirectly non-wholly owned subsidiary of the Company. As a result, the transactions under the Joint Venture Agreement constituted connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transactions contemplated under the Joint Venture Agreement were more than 0.1% but less than 5%, the transactions contemplated under the Joint Venture Agreement 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.

On July 2, 2021, Zhejiang Zheqi and Zheshang Financial entered into a commodity spread swap agreement (the “ ”), pursuant to which Zhejiang Zheqi and Zheshang Financial were involved in a commodity spread swap based on the spreads between the gold futures contracts on the Shanghai Stock Exchange and the Au9999 spot gold contracts on the Shanghai Gold Exchange. The maximum margin requirement under the Commodity Spread Swap Agreement is Rmb380,000,000 payable by Zheshang Financial to Zhejiang Zheqi. At the conclusion of the Commodity Spread Swap Agreement, Zhejiang Zheqi will return the margin payment, together with a return to Zheshang Financial. Please refer to the announcement of the Company dated July 2, 2021 for details.

Zheshang Financial is a wholly-owned subsidiary of Communications Group, and therefore it is a connected person of the Company. Zhejiang Zheqi is an indirectly non-wholly owned subsidiary of the Company. As a result, the transaction contemplated under the Commodity Spread Swap Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the transaction contemplated under the Commodity Spread Swap Agreement were more than 0.1% but less than 5%, the transactions contemplated under the Commodity Spread Swap Agreement 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

Pursuant to the financial services agreement dated March 30, 2016 (the " ") entered into between the Company and Zhejiang Communications Finance, Zhejiang Communications Finance agreed to provide the Company and its subsidiaries with a range of financial services including certain deposit services (the " ") for a term of three years from the date of the Financial Services Agreement subject to the terms and conditions provided therein. Please refer to the announcement of the Company dated March 30, 2016 for details.

Since the Financial Services Agreement expired on March 30, 2019, on March 18, 2019, the Company entered to the new financial services agreement (the " "), together with a supplemental agreement, among others, to increase the annual caps for the Deposit Services from Rmb1,400,000,000 to Rmb2,500,000,000 (including any interest accrued thereon) (the " "), with Zhejiang Communications Finance for renewal of the terms of the Financial Services Agreement with effect from March 30, 2019 for a term of three years. 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 18, 2019 for details.

As the issued share capital of Zhejiang Communications Finance is owned as to 35%, 40% and 25% by the Company, Communications Group and Ningbo Yongtaiwen Co, respectively as at the date of the New Financial Services Agreement, 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 constituted a continuing connected transaction for the Company.

Pursuant to the 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 will be provided under the New Financial Services Agreement on a non-exclusive basis and the Company and its subsidiaries are 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 are 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 Rmb1,400,000,000 under the New Financial Services Agreement and Rmb2,500,000,000 under the Financial Services Supplemental Agreement during the term of the New Financial Services Agreement.

As the applicable percentage ratios (other than the profits ratio) in respect of the Deposit Services under the New Financial Services Agreement are more than 0.1% but less than 5%, the Deposit Services constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but were exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios (other than the profits 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 transactions were subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.54 of the Listing Rules, the Company should re-comply with the applicable requirements under Chapter 14A of the Listing Rules before the existing annual caps for the Deposit Services under the New Financial Services Agreement are exceeded.

Connected Transactions

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 Rmb2,483,914,000.

On June 21, 2019, De'an Construction as employer entered into a construction service agreement and its supplemental agreement (the " ") with Zhejiang Hongtu as contractor in relation to the provision of construction services for the Public-Private-Partnership (PPP) projects in respect of the construction of bridges, tunnels and public service station from Deqing County to the juncture between Deqing County and Anji County for a total consideration of Rmb809,315,640 (the " "). The term of the Construction Service Agreements, which is the construction period, is 36 months. Please refer to the announcement and the supplemental announcement of the Company dated June 21, 2019 and July 2, 2019 respectively for details.

On March 27, 2020, the Company entered into a supplemental agreement to revise the annual caps for the continuing connected transactions under the Construction Service Agreements to the amount of Rmb380,000,000 for the two years ending 31 December 2021 (the " ") whilst the Total Consideration remained unchanged. In determining the Revised Annual Caps, the Company has considered the actual amount paid, the actual construction progress, the estimated costs and the expected completion of PPP Project construction in 2021. Please refer to the announcement dated March 27, 2020 for details.

Zhejiang Hongtu is an indirectly non-wholly owned subsidiary of Communications Group. As such, Zhejiang Hongtu is a connected person of the Company and, as a result, the transactions under the Construction Service Agreements constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the Construction Service Agreement was more than 0.1% but less than 5%, the Construction Service 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 service fees paid by the De'an Construction to Zhejiang Hongtu in respect of the construction services under the Construction Service Agreement amounted to Rmb68,348,000.

Connected Transactions

i. 2019 Daily Road Maintenance Agreements

On December 27, 2019, various management offices of the Company, Jiaxing Co (formerly known as Zhejiang Jiaxing Expressway Co., Ltd* (浙江嘉興高速公路有限責任公司), which has been merged and absorbed by LongLiLiLong Co and was a branch of LongLiLiLong Co as at the Latest Practicable Date), Hanghui Co, and Huihang Co separately entered into a series of agreements with Maintenance Co (the “ ”), pursuant to which Maintenance Co agreed to provide day-to-day maintenance services including road patrol, inspection of the maintenance status of pavements and roadbeds, pavement diseases treatment, greening and sloping, maintenance of safety facilities, and bridge maintenance (“ ”) to four expressways operated by the Group, namely the Shanghai-Hangzhou-Ningbo Expressway, the Shangsan Expressway, the Hanghui Expressway and the Huihang Expressway. The term of the Daily Road Maintenance (First Contract Section) Agreements 2019 is three years from January 1, 2020 to December 31, 2022. The annual service fees payable by the Group to Maintenance Co shall be Rmb68,111,019, which amount to Rmb204,333,057 in total from 2020 to 2022. Please refer to the announcement of the Company dated December 27, 2019 for details.

On December 27, 2019, each of Shenjiahuhang Co and Zhoushan Co entered into an agreement with Jiaogong Maintenance (the “ ”), pursuant to which Jiaogong Maintenance agreed to provide Maintenance Services to two expressways operated by the Group, namely the Shenjiahuhang Expressway and the Zhoushan Bay Bridge. The term of the Daily Road Maintenance (Second Contract Section) Agreements is three years from January 1, 2020 to December 31, 2022. The annual service fees payable by the Group to Jiaogong Maintenance in 2020 shall be Rmb27,158,624. The annual service fees payable by the Group to Jiaogong Maintenance in 2021 and 2022 shall be Rmb26,334,280 respectively. Please refer to the announcement of the Company dated December 27, 2019 for details.

On December 27, 2019, each of Jinhua Co and Xintian Management Office entered into an agreement with Zhejiang Shunchang (the "

"), pursuant to which Zhejiang Shunchang agreed to provide Maintenance Services to three expressways operated by the Group, namely Xintian Section of the Shangsan Expressway, Jinhua Section of the Ningbo-Jinhua Expressway and Yiwu Section of the Yidong Expressway. The term of the Daily Road Maintenance (Third Contract Section) Agreements is three years from January 1, 2020 to December 31, 2022. The annual service fees payable by the Group to Zhejiang Shunchang shall be Rmb22,076,202 in 2020, 2021 and 2022 respectively. Please refer to the announcement of the Company dated December 27, 2019 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 was a connected person of the Company and the respective transactions contemplated under the Daily Road Maintenance (First Contract Section) Agreements 2019, the Daily Road Maintenance (Second Contract Section) Agreements 2019 and the Daily Road Maintenance (Third Contract Section) Agreements 2019 (collectively the "

") constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The proposed annual cap on the aggregate service fees payable by the Group under the 2019 Daily Road Maintenance Agreements for the financial years ending December 31, 2021 was RMB120,000,000. During the Period, the total service fees paid by the Group in respect of the Maintenance Services under the 2019 Daily Road Maintenance Agreements amounted to Rmb112,773,000.

The proposed annual cap on the aggregate service fees of the Dedicated Road Maintenance (First Contract Section) Agreements and the Dedicated Road Maintenance (Second Contract Section) Agreements payable by the Group for the financial years ending December 31, 2021 was Rmb319,000,000. During the Period, the total service fees paid by the Group under the Dedicated Road Maintenance (First Contract Section) Agreements and the Dedicated Road Maintenance (Second Contract Section) Agreements amounted to Rmb301,689,000.

On May 31, 2021, LongLiLiLong Co, a wholly owned subsidiary of the Company, entered into the following agreements:

(i) a dedicated maintenance agreement with Zhejiang Shunchang (the " "), pursuant to which Zhejiang Shunchang agreed to undertake the dedicated maintenance projects, namely pavement disease treatment, overlay of pavement and other preventive dedicated maintenance projects, road marking improvement and other traffic safety related projects, for LongLiLiLong Expressway (Quzhou Section) operated by the LongLiLiLong Co from May 31, 2021 to November 15, 2021. The total service fees payable by LongLiLiLong Co to Zhejiang Shunchang shall be Rmb7,128,655. Please refer to the announcement dated May 31, 2021 for details;

(ii) a dedicated maintenance agreement with Jiaogong Maintenance (the " "), pursuant to which Jiaogong Maintenance agreed to undertake the dedicated maintenance projects, namely pavement disease treatment, overlay of pavement and other preventive dedicated maintenance projects, road marking improvement and other traffic safety related projects, for LongLiLiLong Expressway (Lishui Section) operated by the LongLiLiLong Co from May 31, 2021 to November 15, 2021. The total service fees payable by LongLiLiLong Co to Jiaogong Maintenance shall be Rmb50,208,088. Please refer to the announcement dated May 31, 2021 for details;

Connected Transactions

(iii) a dedicated maintenance agreement with Zhejiang Shuangchuang (the "

)") pursuant to which Zhejiang Shunchang agreed to undertake the dedicated maintenance projects, which include sloping maintenance and other roadbed related projects; repair and reinforcement of diseased bridge, tunnel maintaining roadway repair and other bridge and tunnel related projects; signs and markings upgrades, sound barrier installation and other environment protection facility improvements related projects, for LongLiLiLong Expressway (Quzhou Section) operated by LongLiLiLong Co from May 31, 2021 to December 31, 2021. The total service fees payable by LongLiLiLong Co to the Zhejiang Shunchang in respect of the transactions under the Dedicated Maintenance Agreement on Roadbeds, Tunnels and Bridges (Third Contract Section) amounted to Rmb778,840. Please refer to the announcement dated May 31, 2021 for details; and

(iv) a dedicated maintenance agreement with Jiaogong Maintenance (the "

") pursuant to which Jiaogong Maintenance agreed to undertake the dedicated maintenance projects, which include sloping maintenance and other roadbed related projects; repair and reinforcement of diseased bridge, tunnel maintaining roadway repair and other bridge and tunnel related projects; signs and markings upgrades, sound barrier installation and other environment protection facility improvements related projects, for LongLiLiLong Expressway (Lishui Section) operated by LongLiLiLong Co from May 31, 2021 to December 31, 2021. The total service fees payable by LongLiLiLong Co to Jiaogong Maintenance in respect of the transactions under the Dedicated Maintenance Agreement on Roadbeds, Tunnels and Bridge (Fourth Contract Section) amounted to Rmb13,652,085. Please refer to the announcement dated May 31, 2021 for details.

Each of Jiaogong Maintenance and Zhejiang Shunchang is an indirect subsidiary of Communications Group. Therefore, Zhejiang Shunchang and Jiaogong Maintenance are connected persons of the Company and as a result, the respective transactions contemplated under the Dedicated Maintenance Agreement on Pavements (Third Contract Section), Dedicated Maintenance Agreement on Pavements (Fourth Contract Section), Dedicated Maintenance Agreement on Roadbeds, Tunnels and Bridges (Third Contract Section), Dedicated Maintenance Agreement on Roadbeds, Tunnels and Bridges (Fourth Contract Section) respectively constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The annual cap on the aggregate service fees payable by LongLiLiLong Co under the Dedicated Maintenance Agreement on Pavements (Third Contract Section), Dedicated Maintenance Agreement on Pavements (Fourth Contract Section), Dedicated Maintenance Agreement on Roadbeds, Tunnels and Bridges (Third Contract Section), Dedicated Maintenance Agreement on Roadbeds, Tunnels and Bridges (Fourth Contract Section) was Rmb73,000,000. During the Period, the total service fees paid by LongLiLiLong Co under the Dedicated Maintenance Agreement on Pavements (Third Contract Section), Dedicated Maintenance Agreement on Pavements (Fourth Contract Section), Dedicated Maintenance Agreement on Roadbeds, Tunnels and Bridges (Third Contract Section), Dedicated Maintenance Agreement on Roadbeds, Tunnels and Bridges (Fourth Contract Section) amounted to Rmb67,171,000.

Pursuant to Rule 14A.81 to Rule 14A.83 of the Listing Rules, continuing connected transactions with the same connected person or parties who are connected with one another may be aggregated. As the applicable percentage ratios in respect of the aggregated annual caps for transactions contemplated under the 2021 Dedicated Maintenance Agreements and 2019 Daily Road Maintenance Agreements were more than 0.1% but less than 5%, the 2021 Dedicated Road Maintenance Agreements were respectively 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

On May 31, 2021, LongLiLiLong Co, entered into the expressway mechanical and electrical system maintenance agreements with Zhejiang Information (the " "), 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 Mechenical and Electrical System Maintenance Agreements is for three years ending 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 Electrical System Maintenance Agreements was Rmb5,000,000. During the Period, the total service fees paid by LongLiLiLong Co to Zhejiang Information in respect of the transactions under the Expressway Mechanical and Electrical System Maintenance Agreements amounted to Rmb2,056,000.

Zhejiang Information is a 65.85% owned subsidiary of Communications Group. Therefore, 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 are required to be aggregated with the respective transactions contemplated under the agreements entered into within a 12-month period prior to the date of the Expressway Mechanical and Electrical System Maintenance Agreements between or among the Group and Zhejiang Information in relation to mechanical and electrical engineering services dated March 16, 2020, October 14, 2020, December 16, 2020 respectively (the " "), which were transactions entered into with the same connected person.

As the applicable percentage ratios in respect of the transactions contemplated under the Expressway Mechanical and Electrical System Maintenance Agreements, after aggregating the Previous Agreements, are more than 0.1% but less than 5%, the Expressway Mechanical and Electrical System Maintenance Agreements will be subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

On December 13, 2021, the Company entered into the entrusted management agreements with branch and subsidiaries of the Communications Group (the "

"), 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 Entrusted Management Agreement is 36 months. 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 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 Entrusted Management Agreements constituted 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, continuing connected transactions with the same connected person or parties who are 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 Entrusted Management Agreements and the previous continuing connected transaction of the same nature with Communications Group and its subsidiaries is more than 0.1% but less than 5%, the transactions contemplated under the 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 to be received by the Company under the Entrusted Management Agreement amounted to Rmb7,044,000.

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 Groupv-0.6 (e coura[(o)-0.66 (te
ennceui T013.ess ha013.ess

Independent Auditor's Report

Deloitte. 德勤

浙江滬杭甬高速公路股份有限公司
(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 102 to 277, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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") 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

We identified the determination of consolidation scope of structured entities, which invested by the Group's securities operation segment (defined in Note 8), as a key audit matter due to significant judgement applied by management in determining whether a structured entity is required to be consolidated by the Group and the significance of these balances to the Group's consolidated financial statements as a whole. The Group held interests as investor or acted as investment manager in various structured entities including collective asset management schemes, investment funds and limited partnership enterprises. As disclosed in Note 6 to the consolidated financial statements, to determine whether a structured entity should be consolidated, the management applied significant judgement in determining whether the Group has power over the structured entities, and assess whether the combination of investments it held together with its remuneration and credit enhancement 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 the Group controlled the structured entities. As disclosed in Notes 45 and 60 to the consolidated financial statements, as at December 31, 2021, the total assets of the consolidated structured entities amounted to Rmb8,716,481 thousands and the total assets of the unconsolidated structured entities managed by the Group amounted to Rmb117,599,057 thousands, respectively.	Our procedures in relation to the 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 the 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 proportion of ownership interests or contractual terms during the year; • Assessing management judgement in determining the scope for consolidation and, on a sample basis, assessing the conclusion about whether a structured entity should be consolidated or not.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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.

Responsibilities of Directors and Those Charged with Governance 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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.

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 judgment 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

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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 the independent auditor's report is Ma Hing Fai.

Hong Kong
March 24, 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2021

	NOTES	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)
Revenue	7	16,262,601	12,451,534
Including: interest income under effective interest method		2,247,361	1,820,534
Operating costs		(9,521,482)	(8,038,467)
Gross profit		6,741,119	4,413,067
Securities investment gains	9	1,835,563	1,611,873
Other income and gains and losses	10	733,071	425,319
Administrative expenses		(173,447)	(147,839)
Other expenses		(117,363)	(191,012)
Impairment losses under expected credit loss model, net of reversal	11	65,391	(183,612)
Share of profit of associates		966,075	688,029
Share of profit of a joint venture		56,249	16,282
Finance costs	12	(1,942,533)	(2,098,493)
Profit before tax	13	8,164,125	4,533,614
Income tax expense	14	(1,873,961)	(1,160,027)
Profit for the year		6,290,164	3,373,587
Exchange differences on translation of financial statements of foreign operations		(4,963)	(2,349)
Share of other comprehensive income/(loss) of an associate, net of related income tax		43,607	(24,160)
Other comprehensive income/(loss) for the year, net of income tax		38,644	(26,509)
		6,328,808	3,347,078

	NOTES	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)
Profit for the year attributable to:			
Owners of the Company		4,762,431	2,416,395
Non-controlling interests		1,527,733	957,192
		6,290,164	3,373,587
Total comprehensive income attributable to:			
Owners of the Company		4,803,862	2,391,092
Non-controlling interests		1,524,946	955,986
		6,328,808	3,347,078
	18		
Basic (Rmb cents)		109.65	55.64
Diluted (Rmb cents)		102.50	55.19

Consolidated Statement of Financial Position

At December 31, 2021

	NOTES	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	19	5,019,619	4,487,223	4,612,498
Right-of-use assets	20	666,686	562,535	379,031
Expressway operating rights	21	26,053,256	25,859,558	28,232,977
Goodwill	22	86,867	86,867	86,867
Other intangible assets	23	303,350	207,068	182,851
Interests in associates	25	9,675,046	6,560,343	6,080,155
Interest in a joint venture	26	440,574	384,325	368,043
Financial assets at fair value through profit or loss ("FVTPL")	27	363,878	244,123	16,898
Contract assets	28	–	1,007,618	686,557
Other receivables and prepayments	31	1,216,289	2,685,000	–
Financial assets held under resale agreements	32	10,000	120,000	–
Deferred tax assets	47	1,617,799	1,589,901	1,256,086
		45,453,364	43,794,561	41,901,963
CURRENT ASSETS				
Inventories		371,714	370,725	333,458
Trade receivables	29	467,892	373,400	335,922
Loans to customers arising from margin financing business	30	19,394,130	15,013,429	8,751,643
Other receivables and prepayments	31	1,379,105	3,132,066	424,830
Dividends receivable		128	2,835	2,005
Derivative financial assets	39	613,718	525,629	6,250
Financial assets at FVTPL	27	45,445,711	29,158,094	22,235,480
Financial assets held under resale agreements	32	7,078,206	7,002,471	8,110,354
Bank balances and clearing settlement fund held on behalf of customers	33	38,392,804	27,090,816	20,141,931
Bank balances, clearing settlement fund, deposits and cash				
– Restricted bank balances and cash	34	132,090	23,986	–
– Time deposits with original maturity over three months	34	413,843	313,600	302,726
– Cash and cash equivalents	34	17,153,977	8,645,085	8,090,694
		130,843,318	91,652,136	68,735,293

At December 31, 2021

	NOTES	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
CURRENT LIABILITIES				
Placements from other financial institutions	35	500,000	400,000	270,000
Accounts payable to customers arising from securities business	36	38,069,350	27,054,052	20,024,356
Trade payables	37	1,387,533	1,098,574	1,536,680
Tax liabilities		1,305,228	1,202,136	537,868
Other taxes payable		916,269	447,898	152,405
Other payables and accruals	38	5,872,066	6,158,797	2,084,549
Contract liabilities		204,214	79,231	15,674
Dividends payable		–	50	1,342
Derivative financial liabilities	39	451,368	497,427	5,565
Bank and other borrowings	40	2,316,307	8,855,320	10,054,271
Short-term financing note payable	41	7,940,702	6,306,716	6,532,990
Bonds payable	42	10,455,661	6,361,764	2,281,229
Convertible bonds	43	–	–	2,793,103
Financial assets sold under repurchase agreements	44	25,250,426	11,525,087	9,017,680
Financial liabilities at FVTPL	45	2,925,391	2,910,725	321,883
Lease liabilities	46	105,699	91,346	70,577
		97,700,214	72,989,123	55,700,172
NET CURRENT ASSETS		33,143,104	18,663,013	13,035,121
TOTAL ASSETS LESS CURRENT LIABILITIES		78,596,468	62,457,574	54,937,084
NON-CURRENT LIABILITIES				
Bank and other borrowings	40	14,427,610	11,119,040	10,626,730
Bonds payable	42	17,193,430	13,706,383	12,892,042
Convertible bonds	43	1,714,662	766	2,687,228
Deferred tax liabilities	47	477,525	386,498	347,331
Lease liabilities	46	360,216	298,894	188,772
		34,173,443	25,511,581	26,742,103
		44,423,025	36,945,993	28,194,981

Consolidated Statement of Financial Position

At December 31, 2021

	NOTES	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
CAPITAL AND RESERVES				
Share capital	48	4,343,115	4,343,115	4,343,115
Reserves		22,807,227	19,267,125	13,463,770
Equity attributable to owners of the Company		27,150,342	23,610,240	17,806,885
Non-controlling interests	49	17,272,683	13,335,753	10,388,096
		44,423,025	36,945,993	28,194,981

The consolidated financial statements on pages 102 to 277 were approved and authorised for issue by the board of directors on March, 24 2022 and are signed on its behalf by:

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

	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 December 31, 2020 (originally stated)	4,343,115	3,355,621	5,392,584	1,712	(24,160)	509	1,541,806	284,982	9,220,290	24,116,459	13,335,753	37,452,212
Adjustments (Note 2)	–	–	–	–	–	–	–	6,352,960	(6,859,179)	(506,219)	–	(506,219)

Consolidated Statement of Changes in Equity (Continued)

For the year ended December 31, 2021

	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, 2020 (originally stated)	4,343,115	3,355,621	5,339,429	1,712	–	1,652	1,541,806	(807,227)	7,817,907	21,594,015	10,388,096	31,982,111
Adjustments (Note 2)	–	–	–	–	–	–	–	2,491,100	(6,278,230)	(3,787,130)	–	(3,787,130)
At January 1, 2020 (restated)	4,343,115	3,355,621	5,339,429	1,712	–	1,652	1,541,806	1,683,873	1,539,677	17,806,885	10,388,096	28,194,981
Profit for the year (restated)	–	–	–	–	–	–	–	–	2,416,395	2,416,395	957,192	3,373,587
Other comprehensive loss for the year	–	–	–	–	(24,160)	(1,143)	–	–	–	(25,303)	(1,206)	(26,509)
Total comprehensive income/(loss) for the year	–	–	–	–	(24,160)	(1,143)	–	–	2,416,395	2,391,092	955,986	3,347,078
Consideration adjustment for acquisition of subsidiaries under common control	–	–	–	–	–	–	–	76,662	–	76,662	–	76,662
Consideration paid for acquisition of subsidiaries under common control (Note 2)	–	–	–	–	–	–	–	(238,140)	–	(238,140)	–	(238,140)
Recognition of the Company's share of the equity change of the investee	–	–	–	–	–	–	–	(12,107)	–	(12,107)	–	(12,107)
Changes due to partial disposal of convertible bond issued by a subsidiary	–	–	–	–	–	–	–	–	–	–	64,214	64,214
Conversion of Convertible Bond 2019 of a subsidiary	–	–	–	–	–	–	–	–	–	–	(464,244)	(464,244)
Redemption of Convertible Bond 2019 of a subsidiary	–	–	–	–	–	–	–	–	–	–	(3,676)	(3,676)
Deemed partial disposal of interest in a subsidiary upon conversion of Convertible Bond 2019	–	–	–	–	–	–	–	1,027,654	–	1,027,654	2,608,993	3,636,647
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(217,944)	(217,944)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	4,328	4,328
Capital injection to a subsidiary acquired-under common control	–	–	–	–	–	–	–	4,100,000	–	4,100,000	–	4,100,000
2019 dividend (Note 17)	–	–	–	–	–	–	(1,541,806)	–	–	(1,541,806)	–	(1,541,806)
Proposed 2020 dividend	–	–	–	–	–	–	1,541,806	–	(1,541,806)	–	–	–
Transfer to reserves	–	–	53,155	–	–	–	–	–	(53,155)	–	–	–
At December 31, 2020 (restated)	4,343,115	3,355,621	5,392,584	1,712	(24,160)	509	1,541,806	6,637,942	2,361,111	23,610,240	13,335,753	36,945,993

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. 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. 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 recognized 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 date 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

For the year ended December 31, 2021

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Profit before tax	8,164,125	4,533,614
Adjustments for:		
Finance costs	1,942,533	2,098,493
Interest income	(119,027)	(56,786)
Foreign exchange (gain)/loss	(136,629)	82,903
Share of profit of associates	(966,075)	(688,029)
Share of profit of a joint venture	(56,249)	(16,282)
Depreciation of property, plant and equipment	508,183	484,050
Amortisation of expressway operating rights	2,550,036	2,360,744
Depreciation of right-of-use assets	92,484	89,640
Amortisation of other intangible assets	67,762	49,787
Impairment losses under expected credit loss model, net of reversal		
– trade receivables and other receivables	(6,817)	12,787
– advance to customers arising from margin financing business	13,157	(972)
– financial assets held under resale agreements	(71,731)	171,315
– contract asset	–	482
Other impairment loss		
– property, plant and equipment	–	12,688
– allowance for write-down of inventories	7,000	15,673
Loss/(gain) on disposal of property, plant and equipment	6,433	(23,848)
Gain on disposal of expressway operating rights	(53,789)	–
Gain on disposal of an associate	(5,521)	–
Loss/(gain) arising from deemed disposal of associates	46,705	(23,904)
Gain on decrease in fair value in respect of derivative component of Convertible Bond	(27,453)	(200,178)

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Operating cash flows before movements in working capital	11,955,127	8,902,177
Increase in inventories	(7,989)	(52,940)
Increase in trade receivables	(93,543)	(39,773)
Decrease/(increase) in contract asset	1,007,618	(321,543)
Increase in loans to customers arising from margin financing business	(4,393,858)	(6,260,814)
Decrease/(increase) in other receivables and prepayments	578,036	(2,729,893)
Increase in financial assets at FVTPL	(16,407,372)	(7,149,839)
Decrease in financial assets held under resale agreements	105,996	816,568
Increase in restricted bank balance	(108,104)	(23,986)
Increase in bank balances and clearing settlement fund held on behalf of customers	(11,301,988)	(6,948,885)
Increase in net derivative financial assets	(134,148)	(27,517)
Increase in placements from other financial institutions	100,000	130,000
Increase in accounts payable to customers arising from securities business	11,015,298	7,029,696
Increase/(decrease) in trade payables	200,264	(420,991)
Increase in other taxes payable	468,371	295,493
Increase in contract liabilities	124,983	63,557
Increase/(decrease) in other payables and accruals	(415,623)	4,278,083
Increase in financial liabilities at FVTPL	14,666	2,588,842
Increase in financial assets sold under repurchase agreements	13,725,339	2,507,407
Cash generated from operations	6,433,073	2,635,642
Income taxes paid	(1,752,542)	(802,971)
Interest paid	(1,857,536)	(1,707,380)
NET CASH FROM OPERATING ACTIVITIES	2,822,995	125,291

Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	NOTE	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
INVESTING ACTIVITIES			
Interest received		114,114	59,021
Dividends received from associates		587,372	370,424
Investment in associates		(73,419)	(196,259)
Proceed from disposal of associates		11,676	–
Withdrawal of investment in associates		51,498	16,813
Prepayment for investment in an associate		–	(2,685,000)
Proceeds on disposal of property, plant and equipment		11,024	59,357
Proceeds on disposal of expressway operating rights		64,902	–
Purchases of property, plant and equipment		(884,599)	(825,130)
Purchases of other intangible assets		(71,429)	(64,187)
Net cashflow on acquisition of a subsidiary	51	(678,986)	–
Net cashflow on disposal of subsidiaries before acquisition		351,648	–
New entrusted loans originated		(180,000)	–
Placement of time deposits		(150,000)	–
Withdrawal of time deposits		249,757	2,726
NET CASH USED IN INVESTING ACTIVITIES		(596,442)	(3,262,235)

	NOTES	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
FINANCING ACTIVITIES			
Dividends paid		(1,533,306)	(1,539,772)
Dividends paid to non-controlling shareholders		(249,065)	(219,235)
New bank and other borrowings raised		25,643,315	13,315,398
Repayment of bank and other borrowings		(30,573,649)	(14,203,954)
New entrusted loans raised		56,173	250,000
Repayment of entrusted loans		(250,000)	(195,000)
New issue of bonds payable, including assets-backed bonds		13,682,282	6,909,772
Repayment of bonds payable		(6,135,700)	(2,045,990)
Proceed from issuance of Convertible Bond		1,810,675	–
Issue costs of Convertible Bond		(6,716)	–
Issue of short-term financing note payable		24,663,840	28,108,020
Repayment of short-term financing note payable		(23,027,100)	(28,336,400)
Repayments of lease liabilities		(100,369)	(78,846)
Disposal of Convertible bonds		–	616,884
Repayment of Convertible bonds		(773)	(2,830,043)
Capital deduction by non-controlling interests in respect of a subsidiary		(493,414)	–
Capital injection by non-controlling interests in respect of a subsidiary		2,801,109	4,328
Acquisition of subsidiaries under common control		–	76,662
Prepayment for acquisition of a subsidiary under common control		–	(238,140)
Capital received from Communications Group		–	4,100,000
NET CASH FROM FINANCING ACTIVITIES		6,287,302	3,693,684
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,513,855	556,740
CASH AND CASH EQUIVALENTS AT JANUARY 1		8,645,085	8,090,694
Effect of foreign exchange rate changes		(4,963)	(2,349)
CASH AND CASH EQUIVALENTS AT DECEMBER 31	34	17,153,977	8,645,085

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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.

All of the H Shares of the Company were admitted to the Official List of the United Kingdom Listing Authority (the "Official List"). Dealings in the H Shares on the London Stock Exchange commenced on May 5, 2000.

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 operation, maintenance and management of high grade roads;

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

(c) the hotel operation, construction service of a high grade road, investment in other financial institutions and other ancillary services.

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

On November 10, 2020, the Company entered into an equity purchase agreement with Communications Group to acquire 100% equity interest in Zhejiang LongLiLiLong Expressway Co., Ltd. ("LongLiLiLong Co") at a cash consideration of Rmb238,140,000. LongLiLiLong Co is principally engaged in the operation and management of toll collection rights of the LongLi Expressway and LiLong Expressway located in Zhejiang Province, the PRC, with a total length of 222.2 kilometers The acquisition has been approved on December 23, 2020 and in January 2021, LongLiLiLong Co then became a wholly owned subsidiary of the Company upon the revision of Articles of Association and modification of business registration.

Since Communications Group is the immediate and ultimate holding company of the Company, the above acquisitions were regarded as business combinations involving entities under common control and were accounted for using AG 5. As a result, the comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended December 31, 2020 and the consolidated statement of financial position as at December 31, 2020 and January 1, 2020 have therefore been restated in order to include the financial performance, assets and liabilities of the combining entities since the date on which they first come under common control.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

The effects of the merger accounting restatement in respect of the acquisition of 100% equity interests in LongLiLiLong Co on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020 are as follows:

	Year ended 12/31/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Revenue	11,942,775	508,759	12,451,534
including: interest income under effective interest method	1,820,534	–	1,820,534
Operating costs	(7,303,651)	(734,816)	(8,038,467)
Gross profit/(loss)	4,639,124	(226,057)	4,413,067
Securities investment gains	1,611,873	–	1,611,873
Other income and gains and losses	410,198	15,121	425,319
Administrative expenses	(140,342)	(7,497)	(147,839)
Other expenses	(181,499)	(9,513)	(191,012)
Impairment losses under expected credit loss model, net of reversal	(183,566)	(46)	(183,612)
Share of profit of associates	688,029	–	688,029
Share of profit of a joint venture	16,282	–	16,282
Finance costs	(1,745,389)	(353,104)	(2,098,493)

	Year ended 12/31/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Profit/(loss) before tax	5,114,710	(581,096)	4,533,614
Income tax expense, credit	(1,160,174)	147	(1,160,027)
	3,954,536	(580,949)	3,373,587
Exchange differences on translation of financial statements of foreign operations	(2,349)	–	(2,349)
Share of other comprehensive loss of an associate, net of related income tax	(24,160)	–	(24,160)
Other comprehensive income for the year, net of income tax	(26,509)	–	(26,509)
	3,928,027	(580,949)	3,347,078
Profit for the year attributable to:			
Owners of the Company	2,997,344	(580,949)	2,416,395
Non-controlling interests	957,192	–	957,192
	3,954,536	(580,949)	3,373,587
Total comprehensive income attributable to:			
Owners of the Company	2,972,041	(580,949)	2,391,092
Non-controlling interests	955,986	–	955,986
	3,928,027	(580,949)	3,347,078
– Basic (Rmb cents)	69.01	(13.37)	55.64
– Diluted (Rmb cents)	68.32	(13.13)	55.19

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

The effects of the merger accounting restatement in respect of the acquisition of 100% equity interest in LongLiLiLong Co on the consolidated statements of financial positions as at January 1, 2020 and December 31, 2020 are as follows:

	Year Ended 01/01/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year Ended 01/01/2020 Rmb'000 (Restated)	Year Ended 12/31/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year Ended 12/31/2020 Rmb'000 (Restated)
NON-CURRENT ASSETS						
Property, plant and equipment	4,280,735	331,763	4,612,498	4,175,373	311,850	4,487,223
Right-of-use assets	379,031	–	379,031	562,535	–	562,535
Expressway operating rights	22,867,446	5,365,531	28,232,977	20,931,505	4,928,053	25,859,558
Goodwill	86,867	–	86,867	86,867	–	86,867
Other intangible assets	182,851	–	182,851	207,068	–	207,068
Interests in associates	6,080,155	–	6,080,155	6,560,343	–	6,560,343
Interest in a joint venture	368,043	–	368,043	384,325	–	384,325
Financial assets at FVTPL	16,898	–	16,898	244,123	–	244,123
Contract asset	686,557	–	686,557	1,007,618	–	1,007,618
Other receivables and prepayments	–	–	–	2,923,140	(238,140)	2,685,000
Financial assets held under resale agreements	–	–	–	120,000	–	120,000
Deferred tax assets	924,602	331,484	1,256,086	1,258,270	331,631	1,589,901
	35,873,185	6,028,778	41,901,963	38,461,167	5,333,394	43,794,561

	Year Ended 01/01/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year Ended 01/01/2020 Rmb'000 (Restated)	Year Ended 12/31/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year Ended 12/31/2020 Rmb'000 (Restated)
CURRENT ASSETS						
Inventories	333,261	197	333,458	370,533	192	370,725
Trade receivables	319,339	16,583	335,922	361,974	11,426	373,400
Loans to customers arising from margin financing business	8,751,643	–	8,751,643	15,013,429	–	15,013,429
Other receivables and prepayments	424,182	648	424,830	3,129,801	2,265	3,132,066
Dividends receivable	2,005	–	2,005	2,835	–	2,835
Derivative financial assets	6,250	–	6,250	525,629	–	525,629
Financial assets at FVTPL	22,235,480	–	22,235,480	29,158,094	–	29,158,094
Financial assets held under resale agreements	8,110,354	–	8,110,354	7,002,471	–	7,002,471
Bank balances and clearing settlement fund held on behalf of customers	20,141,931	–	20,141,931	27,090,816	–	27,090,816
Bank balances, clearing settlement fund, deposits and cash:						
– Restricted bank balances and cash	–	–	–	23,986	–	23,986
– Time deposits with original maturity over three months	302,726	–	302,726	313,600	–	313,600
– Cash and cash equivalents	8,076,598	14,096	8,090,694	8,609,049	36,036	8,645,085
	68,703,769	31,524	68,735,293	91,602,217	49,919	91,652,136

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	Year Ended 01/01/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year Ended 01/01/2020 Rmb'000 (Restated)	Year Ended 12/31/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year Ended 12/31/2020 Rmb'000 (Restated)
CURRENT LIABILITIES						
Placements from other financial institutions	270,000	–	270,000	400,000	–	400,000
Accounts payable to customers arising from securities business	20,024,356	–	20,024,356	27,054,052	–	27,054,052
Trade payables	1,387,856	148,824	1,536,680	974,743	123,831	1,098,574
Tax liabilities	537,868	–	537,868	1,202,136	–	1,202,136
Other taxes payable	149,735	2,670	152,405	441,007	6,891	447,898
Other payables and accruals	2,049,479	35,070	2,084,549	6,105,775	53,022	6,158,797
Contract liabilities	15,674	–	15,674	79,231	–	79,231
Dividends payable	1,342	–	1,342	50	–	50
Derivative financial liabilities	5,565	–	5,565	497,427	–	497,427
Bank and other borrowings	4,598,533	5,455,738	10,054,271	6,348,772	2,506,548	8,855,320
Short-term financing note payable	6,532,990	–	6,532,990	6,306,716	–	6,306,716
Bonds payable	2,281,229	–	2,281,229	6,361,764	–	6,361,764
Convertible bonds	2,793,103	–	2,793,103	–	–	–
Financial assets sold under repurchase agreements	9,017,680	–	9,017,680	11,525,087	–	11,525,087
Financial liabilities at FVTPL	321,883	–	321,883	2,910,725	–	2,910,725
Lease liabilities	70,577	–	70,577	91,346	–	91,346
	50,057,870	5,642,302	55,700,172	70,298,831	2,690,292	72,989,123
NET CURRENT ASSETS (LIABILITIES)	18,645,899	(5,610,778)	13,035,121	21,303,386	(2,640,373)	18,663,013
TOTAL ASSETS LESS CURRENT LIABILITIES	54,519,084	418,000	54,937,084	59,764,553	2,693,021	62,457,574

	Year Ended 01/01/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year Ended 01/01/2020 Rmb'000 (Restated)	Year Ended 12/31/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year Ended 12/31/2020 Rmb'000 (Restated)
NON-CURRENT LIABILITIES						
Bank and other borrowings	6,421,600	4,205,130	10,626,730	7,919,800	3,199,240	11,119,040
Bonds payable	12,892,042	–	12,892,042	13,706,383	–	13,706,383
Convertible Bonds	2,687,228	–	2,687,228	766	–	766
Deferred tax liabilities	347,331	–	347,331	386,498	–	386,498
Lease liabilities	188,772	–	188,772	298,894	–	298,894
	22,536,973	4,205,130	26,742,103	22,312,341	3,199,240	25,511,581
	31,982,111	(3,787,130)	28,194,981	37,452,212	(506,219)	36,945,993
CAPITAL AND RESERVES						
Share capital	4,343,115	–	4,343,115	4,343,115	–	4,343,115
Reserves	17,250,900	(3,787,130)	13,463,770	19,773,344	(506,219)	19,267,125
Equity attributable to owners of the Company	21,594,015	(3,787,130)	17,806,885	24,116,459	(506,219)	23,610,240
Non-controlling interests	10,388,096	–	10,388,096	13,335,753	–	13,335,753
	31,982,111	(3,787,130)	28,194,981	37,452,212	(506,219)	36,945,993

Note: Notes to the consolidated statement of financial position are presented for January 1, 2020 as well if there is merger accounting effect.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

The effects of merger accounting restatement in respect of the acquisition of 100% equity interest in LongLiLiLong Co on the consolidated statements of equity as at January 1 2020 and December 31, 2020 are as follows:

	Year Ended 01/01/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year Ended 01/01/2020 Rmb'000 (Restated)	Year Ended 12/31/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year Ended 12/31/2020 Rmb'000 (Restated)
Share capital	4,343,115	–	4,343,115	4,343,115	–	4,343,115
Share premium	3,355,621	–	3,355,621	3,355,621	–	3,355,621
Statutory reserve	5,339,429	–	5,339,429	5,392,584	–	5,392,584
Capital reserve	1,712	–	1,712	1,712	–	1,712
Investment revaluation reserve	–	–	–	(24,160)	–	(24,160)
Share of differences arising on translation	1,652	–	1,652	509	–	509
Dividend reserve	1,541,806	–	1,541,806	1,541,806	–	1,541,806
Special reserves	(807,227)	2,491,100	1,683,873	284,982	6,352,960	6,637,942
Retained profits	7,817,907	(6,278,230)	1,539,677	9,220,290	(6,859,179)	2,361,111
Non-controlling interests	10,388,096	–	10,388,096	13,335,753	–	13,335,753
Total	31,982,111	(3,787,130)	28,194,981	37,452,212	(506,219)	36,945,993

The effects of merger accounting restatement in respect of the acquisition of 100% equity interest in LongLiLiLong Co on the consolidated cash flows for the year ended December 31, 2020 are as follows:

	Year ended 12/31/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Profit before tax	5,114,710	(581,096)	4,533,614
Adjustments for:			
Finance costs	1,745,389	353,104	2,098,493
Interest income	(55,186)	(1,600)	(56,786)
Depreciation of property, plant and equipment	427,670	56,380	484,050
Amortisation of expressway operating rights	1,915,809	444,935	2,360,744
Impairment losses, net of reversal	12,741	46	12,787
Gain on disposal of property, plant and equipment	(23,725)	(123)	(23,848)
Other operating cash flow adjustments	(506,877)	–	(506,877)
Operating cash flows before movements in working capital	8,630,531	271,646	8,902,177
(Increase)/decrease in inventories	(52,945)	5	(52,940)
(Increase)/decrease in trade receivables	(44,935)	5,162	(39,773)
Increase in other receivables and prepayments	(2,728,225)	(1,668)	(2,729,893)
Decrease in trade payables	(395,978)	(25,013)	(420,991)
Increase in other taxes payable	291,272	4,221	295,493
Increase in other payables and accruals	4,262,292	15,791	4,278,083
Other working capital adjustments	(7,596,514)	–	(7,596,514)
Cash generated from operations	2,365,498	270,144	2,635,642
Income taxes paid	(802,971)	–	(802,971)
Interest paid	(1,352,049)	(355,331)	(1,707,380)
NET CASH FROM OPERATING ACTIVITIES	210,478	(85,187)	125,291

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

The effects of merger accounting restatement in respect of the acquisition of 100% equity interest in LongLiLiLong Co the consolidated cash flows for the year ended December 31, 2020 are as follows: (Continued)

	Year ended 12/31/2020 Rmb'000 (Originally stated)	Merger accounting restatement Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
INVESTING ACTIVITIES			
Interest received	57,421	1,600	59,021
Proceeds on disposal of property, plant and equipment	59,190	167	59,357
Purchases of property, plant and equipment	(783,342)	(41,788)	(825,130)
Other investing cash flows	(2,555,483)	–	(2,555,483)
NET CASH USED IN INVESTING ACTIVITIES	(3,222,214)	(40,021)	(3,262,235)
FINANCING ACTIVITIES			
New bank and other borrowings raised	11,295,398	2,020,000	13,315,398
Repayment of bank and other borrowings	(8,031,102)	(6,172,852)	(14,203,954)
New entrusted loans raised	50,000	200,000	250,000
Capital received from Communications Group	–	4,100,000	4,100,000
Other financing cash flows	232,240	–	232,240
NET CASH FROM FINANCING ACTIVITIES	3,546,536	147,148	3,693,684
NET INCREASE IN CASH AND CASH EQUIVALENTS	534,800	21,940	556,740
CASH AND CASH EQUIVALENTS AT JANUARY 1	8,076,598	14,096	8,090,694
Effect of foreign exchange rate changes	(2,349)	–	(2,349)
CASH AND CASH EQUIVALENTS AT DECEMBER 31	8,609,049	36,036	8,645,085

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 And HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 .

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021) (Continued)

As at 31 December 2021, the Group's outstanding convertible instruments include counterparty conversion options that do not meet equity instruments classification by applying HKAS 32 Financial Instruments: Presentation. The Group classified as current or non-current based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. The host debt component is measured at amortised cost with carrying amount of Rmb1,374,445,000 and the derivative component (including the conversion options) is measured at fair value with carrying amount of Rmb340,217,000 as at 31 December 2021, both of which are classified as non-current as set out in

The consolidated financial statements have been prepared in accordance with HKFRSs 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 by the Hong Kong Companies Ordinance.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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; and
- 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.

Basis of consolidation (Continued)

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.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Basis of consolidation (Continued)

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.

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.

Basis of consolidation (Continued)

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 related 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 HKFRSs).

Business combinations or asset acquisitions

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.

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 bargain purchase gain.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Business combinations or asset acquisitions (Continued)

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.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

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 and HKAS 19 ;

- 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 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.

Business combinations or asset acquisitions (Continued)

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 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 bargain purchase gain.

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.

Merger accounting for business combination involving businesses under common control

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

The net assets of the combining or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain 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 entities or businesses from the earliest date presented or since the date when the combining or 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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.

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 purpose 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 a joint venture

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.

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/joint venture other than profit and 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Investments in associates and a joint venture (Continued)

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.

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.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture is recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Revenue from contracts with customers (Continued)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Revenue from contracts with customers (Continued)

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Revenue from contracts with customers (Continued)

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

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 properties under construction 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.

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 estimate accounted for on a prospective basis.

Property, plant and equipment (Continued)

The estimated useful life and annual depreciation rate (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 signaling 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.

Intangible assets

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 estimate 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 (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Intangible assets (Continued)

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 (see accounting policy in respect of impairment losses on tangible and intangible assets below).

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 assets 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.

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.

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 on 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.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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

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.

Inventories

Inventories include properties held for sale, 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. Cost of properties held for sale includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Costs of other inventories are calculated using the 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.

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 or arising from business combinations on or after the date of initial application 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, modification date or acquisition date, as appropriate. Such

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Lease (Continued)

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 commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

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.

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;

Lease (Continued)

- 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 expense in the period on which the event or condition that triggers the payment occurs.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Lease (Continued)

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.

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.

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 periods.

Lease (Continued)

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.

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

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

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.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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 at 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.

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 expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the 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 remain 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.

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.

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 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of items of income or expense 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.

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. 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 interests in associates and a joint venture, 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 the 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.

Taxation (Continued)

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 rate (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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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.

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 are derived from the Group's ordinary course of business are presented as revenue.

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.

The Group doesn't hold any financial assets which are classified as FVTOCI.

Financial instruments (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 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 are 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. 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Financial instruments (Continued)

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost 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.

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 deposit, bank balances and clearing settlement fund held on behalf of customers, financial assets held under agreements and other receivables), and other items (contract assets) 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. Assessment 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 and contract assets. The ECL on these assets 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.

Financial instruments (Continued)

(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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Financial instruments (Continued)

(i) Significant increase in credit risk (Continued)

Despite the aforegoing, 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.

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 collaterals 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.

Financial instruments (Continued)

(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;

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

(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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Financial instruments (Continued)

(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 and contract assets using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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 lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

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 ECL 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, contract assets and other receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

Financial instruments (Continued)

(v) Measurement and recognition of ECL (Continued)

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.

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 Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, including trade receivables, loans to customers arising from margin financing business, other receivables, financial assets held under resale agreements, contract assets, pledged bank deposit, bank balances and clearing settlement fund held on behalf of customers, and bank balances, clearing settlement fund, deposits and cash where the corresponding adjustment is recognised through a loss allowance account.

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.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Financial instruments (Continued)

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. If qualitative assessment is not conclusive, the Group considers 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 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

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.

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.

Financial instruments are classified as financial liabilities if the instruments include contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

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 instruments (Continued)

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

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

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it 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.

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 (asset or liability) to be designated as at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Financial instruments (Continued)

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 bond, 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 (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 note payable, financial assets sold under repurchase agreements, bonds payable and convertible bond) are subsequently measured at amortised cost, using the effective interest method.

For financial guarantee contracts, the loss allowances are recognised 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 amount of income recognised over the guarantee period.

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 components are recognised at fair value. In subsequent periods, the debt component of the Convertible Bond 2021 and Convertible Bond 2017 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 and 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.

Financial instruments (Continued)

The component parts of the convertible bond are classified separately as 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 derivatives 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 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 reserve. 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Financial instruments (Continued)

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 instruments, in which event the timing of recognition in profit or loss depends on the nature of the hedge relationship.

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.

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 consideration 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.

Financial instruments (Continued)

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

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 payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKFRS 9; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

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 assess 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 per cent different from the discounted present value of the remaining cash flows of the original financial liability. 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 per cent.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Financial instruments (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.

A financial asset and a financial liability are offset and the net amount presented in the consolidate statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized 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.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the Directors has 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.

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 and investment funds 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 in the role of principal.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Key sources of estimation uncertainty (Continued)

Determining whether goodwill is impaired requires an estimation of the recoverable amount use 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. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the (groulows)Tj0.1ree ofTare subje2alculat arisilitwa/TT2 1 toll((groulop[(uni.6 .(are les9the Covi3.5 thendeAty t De

Key sources of estimation uncertainty (Continued)

ECL 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 54 for more details.

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 54 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.

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 54(b) for more details on ECL and Note 54(c) for more details on ECL measurement.

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 54(b) for more details.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Key sources of estimation uncertainty (Continued)

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 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.

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates. The information about the ECL, the Group's trade receivables and contract assets are disclosed in Note 53(b).

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 up 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 flows 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.

(i) Disaggregation of revenue from contracts with customers

Segments	Year ended 12/31/2021 Toll operation Rmb'000	Year ended 12/31/2021 Securities operation Rmb'000	Year ended 12/31/2021 Others Rmb'000	Year ended 12/31/2020 Toll operation Rmb'000 (Restated)	Year ended 12/31/2020 Securities operation Rmb'000	Year ended 12/31/2020 Others Rmb'000 (Restated)
Toll operation	9,607,199	–	–	6,888,345	–	–
Securities operation						
Asset management services	–	380,141	–	–	336,237	–
Securities and futures commission	–	2,691,159	–	–	1,906,241	–
Investment banking services	–	1,084,363	–	–	1,024,328	–
	–	4,155,663	–	–	3,266,806	–
Others						
Hotel operating and catering services	–	–	113,526	–	–	125,336
Construction service	–	–	138,852	–	–	350,513
	–	–	252,378	–	–	475,849
	9,607,199	4,155,663	252,378	6,888,345	3,266,806	475,849
A point in time	9,607,199	4,155,663	113,526	6,888,345	3,266,806	125,336
Over time	–	–	138,852	–	–	350,513
	9,607,199	4,155,663	252,378	6,888,345	3,266,806	475,849

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(i) Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Toll operation	9,607,199	6,888,345
Securities operation	4,155,663	3,266,806
Others	252,378	475,849
Revenue from contracts with customers	14,015,240	10,631,000
Interest under effective interest method	2,247,361	1,820,534
Total revenue	16,262,601	12,451,534

(ii) Performance obligations for contracts with customers

Revenue arising from toll operation is recognised at a point in time when the vehicles exit the toll expressway, of which the Group operates part or all of it.

The revenue from toll operation is based on the toll rates determined by government authorities. It is settled by government agencies on a monthly basis.

In response to the epidemic, the Ministry of Transport of the People's Republic of China announced a toll-free policy that would extend the Spring Festival toll-free period for small passenger vehicles to February 8, 2020 (originally from January 24, 2020 to January 30, 2020), and for all vehicles from February 17, 2020 to May 5, 2020. The epidemic and toll-free policy have significantly impacted the Group's toll revenue for the year ended December 31, 2020.

(ii) Performance obligations for contracts with customers (Continued)

In respect of hotel operation and catering services, the Group recognises the revenue at a point in time when the services are provided.

The Group provides high grade road construction service to a customer. Such service is recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for the construction service based on the stage of completion of the contract using input method.

The Group's construction contract includes payment schedules which require stage payments over the operation period of 10 years after the construction is completed.

A contract asset is recognised over the period in which the construction service is performed representing the Group's right to consideration for the services performed because the right is conditioned on the Group's future performance in completing the construction. The contract asset is transferred to trade receivables when the rights become unconditional. The Group typically transfers contract asset to receivables from government cooperation projects (note 31) when the construction is completed because only at that time, the Group satisfied the right to consideration pursuant to the terms and conditions of the relevant construction contract.

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 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(ii) Performance obligations for contracts with customers (Continued)

Commission and fee income arising from securities brokerage services is recognised at a point in time when the service is provided and performance obligation is satisfied when the brokerage of customers' securities, futures or options contracts dealing is completed. Fees are usually received shortly after the service is provided.

The Group provides financial advisory services to its customers. The Group recognises the revenue at a 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 are completed. Sponsoring and underwriting fees became due when certain milestones are met during the issue process and at completion of the issues. They are usually collected within one month when they become due.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations in respect of the high grade road construction service (unsatisfied or partially unsatisfied) as at December 31, 2021 amounting to nil (2020: Rmb361,266,000). The construction service has been completely rendered in July, 2021 by reference to the progress towards the satisfaction of stage of the completion using the input method.

The transaction price allocated to the remaining performance obligation for sponsorship contracts with customers is not material. Besides, most other contracts with customers have original expected duration of less than one year. Therefore information about the remaining performance obligations is not disclosed.

There is no other unsatisfied or partially unsatisfied remaining performance obligations as at December 31, 2021 and 2020.

As per the supplementary agreement signed by the Group and Deqing County Transportation Bureau, both parties agreed to deduct the land acquisition compensation fee of Rmb304,373,691 from the total project investment. In addition, due to engineering changes, Deqing County Transportation Bureau agreed to increase the project cost by Rmb11,410,000. The impact of this contract modification has been reflected in the revenue for the current year.

Information reported to the General Manager of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Toll operation – the operation and management of high grade roads and the collection of the expressway tolls.

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

(iii) Others – hotel operation, high grade road construction, investment in other financial institutions and other ancillary services.

Segment revenue and results

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

	Toll operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Rmb'000
Revenue – external customers	9,607,199	6,403,024	252,378	16,262,601
Segment profit	3,194,046	2,372,970	723,148	6,290,164

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Segment revenue and results (Continued)

	Toll operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Rmb'000
Revenue – external customers	6,888,345	5,087,340	475,849	12,451,534
Segment profit	1,043,236	1,636,161	694,190	3,373,587

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 5. 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		
	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
Toll operation	41,373,465	35,140,718	34,926,351	(29,592,173)	(25,654,816)	(29,422,644)
Securities operation	125,941,428	91,994,730	67,965,409	(101,422,949)	(72,133,714)	(52,390,763)
Others	8,894,922	8,224,382	7,658,629	(858,535)	(712,174)	(628,868)
Total segment assets (liabilities)	176,209,815	135,359,830	110,550,389	(131,873,657)	(98,500,704)	(82,442,275)
Goodwill	86,867	86,867	86,867	–	–	–
Consolidated assets (liabilities)	176,296,682	135,446,697	110,637,256	(131,873,657)	(98,500,704)	(82,442,275)

Segment assets and segment liabilities represent the assets and liabilities of the subsidiaries operating in the respective reportable and operating segment.

Other segment information

Amounts included in the measure of segment profit/(loss) or segment assets:

	Toll operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Rmb'000
Income tax expense	1,152,881	718,789	2,291	1,873,961
Interest income from financial institutions	118,247	–	780	119,027
Interest expenses	981,865	928,099	32,569	1,942,533
Impairment losses on loan to customers arising from margin financing business, recognised in profit	–	13,157	–	13,157
Impairment losses on trade receivables, net of reversal	32	(955)	(26)	(949)
Impairment losses on contract asset recognised in profit	–	–	–	–
Interests in associates	2,362,130	739,761	6,573,155	9,675,046
Interest in a joint venture	440,574	–	–	440,574
Share of profit of associates	56,667	193,133	716,275	966,075
Share of profit of a joint venture	56,249	–	–	56,249
Net gains arising from financial assets at FVTPL	–	1,819,868	–	1,819,868
Gain on changes in fair value in respect of the derivative component of convertible bond	27,453	–	–	27,453
Additions to non-current assets (Note)	6,409,180	503,291	44,056	6,956,527
Depreciation and amortisation	2,918,751	263,107	36,607	3,218,465

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Other segment information (Continued)

	Toll operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Rmb'000
Income tax expense	606,269	536,250	17,508	1,160,027
Interest income from financial institutions	56,163	–	623	56,786
Interest expenses	1,219,986	855,550	22,957	2,098,493
Impairment losses on loan to customers arising from margin financing business, reversed in profit	–	(972)	–	(972)
Impairment losses on trade receivables, net of reversal	10	2,271	14	2,295
Impairment losses on contract asset recognised in profit	–	–	482	482
Interests in associates	–	549,645	6,010,698	6,560,343
Interest in a joint venture	384,325	–	–	384,325
Share of profit of associates	–	46,363	641,666	688,029
Share of profit of a joint venture	16,282	–	–	16,282
Net gains arising from financial assets at FVTPL	128,853	1,573,746	–	1,702,599
Gain on changes in fair value in respect of the derivative component of convertible bond	200,178	–	–	200,178
Additions to non-current assets (Note)	437,580	457,706	398,779	1,294,065
Depreciation and amortisation	2,705,876	240,791	37,554	2,984,221

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

Revenue from major services

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000
Net gains arising from financial assets at FVTPL	1,819,868	1,702,599
Net gains arising from derivative financial instruments	184,225	166,538
Net losses arising from financial liabilities at FVTPL	(168,530)	(257,264)
	1,835,563	1,611,873

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Interest income from financial institutions	119,027	56,786
Rental income (Note i)	89,441	75,064
Towing income	–	4,303
Gain on changes in fair value in respect of the derivative component of convertible bond	27,453	200,178
Gain on disposal of associates	5,521	–
Exchange gains/(losses), net	231,659	(85,609)
Gains/(losses) on commodity trading, net (Note ii)	43,716	(63,430)
Management fee income	15,524	36,747
Government subsidy	51,155	58,114
(Losses)/gains arising from deemed disposal of associates	(46,705)	23,904
Gain on disposal of assets	73,460	30,436
Others	122,820	88,826
	733,071	425,319

Notes:

(i) Rental income included contingent rent of Rmb1,363,000 (2020: Rmb1,961,000) recognised during the year.

(ii) The income on commodity trading amounted to Rmb9,752,811,000 (2020: Rmb5,292,848,000) with the cost of Rmb9,709,095,000 (2020: Rmb5,356,278,000). The net gains or losses on commodity trading is presented as other income and gains and losses. And the balance of inventories on commodity trading amounted to Rmb369,268,000 (2020: Rmb368,020,000) as of December 31, 2021.

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Impairment losses on financial assets and contract assets (reversed)/ recognized:		
Trade receivables – goods and services	(949)	2,295
Other receivables	(5,868)	10,492
Loans to customers arising from margin financing business	13,157	(972)
Financial assets held under resale agreements	(71,731)	171,315
Contract asset	–	482
	(65,391)	183,612

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Bank and other borrowings	802,508	842,924
Short-term financing note payable	183,939	196,712
Bonds payable	875,273	691,486
Convertible Bonds	57,294	350,863
Lease liabilities	23,519	16,508
	1,942,533	2,098,493

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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

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

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

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Profit before tax	8,164,125	4,533,614
Tax at the PRC EIT rate of 25% (2020: 25%)	2,041,031	1,133,404
Tax effect of share of profit of associates	(241,519)	(172,007)
Tax effect of share of profit of a joint venture	(14,062)	(4,071)
Tax effect of tax losses not recognised	73,392	167,964
Utilisation of unused tax loss previously not recognised	(22,699)	–
Tax effect of expenses not deductible for tax purposes	101,233	88,951
Tax effect of income not subjected to tax purposes	(63,415)	(54,214)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

The emoluments paid or payable to each of the 11 (2020: 12) directors and 6 (2020: 6) supervisors are as follows:

	Yu Zhihong@ Rmb'000	Chen Ninghui@ Rmb'000	Cheng Tao@ Rmb'000 (Note i)	Luo Jianhu@ Rmb'000 (Note ii)	Yuan Yingjie@ Rmb'000 (Note iii)	Dai Benmeng^ Rmb'000 (Note iv)	Yu Qunli^ Rmb'000 (Note v)	Yu Ji^ Rmb'000 (Note i)	Fan Ye^ Rmb'000 (Note vi)	Jin Chaoyang^ Rmb'000 (Note vii)	Huang Jianzhang^ Rmb'000 (Note vii)	Pei Ker-wei* Rmb'000	Lee Wai Tsang* Rmb'000	Chen Bin* Rmb'000	Yao Huiliang# Rmb'000 (Note v)	Zheng Ruchun# Rmb'000 (Note viii)	He Meiyun# Rmb'000	Zhan Huagang# Rmb'000 (Note iv)	Wu Qingwang# Rmb'000	Wang Yubing# Rmb'000	Lu Xinghai# Rmb'000 (Note vii)	Total Rmb'000
Fees																						
Salaries, allowances and benefits in kind	–	506	–	250	280	–	–	–	–	–	–	–	–	–	–	–	9	–	4	–	–	1,049
Bonuses paid and payable	–	543	–	455	70	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,068
Pension scheme contributions	–	33	–	14	19	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	66
Directors' fee	–	–	–	–	–	–	–	–	–	–	–	204	204	82	–	–	–	–	–	–	–	490
Total emoluments	–	1,082	–	719	369	–	–	–	–	–	–	204	204	82	–	–	9	–	4	–	–	2,673
2020																						
Fees																						
Salaries, allowances and benefits in kind	–	351	–	600	–	–	–	–	–	–	–	–	–	–	–	–	6	–	4	–	–	961
Bonuses paid and payable	–	–	–	462	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	462
Pension scheme contributions	–	17	–	30	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	47
Directors' fee	–	–	–	–	–	–	–	–	–	–	–	209	209	83	–	–	–	–	–	–	–	501
Total emoluments	–	368	–	1,092	–	–	–	–	–	–	–	209	209	83	–	–	6	–	4	–	–	1,971

@ 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.

Notes:

(i) Resigned on May 15, 2020.

(ii) Resigned on May 19, 2021.

(iii) Mr. Yuan Yingjie was the non-executive director from February 3, 2020 to May 19, 2021 and was appointed as the executive director on July 1, 2021.

(iv) Resigned on July 1, 2021.

(v) Resigned on February 3, 2020.

(vi) Appointed on May 15, 2020.

(vii) Appointed on July 1,2021.

(viii) Appointed on February 3, 2020.

Bonuses paid to directors and supervisors are performance-rated 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 directors or supervisors 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 both years.

The emoluments paid or payable to each of the other 7 (2020: 10) senior managements are as follows:

	Chen Ninghui Rmb'000 (Note i)	Zhu Yimin Rmb'000 (Note ii)	Wang Dehua Rmb'000 (Note ii)	Zhan Huagang Rmb'000 (Note ii)	Zheng Hui Rmb'000	Zhang Xiuhua Rmb'000	Wang Bingjiong Rmb'000	Li Wei Rmb'000	Wu Xiangyang Rmb'000	Ruan Liya Rmb'000	Ma Ting Rmb'000 (Note iii)	Total Rmb'000
Salaries, allowances and benefits in kind	–	–	–	–	430	430	430	430	430	430	80	2,660
Bonuses paid and payable	–	–	–	–	415	468	415	191	178	232	5	1,904
Pension scheme contributions	–	–	–	–	33	33	33	33	33	33	6	204
	–	–	–	–	878	931	878	654	641	695	91	4,768
Salaries, allowances and benefits in kind	250	425	383	425	510	510	510	85	85	85	–	3,268
Bonuses paid and payable	–	406	388	381	382	407	84	–	–	–	–	2,048
Pension scheme contributions	13	25	23	25	30	30	30	5	5	5	–	191
	263	856	794	831	922	947	624	90	90	90	–	5,507

Notes:

(i) Appointed on January 1, 2020 as Party Secretary of the Company. The emoluments disclosed above include those services rendered by Mr. Chen Ninghui as senior management form January 1, 2020 to May 15, 2020.

(ii) Resigned on November 20, 2020.

(iii) Appointed on September 17, 2021.

Bonuses paid to senior managements are performance-rated and are determined by the board of directors.

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, past senior management during both years. Bonuses are determined by reference to the individual performance of the senior managements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

The emoluments of the five highest paid individuals in the Group are as follows:

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000
Salaries, allowances and benefits in kind	16,595	8,929
Bonuses paid and payable (Note)	67,898	46,831
Pension scheme contributions	419	326
	84,912	56,086

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, 2021 and 2020.

No emoluments nor incentive was waived as an inducement to join the Company and no compensation for loss of office was paid to any 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 (2020: 5) non-director employees.

Their emoluments are within the following bands:

	No. of individuals	
	Year ended 12/31/2021	Year ended 12/31/2020
HK$8,000,001 to HK$8,500,000 (equivalent to Rmb6,540,800 (2020: Rmb6,732,801) to Rmb6,949,600 (2020: Rmb7,153,600))	–	1
HK$13,000,001 to HK$13,500,000 (equivalent to Rmb10,628,800 (2020: Rmb10,940,801) to Rmb11,037,600 (2020: Rmb11,361,600))	–	2
HK$13,500,001 to HK$14,000,000 (equivalent to Rmb11,037,600 (2020: Rmb11,361,601) to Rmb11,446,400 (2020:Rmb11,782,400))	1	1
HK$17,500,001 to HK$18,000,000 (equivalent to Rmb14,308,000 (2020: Rmb14,728,001) to Rmb14,716,800 (2020: Rmb15,148,800))	1	1
HK$21,000,001 to HK$21,500,000 (equivalent to Rmb17,169,600 (2020: Rmb14,728,001) to Rmb17,673,600 (2020: Rmb18,094,400))	1	–
HK$22,500,001 to HK$23,000,000 (equivalent to Rmb18,396,000 (2020: Rmb14,728,001) to Rmb18,936,000 (2020: Rmb19,356,800))	1	–
HK$25,500,001 to HK$26,000,000 (equivalent to Rmb 20,848,800 (2020: Rmb14,728,001) to Rmb21,460,800 (2020: Rmb21,881,600))	1	–

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000
Dividends recognised as distribution during the year: 2020 – Rmb35.5 cents (2020: 2019 – Rmb35.5 cents)	1,541,806	1,541,806

Dividend of Rmb37.5 cents per share in respect of the year ended December 31, 2021 (2020: dividend of Rmb35.5 cents per share in respect of the year ended December 31, 2020) in the total amount of Rmb1,628,668,000 (2020: Rmb1,541,806,000) 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

For the year ended December 31, 2021

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 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Profit for the year attributable to owners of the Company	4,762,431	2,416,395
Earnings for the purpose of basic earnings per share	4,762,431	2,416,395
Effect of dilutive potential ordinary shares arising from convertible bond:		
Interest expense	57,294	256,084
Exchange gain (net of income tax)	(89,348)	(30,625)
Gain on changes in fair value on derivative component	(27,453)	(200,178)
Earnings for the purpose of diluted earnings per share	4,702,924	2,441,676

	Year ended 12/31/2021 '000	Year ended 12/31/2020 '000
Number of ordinary shares for the purpose of basic earnings per share	4,343,115	4,343,115
Effect of dilutive potential ordinary shares arising from convertible bond	245,061	80,969
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,588,176	4,424,084

	Leasehold land and buildings Rmb'000	Hotel Rmb'000	Ancillary facilities Rmb'000	Communication and signaling equipment Rmb'000	Motor vehicles Rmb'000	Machinery and equipment Rmb'000	Construction in progress Rmb'000	Total Rmb'000
COST								
At January 1, 2020 (originally stated)	2,208,039	858,153	1,216,704	1,913,793	156,666	615,042	438,974	7,407,371
Merger accounting restatement	–	–	231,161	767,704	17,848	5,977	–	1,022,690
At January 1, 2020 (restated)	2,208,039	858,153	1,447,865	2,681,497	174,514	621,019	438,974	8,430,061
Additions	50,617	–	98	87,773	17,322	111,856	171,266	438,932
Transfer	95,281	–	–	95,225	–	50,512	(257,465)	(16,447)
Disposals	(32,291)	–	(14,304)	(125,620)	(16,681)	(130,572)	–	(319,468)
At December 31, 2020 (restated)	2,321,646	858,153	1,433,659	2,738,875	175,155	652,815	352,775	8,533,078
Acquired on acquisition of a subsidiary and a business	35,131	–	–	16,406	638	1,635	–	53,810
Additions	30,800	–	4,646	51,965	14,135	111,896	788,393	1,001,835
Transfer	4,187	–	570,851	20,716	(336)	3,271	(600,125)	(1,436)
Disposals	(3,457)	(4,017)	–	(69,744)	(12,458)	(49,795)	(1,376)	(140,847)
At December 31, 2021	2,388,307	854,136	2,009,156	2,758,218	177,134	719,822	539,667	9,446,440
DEPRECIATION AND IMPAIRMENT								
At January 1, 2020 (originally stated)	754,748	170,740	531,911	1,104,437	105,411	459,389	–	3,126,636
Merger accounting restatement	–	–	120,458	556,474	9,890	4,105	–	690,927
At January 1, 2020 (restated)	754,748	170,740	652,369	1,660,911	115,301	463,494	–	3,817,563
Provided for the year	112,346	28,841	54,361	204,130	15,635	68,737	–	484,050
Impairment loss recognised in profit or loss	–	–	12,688	–	–	–	–	12,688
Disposals	(19,770)	–	(7,769)	(100,222)	(16,223)	(124,462)	–	(268,446)
At December 31, 2020 (restated)	847,324	199,581	711,649	1,764,819	114,713	407,769	–	4,045,855
Provided for the year	111,928	28,817	50,870	216,004	14,422	86,142	–	508,183
Transfer	–	–	–	–	(274)	274	–	–
Impairment loss recognised in profit or loss	–	–	–	–	–	–	–	–
Disposals	(3,456)	(806)	–	(67,061)	(11,798)	(44,096)	–	(127,217)
At December 31, 2021	955,796	227,592	762,519	1,913,762	117,063	450,089	–	4,426,821
CARRYING VALUES								
At December 31, 2021	1,432,511	626,544	1,246,637	844,456	60,071	269,733	539,667	5,019,619
At December 31, 2020 (restated)	1,474,322	658,572	722,010	974,056	60,442	245,046	352,775	4,487,223
At January 1, 2020 (restated)	1,453,291	687,413	795,496	1,020,586	59,213	157,525	438,974	4,612,498

The property, plant and equipment are mainly located in the PRC.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	Leasehold lands Rmb'000	Leased properties Rmb'000	Total Rmb'000
COST			
At January 1, 2021	195,741	524,567	720,308
Addition	26,357	170,278	196,635
At December 31, 2021	222,098	694,845	916,943
DEPRECIATION			
At January 1, 2021	11,018	146,755	157,773
Addition	9,428	83,056	92,484
At December 31, 2021	20,446	229,811	250,257
CARRYING VALUES			
At December 31, 2021	201,652	465,034	666,686
At January 1, 2021	184,723	377,812	562,535

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Expense relating to short-term leases	17,321	23,515
Total cash outflow for leases	158,962	105,464

Total cash outflow for leases includes payments of principle and interest portion of lease liabilities, short-term leases and payments of lease payments on or before lease commencement date (including leasehold lands).

The Group leases various offices for its operations. Lease contracts are entered into for term 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 of lease liabilities are disclosed in Note 46 and Note 12, respectively. For the year ended December 31, 2021, 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, 2021, the Group did not enter into any lease that is not yet commenced.

	Rmb'000
COST	
At January 1, 2020 (originally stated)	46,147,065
Merger accounting restatement	10,991,974
At January 1, 2020 (restated)	57,139,039
Transfer (restated)	14,087
Disposals (restated)	(26,762)
At December 31, 2020 (restated)	57,126,364
Acquired on acquisition of a subsidiary	2,782,873
Transfer	–
Disposals	(110,473)
At December 31, 2021	59,798,764
AMORTISATION	
At January 1, 2020 (originally stated)	23,279,619
Merger accounting restatement	5,626,443
At January 1, 2020 (restated)	28,906,062
Charge for the year (restated)	2,360,744
At December 31, 2020 (restated)	31,266,806
Charge for the year	2,550,036
Disposals	(71,334)
At December 31, 2021	33,745,508
CARRYING VALUES	
At December 31, 2021	26,053,256
At December 31, 2020 (restated)	25,859,558
At January 1, 2020 (restated)	28,232,977

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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, Shenjiahuhang 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 were amortised using the straight-line basis over the useful life attributable to the Group.

	Rmb'000
COST AND CARRYING VALUES	
At January 1, 2020, December 31, 2020 and December 31, 2021	86,867

Particulars regarding impairment testing on goodwill are disclosed in Note 24.

	Customer bases Rmb'000	Securities/ futures firm licenses Rmb'000	Trading seats Rmb'000	Software Rmb'000	Total Rmb'000
COST					
At January 1, 2020	101,147	63,083	3,480	278,182	445,892
Additions	–	–	–	64,187	64,187
Transfer	–	–	–	9,817	9,817
At December 31, 2020	101,147	63,083	3,480	352,186	519,896
Acquired on acquisition of a subsidiary and a business	61,910	–	–	570	62,480
Additions	–	–	–	100,495	100,495
Transfer	–	–	–	1,081	1,081
Disposals	–	–	–	(23,077)	(23,077)
At December 31, 2021	163,057	63,083	3,480	431,255	660,875
AMORTISATION					
At January 1, 2020	91,743	–	–	171,298	263,041
Charge for the year	6,266	–	–	43,521	49,787
At December 31, 2020	98,009	–	–	214,819	312,828
Charge for the year	15,516	–	–	52,246	67,762
Disposals	–	–	–	(23,065)	(23,065)
At December 31, 2021	113,525	–	–	244,000	357,525
CARRYING VALUES					
At December 31, 2021	49,532	63,083	3,480	187,255	303,350
At December 31, 2020	3,138	63,083	3,480	137,367	207,068

On January 1, 2021, Zheshang Securities acquired nine branches from China Development Bank Securities Co., Ltd. and thus the customer bases increased. The customer bases of Zheshang Securities and Zheshang Futures Broker Co., Ltd. ("Zheshang Futures") are amortised on a straight-line basis over five years and fifteen years, respectively.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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.

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.

Software are 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 24.

For the purposes of impairment testing, goodwill and other intangible assets with indefinite useful lives set out in Notes 22 and 23 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, 2021 and 2020 allocated to these units are as follows:

	Goodwill		Securities/futures firm licenses		Trading seats	
	12/31/2021 Rmb'000	12/31/2020 Rmb'000	12/31/2021 Rmb'000	12/31/2020 Rmb'000	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Toll operation						
– Zhejiang Jiaxing Expressway Co., Ltd. ("Jiaxing Co")	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

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Jiaxing Co and Shangsan Co

The recoverable amounts of CGUs of Jiaxing Co 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 7 years (2020: 8 years) and 9 years (2020: 10 years) for Jiaxing Co 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 Co's and Shangsan Co's goodwill to exceed their aggregate recoverable amounts.

Zheshang Securities and Zheshang Futures

he 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. Growth rates beyond the five-year period is assumed to be 1% (2020: 1%). Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of Zheshang Securities and Zheshang Futures' goodwill and other intangible assets to exceed their aggregate recoverable amounts.

During the years ended December 31, 2021 and 2020, the management of the Group determines that there are no impairment of any of its CGUs containing goodwill and other intangible assets with indefinite useful lives.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Cost of investment in associates	7,812,133	5,077,941
Share of post-acquisition profit and other comprehensive income, net of dividends received	1,862,913	1,482,402
	9,675,046	6,560,343
Fair value of listed investments (Note)	3,155,301	–

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

At December 31, 2021 and 2020, the Group had interests in the following associates:

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
			12/31/2021 %	12/31/2020 %	
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
Zhejiang Big Data Exchange Center Co., Ltd. (''Zhejiang Big Data'') (Note iv)	Corporate	The PRC	–	19.8	Big data asset transaction
Taiping Science and Technology Insurance Co., Ltd. ("Taiping Insurance") (Note v)	Corporate	The PRC	15	15	Science and technology related insurance

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
			12/31/2021 %	12/31/2020 %	
Pujiang JuJinFengAn Investment Management LP ("FengAn Investment") (Note vi)	Partnership	The PRC	17.86	17.86	Investment management
Zheshang FoF for Industry Transformation and Upgrading LP ("Zheshang FoF") (Note vii)	Partnership	The PRC	24.99	24.99	Investment management and consulting
Shaoxing Shangyu Industry M&A leading LP ("Shaoxing Shangyu") (Note viii)	Partnership	The PRC	–	0.005	Investment management and consulting
Zhejiang Concord Property Investment Co., Ltd. ("Zhejiang Concord Property") (Note ix)	Corporate	The PRC	45	45	Investment and real estate development
Shanghai Rural Commercial Bank Co., Ltd ("SRCB") (Note x)	Corporate	The PRC	4.85	5.36	Commercial banking
Zhejiang Hangning Expressway Co., Ltd. ("Zhejiang Hangning") (Note xi)	Corporate	The PRC	30	–	Expressway
Zheshang Zhongtuo Zheqi Supply Chain Management (Zhejiang) Co., Ltd. ("Zhongtuo Zheqi") (Note xii)	Corporate	The PRC	20	–	Supply Chain Management

All of the above associates are accounted for using the equity method in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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 interest (totalling 50%) in Zheshang Fund. The hammer price reached at Rmb414,000,000 offered by Tonglian Capital Management Co., Ltd. ("Tonglian Capital"), another shareholder of Zheshang Fund which is independent to the Group, and Zheshang Securities will receive a consideration of Rmb207,000,000 accordingly.

As at December 31, 2021, the disposal transaction has not been completed and the refundable deposit of Rmb207,000,000 (2020: Rmb165,600,000) 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 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 Tonglian Capital if the transfer eventually cannot be completed.

(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 was able to exercise significant influence over Yangtze United Financial Leasing because it has the power to appoint one out of eight directors of that company under the provisions stated in the Articles of Association of that company.

(iv) On July 22, 2021, the Zhejiang Zheshang Capital Management Co., Ltd. signed an agreement to transfer the 19.8% equity of Zhejiang Big Data to Hangzhou Anheng Information Technology Co., Ltd. and Adayun Calculation Co., Ltd. at the consideration of RMB21,178,000. The transfer was completed on December 31, 2021.

(v) The Group is able to exercise significant influence over Taiping Insurance because it has the power to appoint one out of eleven directors of that company under the provisions stated in the Articles of Association of that company.

(vi) As general partner and the executive partner of FengAn Investment, the management considers the Group has significant influence over the investees.

Notes: (Continued)

(vii) As 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 recognise share of profit based on the capital account allocation provided by Zheshang FoF.

(viii) On June 30, 2021, the operation period of Shaoxing Shangyu ended and the partnership dissolved.

(ix) The Group is able to exercise significant influence over Zhejiang Concord Property because it has the power to appoint Chief financial officer of Zhejiang Concord Property under the provisions stated in the Articles of Association of that company.

(x) The Group's percentage of entity interest in SRCB decreased from 5.36% to 4.85% due to the net impact of (a) equity dilution from the listing of SRCB on August 19, 2021 and (b) the new acquisition of 1,952,021 shares of SCRB during the year ended December 31, 2021. The Group can still exercise significant influence over SRCB after the dilution.

(xi) On November 10, 2020, the Group and Communications Group jointly signed an agreement that the Group, as the assignee, acquired of the 30% equity of Zhejiang Hangning for at an aggregate consideration of Rmb2,685,000,000. The transaction was completed on January 27, 2021.

(xii) On June 22, 2021, Zhejiang Zheqi Co., Ltd. ((“Zhejiang Zheqi”, an indirect subsidiary of the Company) signed an agreement with Zheshang Development Co., Ltd to set up Zhongtuo Zheqi and invested RMB30,000,000 to hold 20% equity of it. The Group can exercise significant influence over the Zhongtuo Zheqi.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Summarised financial information of material associates

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 HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Zhejiang Hangning

	12/31/2021 Rmb'000
Current assets	745,877
Non-current assets	8,053,523
Current liabilities	(908,000)
Non-current liabilities	(17,634)

	Period from 01/27/2021 to 12/31/2021 Rmb'000
Revenue	1,327,624
Profit from continuing operations	188,889
Profit for the period	188,889
Total comprehensive income for the period	188,889
Dividends received from the associate during the period	379,537

Zhejiang Hangning (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhejiang Hangning recognised in the consolidated financial statements:

	12/31/2021 Rmb'000
Net asset of the associate	7,873,766
Proportion of the Group's ownership interest in Zhejiang Hangning	30.00%
Carrying amount of the Group's interest in Zhejiang Hangning	2,362,130

Zhejiang Communications Finance

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Current assets	16,780,190	11,307,977
Non-current assets	37,331,146	44,414,953
Current liabilities	(46,558,026)	(48,910,080)
Non-current liabilities	(40,138)	–

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000
Revenue	1,936,522	1,998,329
Profit from continuing operations	890,246	636,825
Profit for the year	890,246	636,825
Total comprehensive income for the year	890,246	636,825
Dividends received from the associate during the year	38,137	271,048

The Group's entity interest of Zhejiang Communications Finance decreased from 35% to 20.08% on April 23, 2020 because of the capital injection by Communications Group.

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhejiang Communications Finance recognised in the consolidated financial statements:

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Zhejiang Communications Finance (Continued)

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Net asset of the associate	7,513,172	6,812,850
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	1,508,645	1,368,020

Aggregate information of associates that are not individually material

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000
The Group's share of profit from continuing operations	730,626	531,978
The Group's share of other comprehensive income	43,607	(24,160)
Aggregate carrying amount of the Group's interests in these associates	5,804,271	5,192,323

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Unlisted investment in a joint venture, at cost less impairment	384,325	373,470
Share of post-acquisition gain	56,249	10,855
	440,574	384,325

At December 31, 2021 and 2020, the Group had interest in the following joint venture:

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
			12/31/2021 %	12/31/2020 %	
Zhejiang Shaoxing Shengxin Expressway Co., Ltd. ("Shengxin Co")	Corporate	The PRC	50	50	Management of the Shaoxing section of the Ningbo-Jinhua Expressway

Summarised financial information in respect of the Group's interest in Shengxin Co which is accounted for using the equity method at the end of the reporting period is set out below. This represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs:

Shengxin Co

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Current assets	208,469	135,378
Non-current assets	1,640,425	1,823,733
Current liabilities	(54,571)	(62,823)
Non-current liabilities	(913,176)	(1,127,639)
The above amounts of assets and liabilities include the following: Cash and cash equivalents	207,902	128,395
Current financial liabilities (excluding trade and other payables and provisions)	(1,176)	(1,538)
Non-current financial liabilities (excluding trade and other payables and provisions)	(873,000)	(1,083,000)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000
Revenue	509,756	378,177
Profit for the year	112,499	32,563
Total comprehensive income for the year	112,499	32,563
The above profit for the year includes the following:		
Depreciation and amortisation	(185,853)	(179,928)
Interest income	3,309	2,017
Interest expense	(44,642)	(54,340)
Income tax expense	(37,505)	(10,854)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shengxin Co recognised in the consolidated financial statements:

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Net asset of the joint venture	881,147	768,649
Proportion of the Group's ownership interest in Shengxin Co	50.00%	50.00%
Carrying amount of the Group's interest in Shengxin Co	440,574	384,325

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Financial assets mandatorily measured at FVTPL:		
– Debt securities	35,168,720	21,651,430
– Equity securities (Note i, ii)	3,437,793	1,861,597
– Funds	5,699,301	4,193,745
– Other investments (Note iii)	1,503,775	1,695,445
	45,809,589	29,402,217
Analysed as:		
– Listed (Note iv)	8,487,589	7,187,310
– Unlisted	37,322,000	22,214,907
	45,809,589	29,402,217
Analysed for reporting purposes as:		
Current assets	45,445,711	29,158,094
Non-current assets	363,878	244,123
	45,809,589	29,402,217

Notes:

(i) The restricted shares with a legally enforceable restriction that prevents the Group to dispose of within a specified period amounted to approximately Rmb575,544,000 as at December 31, 2021 (2020: Rmb120,389,000). The fair values of these securities have taken into account the relevant features including the restrictions.

(ii) As at December 31, 2021, the Group has entered into securities lending arrangement with clients that resulted in the transfer of financial assets at fair value through profit or loss with a total fair value of Rmb7,324,331 (2020: Rmb27,363,000) to external clients. Since the arrangement 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 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. The Group has committed to hold its investments in collective asset management schemes that managed by the Group till the end of the investment period.

(iv) Securities and funds traded on the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and other stock exchanges are included in the "Listed" category.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
High grade road construction contract	–	1,009,132
Less: Allowance for contract asset	–	(1,514)
	–	1,007,618

Contract asset, that is not expected to be settled within the Group's normal operating cycle, is classified as current and non-current based on expected settlement dates.

Details of contract asset which impact on the amount of contract asset recognised are disclosed in Note 7.

Since the high grade road construction services rendered to government mentioned in Note 7 has been finished in 2021, receivables from government cooperation projects are transferred from contract assets recognised during the whole construction period to receivables from government cooperation projects in Note 31.

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
Trade receivables			
– contracts with customers	473,691	380,148	340,375
Less: Allowance for credit losses	(5,799)	(6,748)	(4,453)
	467,892	373,400	335,922
Trade receivables (before allowance for credit losses) comprise:			
Fellow subsidiaries	19,996	16,008	13,373
Third parties	453,695	364,140	327,002
	473,691	380,148	340,375

The Group has no credit period granted to its trade customers of toll operation business. The Group's trade receivable balance for toll operation is toll receivables from the respective expressway fee settlement centre of Zhejiang Province and Anhui Province, Transportation Bureau of Linping County of Hangzhou, Transportation Bureau of Yiwu, Transportation Bureau of Linan of Hangzhou, Transportation Bureau of Huzhou, Transportation Bureau of Jiaxing, which are normally settled within 3 months. All of these trade receivables were not past due in both periods.

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

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
Within 3 months	335,308	321,065	307,878
3 months to 1 year	121,753	44,044	17,905
1 to 2 years	7,554	2,972	6,430
Over 2 years	3,277	5,319	3,709
	467,892	373,400	335,922

Movement of allowance for credit losses

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)
At the beginning of the year	6,748	4,453
Impairment recognised for the year	104	2,350
Amount reversed during the year	(1,053)	(55)
At the end of the year	5,799	6,748

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Loans to margin clients	19,407,330	15,013,472
Less: Impairment allowance	(13,200)	(43)
	19,394,130	15,013,429

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

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

As at December 31, 2021, loans to customers under the margin financing and securities lending activities carried out in the PRC were secured by the customers' stock securities and cash collaterals. The undiscounted market value of the stock security collaterals was amounted to Rmb58,393,758,000 (2020: Rmb43,022,132,000). Cash collateral of Rmb2,359,943,000 (2020: Rmb1,920,073,000) received from clients was included in accounts payable to customers arising from securities business in Note 36.

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

The following table shows reconciliation of loss allowances that has 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, 2020	8	2	1,005	1,015
– Transfer to 12m ECL	2	(2)	–	–
– Impairment loss reversed	–	–	(1,005)	(1,005)
– Charged to profit or loss	23	10	–	33
As at December 31, 2020	33	10	–	43
– Transfer to 12m ECL	2	(2)	–	–
– Transfer to credit-impaired	–	(3,178)	3,178	–
– Charged to profit or loss	8,599	4,558	–	13,157
As at December 31, 2021	8,634	1,388	3,178	13,200

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, 2021				
Gross carrying amount	18,894,618	509,534	3,178	19,407,330
As at December 31, 2020				
Gross carrying amount	14,174,263	839,209	–	15,013,472

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Non-Current

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
Entrusted loan	180,000	–	–
Prepayments	–	2,685,000	–
Receivables from government cooperation projects	1,036,289	–	–
	1,216,289	2,685,000	–

Current

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
Prepayments	147,104	296,521	143,618
Trading deposits (Note i)	876,744	2,597,662	157,383
Settlement receivables	–	66,139	1,054
Receivables from government cooperation projects	152,805	–	–
Others	202,452	171,744	122,775
	1,379,105	3,132,066	424,830

Notes:

(i) Trading deposits mainly represent over-the-counter option deposit and equity swap deposit.

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Analysed by collateral type:		
Bonds	4,517,739	3,638,156
Stock securities	2,690,395	3,675,974
	7,208,134	7,314,130
Less: Impairment allowance	(119,928)	(191,659)
	7,088,206	7,122,471
Analysed by market:		
Inter bank market	508,802	323,537
Shanghai/Shenzhen Stock Exchange	6,699,332	6,990,593
	7,208,134	7,314,130
Less: Impairment allowance	(119,928)	(191,659)
	7,088,206	7,122,471
Analysed for reporting purposes as:		
Current assets	7,078,206	7,002,471
Non-current assets	10,000	120,000
	7,088,206	7,122,471

The collaterals include both equity and debt securities listed in the PRC. As at December 31, 2021, the fair value of equity securities and debt securities held as collaterals was Rmb9,460,073,000 (2020: Rmb12,736,012,000) and Rmb4,626,964,000 (2020: Rmb3,819,482,000), respectively.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

The following table shows reconciliation of loss allowances that has 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, 2020	10,580	1,452	8,312	20,344
– Transfer to lifetime-not-credit-impaired	(202)	202	–	–
– Transfer to 12m ECL	140	(140)	–	–
– Charged to profit or loss	664	(1,037)	171,688	171,315
As at December 31, 2020	11,182	477	180,000	191,659
– Transfer to 12m ECL	318	(318)	–	–
– Charged to profit or loss	8,926	2,931	(83,588)	(71,731)
As at December 31, 2021	20,426	3,090	96,412	119,928

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, 2021 Gross carrying amount	7,001,992	109,730	96,412	7,208,134
As at December 31, 2020 Gross carrying amount	6,866,057	268,073	180,000	7,314,130

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 respective customers and other institutions.

Bank balances and clearing settlement fund held on behalf of customers carry interest at market rates which range from 0.3% to 3.40% (2020: 0.3% to 3.35%) 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, 2021	57,912	215,778
As at December 31, 2020	69,082	135,129

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
Time deposits with original maturity over three months	413,843	313,600	302,726
Restricted bank balances and cash (Note)	132,090	23,986	–
Unrestricted bank balances and cash	16,153,110	8,645,085	8,071,873
Time deposits with original maturity of less than three months	1,000,867	–	18,821
Cash and cash equivalents	17,153,977	8,645,085	8,090,694
	17,699,910	8,982,671	8,393,420

Note: The restricted bank deposits include the bank acceptance deposits, fund management risk reserve, collective asset management schemes deposits and margin deposits.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Bank balances carry interest at the average market rate is 0.35% (2020: 0.35%) per annum. Time deposits carry interest at fixed rates ranging from 3.13% to 4.125% (2020: 2.25% to 4.125%) 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, 2021	65,743	1,852,198
As at December 31, 2020	24,389	39,498

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Due to banks	500,000	400,000

As at December 31, 2021, the effective interest rates bearing on the outstanding amount of due to banks vary from 2.22% to 3.33% (December 31, 2020: 2.40% to 3.10%) per annum. The amount of due to banks were repayable within seven days from the end of the reporting period.

The amounts mainly represent money held on behalf of clients at the banks and clearing houses by the Group.

The amounts also include payables for securities/futures business as well as cash collaterals 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 aged analysis is disclosed as in the opinion of the Directors, an aged analysis does not give any additional value in view of the nature of the business.

As at December 31, 2021, Rmb2,359,943,000 (2020: Rmb1,920,073,000) cash collaterals have been received from clients for securities lending or margin financing arrangement, of which under 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, 2021	52,524	209,517
As at December 31, 2020	68,660	132,616

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

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
Within 3 months	875,632	477,619	1,015,097
3 months to 1 year	114,352	104,616	83,490
1 to 2 years	87,079	177,266	103,727
2 to 3 years	62,461	51,046	38,997
Over 3 years	248,009	288,027	295,369
	1,387,533	1,098,574	1,536,680

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
Accrued payroll and welfare	1,441,632	1,207,094	998,219
Advances	41,712	30,544	43,084
Advance payments for settlement from securities business	132,296	4,812	50,153
Advance payment of futures insurance	7,196	15,903	–
Trading deposit and settlement (Note)	2,577,793	3,833,730	199,700
Deposit received for disposal of an associate	207,000	165,600	165,600
Retention payable	120,027	91,824	115,860
Pledge deposit for warehouse receipt	164,438	119,614	94,612
Compensations for highway crossing	58,509	62,617	96,269
Clearing funds payables	372,137	85,998	45,577
Toll collected on behalf of other toll roads	3,866	6,113	7,532
Futures risk reserve	142,853	124,717	111,553
Government subsidies from removal of expressway toll station on provincial borders	93,374	117,009	–
Deferred income	80,628	96,828	60,950
Notes payable	192,400	–	–
Balance payable of share purchase	27,500	–	–
Others	208,705	196,394	95,440
	5,872,066	6,158,797	2,084,549

Note:

Trading deposits mainly represent over-the-counter option deposit and equity swap deposit.

	12/31/2021		
	Nominal Amount Rmb'000	Assets Rmb'000	Liabilities Rmb'000
Equity swap	8,183,477	420,162	239,853
Others (Note)	55,751,856	193,556	211,515
	63,935,333	613,718	451,368

	12/31/2020		
	Nominal Amount Rmb'000	Assets Rmb'000	Liabilities Rmb'000
Equity swap	9,068,830	419,849	389,055
Others (Note)	40,884,898	105,780	108,372
	49,953,728	525,629	497,427

Note:

Others include stock index futures, treasury futures, commodity 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, treasury futures and commodity futures were settled daily. Accordingly, the net position of them in derivative instruments were nil at December 31, 2021 and 2020.

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 were included in "clearing settlement funds" as at December 31, 2021. Accordingly, the net position of the IRS contracts in derivative instruments was nil at December 31, 2021 (2020: nil).

For IRS contracts and commodity futures in mainland China not under the daily mark-to-market and settlement arrangement are presented gross at the end of reporting period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
Loans from banks, secured (Note i)	14,462,553	9,990,518	8,578,997
Loans from banks, unsecured	71,859	3,108,672	386,967
Loans from related parties, secured (Note i)	1,121,317	–	–
Loans from related parties, unsecured (Notes 58(i), 58(ii))	1,088,188	6,875,170	9,711,285
Loans from third parties, guaranteed	–	–	2,003,752
	16,743,917	19,974,360	20,681,001
Carrying amount repayable:			
Within one year	2,316,307	8,855,320	10,054,271
More than one year but not exceeding two years	1,430,830	1,882,500	1,635,700
More than two years but not more than five years	4,020,000	6,512,140	5,627,030
More than five years	8,976,780	2,724,400	3,364,000
	16,743,917	19,974,360	20,681,001
Less: Amounts due within one year	(2,316,307)	(8,855,320)	(10,054,271)
Amounts shown under non-current liabilities	14,427,610	11,119,040	10,626,730
The bank and other borrowings comprise:			
Fixed-rate borrowings	1,160,047	8,562,048	12,459,312
Variable-rate borrowings	15,583,870	11,412,312	8,221,689
	16,743,917	19,974,360	20,681,001

The range of effective interest rates (which are also agreed to contract interest rates) on the Group's borrowings are as follows:

	12/31/2021	12/31/2020	01/01/2020
Effective interest rate:			
Fixed-rate borrowings	3.00%-4.85%	2.05%-5.30%	3.00%-6.223%
Variable-rate borrowings	4.08%-4.70%	0.80%-4.70%	3.915%-4.41%

Note:

i As at December 31, 2021, the Group pledged the following assets for these secured loans from financial institutions: (i) other receivables with an aggregate carrying value of Rmb1,189,094,000 (2020: Rmb1,007,618,000) and (ii) expressway operating rights of Zhoushan Bay Bridge, Shenjiahuhang Expressway, LongLi Expressway and LiLong Expressway, and Zhajiasu Expressway (2020: expressway operating rights of Zhoushan Bay Bridge, Shenjiahuhang Lianhang part and Huzhou part).

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Unsecured:		
Short-term financing bonds	6,526,561	4,518,470
Beneficial certificates	1,414,141	1,788,246
Total	7,940,702	6,306,716

As at December 31, 2021, the short-term financing bonds bears an interest rate at 2.61% to 2.80% (2020: short-term financing bonds bears an interest rate at 3.01% to 3.18%), the yields of all the outstanding beneficial certificates were between 3.00% to 19.00%(2020: 2.90% to 10.65%).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Corporate and subordinated bonds without redemption option (Note i, ii)	21,643,896	16,143,192
Medium-term notes (Note iii)	3,062,374	3,062,374
Asset-backed securities (Note iv)	814,402	862,581
Infrastructure real estate investment trusts (Note v)	2,128,419	–
	27,649,091	20,068,147
Less: Bonds due within 1 year	(10,455,661)	(6,361,764)
Amounts shown under non-current liabilities	17,193,430	13,706,383

Notes:

(i) This balance represented 4 corporate bonds, 9 subordinated bonds and 1 beneficial certificate (2020: 2 corporate bonds and 10 subordinated bonds) due by year 2022 to 2026 (2020: 2021 to 2025) issued by Zheshang Securities, without redemption option, with fixed interest rates ranging from 2.70% to 4.60% (2020: 3.48% to 5.28%) per annum.

(ii) On July 14, 2021, the Group issued the 1.638% Bonds due 2026 in the aggregate principal amount of US$470,000,000. The Bonds will bear interest from and including 14 July 2021 at the rate of 1.638% per annum, payable semi-annually in arrears on 14 January and 14 July in each year.

(iii) This balance represented 2 medium-term notes due by year 2022 issued by the Company with fixed interest rates 3.64% and 3.86% per annum.

(iv) On September 23, 2019, the Group issued asset-backed securities which backed by expressway operating rights and advertisement rights in relation to the Anhui section of Huihang expressway (Anhui section). The asset-backed securities were issued with a financing period of 15 years and carrying coupon rate of 3.7% per annum.

(v) On June 21, 2021, the Group issued infrastructure real estate investment trusts (the "REITs") with the underlying expressway operating rights in relation to the Hangzhou section of Hanghui Expressway. The Group held 51% of the share of the REITs, with an operational period of 20 years. The REITs shall distribute more than 90% of its annual distributable profit to investors in cash at least once a year as per the fund contract.

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 “Stock Exchange”).

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

The Convertible Bond 2021 will, at the option of the holder (the “Bondholders 2021”), be convertible (unless previously redeemed, converted or purchased and cancelled) on or after March 2, 2021 up to January 10, 2026 into fully paid ordinary shares with a par value of Rmb1.00 each at an initial conversion price (the “Conversion Price 2021”) of HK$8.83 per H share and a fixed exchange rate of HK$9.5145 to Euro1.00 (the “Fixed Exchange Rate”). The Conversion Price 2021 is subject to the anti-dilutive adjustments and certain events including mainly: share consolidation, subdivision or re-classification, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities and issues at less than current market price. The latest Conversion Price 2021 was HK$8.32 per H share.

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”).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Convertible Bond 2021 (Continued)

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

(a) at any time after January 20, 2024 but prior to the 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.

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

The Convertible Bond 2021 comprises two components:

(a) Debt component was initially measured at fair value amounted to Euro 183,297,000 (equivalent to Rmb1,443,009,000). It is subsequently measured at amortised cost by applying effective interest rate method after considering the effect of the transaction costs. The effective interest rate used is 4.74%.

(b) Derivative component comprises conversion right of the bondholders, 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.

Convertible Bond 2021 (Continued)

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, 2021 is set out as below:

	Debt component at amortised cost		Derivative components at FVTPL		Total	
	Euro'000	Rmb'000	Euro'000	Rmb'000	Euro'000	Rmb'000
Issuance on January 20, 2021	183,297	1,443,009	46,703	367,666	230,000	1,810,675
Issue cost	(853)	(6,716)	–	–	(853)	(6,716)
Exchange realignment	–	(119,100)	–	–	–	(119,100)
Interest charge	7,930	57,252	–	–	7,930	57,252
Gain on changes in fair value	–	–	421	(27,449)	421	(27,449)
As at December 31, 2021	190,374	1,374,445	47,124	340,217	237,498	1,714,662

No conversion or redemption of the Convertible Bond 2021 has occurred up to December 31, 2021.

The detailed key inputs the valuers use to calculate the fair value of the derivative component refer to Note 54(c).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Analysed as collateral type:		
Bonds	25,250,426	11,525,087
Analysed by market:		
Shanghai/Shenzhen Stock Exchange	6,679,719	4,717,363
Inter-bank market	18,570,707	6,807,724
	25,250,426	11,525,087

As at December 31, 2021 and 2020, 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 proceed received is recognised as financial liability.

As at December 31, 2021 and 2020, the Group enters 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.

The following tables provides a summary of carrying amounts and fair values related to transferred financial assets that are not derecognised in their entirety and the associated liabilities as at December 31, 2021 and December 31, 2020.

	Financial assets at FVTPL Rmb'000
Carrying amount of transferred assets	23,808,367
Carrying amount of associated liabilities	(20,592,937)
Net position	3,215,430
Carrying amount of transferred assets	9,237,292
Carrying amount of associated liabilities	(8,465,134)
Net position	772,158

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Financial liabilities held for trading:		
– Securities	1,057,170	392,573
– Funds	146,017	–
Financial liabilities designated at FVTPL:		
– Financial liabilities arising from consolidation of structured entities (Note)	1,722,204	2,518,152
	2,925,391	2,910,725

Note: Financial liabilities designated at FVTPL arising from consolidation of structured entities represent the third party unit holders' interests in the consolidated structure schemes and funds. Interests in these consolidated structured entities directly held by the Group amounted to fair value of Rmb5,530,042,000 and Rmb2,532,341,000 at December 31, 2021 and 2020, respectively. The total assets of the consolidated structured entities amounted to Rmb8,716,481,000 and Rmb5,485,843,000 at December 31, 2021 and 2020, respectively.

The Group has designated these liabilities as FVTPL, as in the opinion of the management, such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Within one year	105,699	91,346
Within a period of more than one year but no more than two years	89,081	69,920
Within a period of more than two years but no more than five years	197,133	149,055
Within a period of more than five years	74,002	79,919
	465,915	390,240
Less: Amounts due for settlement with 12 months shown under current liabilities	(105,699)	(91,346)
Amount due for settlement after 12 months shown under non-current liabilities	360,216	298,894

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:

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
Deferred tax assets	1,617,799	1,589,901	1,256,086
Deferred tax liabilities	(477,525)	(386,498)	(347,331)
	1,140,274	1,203,403	908,755

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 investments carried at fair value Rmb'000	Difference in tax and accounting depreciation of property plant and equipment and expressway operating rights Rmb'000	Fair value adjustment of long term assets arising from business combination Rmb'000	Temporary differences of accrued expenses and impairment losses and tax losses Rmb'000	Total Rmb'000
At January 1, 2020 (originally stated)	(105,595)	643,089	(174,790)	214,567	577,271
Merger accounting restatement	–	331,484	–	–	331,484
At January 1, 2020 (restated)	(105,595)	974,573	(174,790)	214,567	908,755
Charge (credit) to profit or loss	54,128	(1,274)	14,756	227,038	294,648
At December 31, 2020 (restated)	(51,467)	973,299	(160,034)	441,605	1,203,403
Charge (credit) to profit or loss	(112,075)	(1,748)	13,973	36,221	(63,629)
Transfer in through acquisition of a subsidiary	–	–	–	500	500
At December 31, 2021	(163,542)	971,551	(146,061)	478,326	1,140,274

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

As at December 31, 2021, the Group had unused tax losses of approximately Rmb2,478,153,000 (2020: Rmb2,764,227,000, as restated) for which deferred tax was not recognised due to uncertainty of future taxable income. The amount of unrecognized tax loss expired in 2021 was approximately Rmb485,920,000. The expiry dates of the unrecognised tax losses are listed as below.

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)	01/01/2020 Rmb'000 (Restated)
2020	–	–	880,426
2021	–	516,676	516,676
2022	416,372	416,372	416,372
2023	586,552	626,276	626,276
2024	514,179	535,200	535,200
2025	669,703	669,703	–
2026	291,347	–	–
	2,478,153	2,764,227	2,974,950

	Number of shares 12/31/2020 and 2021 Rmb'000	Share capital 12/31/2020 and 2021 Rmb'000
Registered, issued and fully paid:		
Domestic shares of Rmb1 each	2,909,260	2,909,260
H Shares of Rmb1 each	1,433,855	1,433,855
	4,343,115	4,343,115

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. The H Shares were admitted to the Official List on May 5, 2000 and their dealings on the London Stock Exchange commenced on the same day.

All the domestic shares and H Shares rank pari passu with each other as to dividends and voting rights.

The summarised financial information in respect of the Group's subsidiary that has material non-controlling interests, namely Shangsan Co and its subsidiaries, Linping Co, and Zhajiasu Co (as defined in Note 59) at the end of the reporting period are set out below. The summarised financial information below represents amounts before intragroup elimination.

Shangsan Co and its subsidiaries

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Current assets	126,357,545	91,945,513
Non-current assets	4,262,788	4,006,952
Current liabilities	89,709,890	62,077,238
Non-current liabilities	12,030,520	10,384,191
Equity attributable to owners of the Company	13,304,880	11,405,255
Non-controlling interests	15,575,043	12,085,781
Revenue	7,639,294	6,047,660
Expenses	(4,780,619)	(3,911,060)
Profit for the year Other comprehensive expense for the year	2,858,675 (4,963)	2,136,600 (2,349)
Total comprehensive income for the year	2,853,712	2,134,251
Profit attributable to owner of the Company Profit attributable to non-controlling interests	1,388,075 1,470,600	1,119,114 1,017,486
	2,858,675	2,136,600
Total comprehensive income attributable to owner of the Company Total comprehensive income attributable to non-controlling interests	1,384,421 1,469,291	1,118,097 1,016,154
	2,853,712	2,134,251

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Shangsan Co and its subsidiaries (Continued)

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Dividends paid to non-controlling shareholders	(310,813)	(206,882)
Net cash used in operating activities	(553,914)	(3,956,768)
Net cash used in investing activities	(302,029)	477,457
Net cash from financing activities	5,589,135	4,047,442
Net cash inflow	4,733,192	568,131

Linping Co

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Current assets	586,757	496,619
Non-current assets	629,164	678,686
Current liabilities	90,761	101,687
Non-current liabilities	5,899	6,255
Equity attributable to owners of the Company	570,823	544,355
Non-controlling interests	548,438	523,008
Revenue	207,339	174,239
Expenses	(132,874)	(120,108)
Profit for the year	74,465	54,131
Profit and total comprehensive income		
– attributable to owner of the Company	37,977	27,607
– attributable to non-controlling interests	36,488	26,524
	74,465	54,131
Dividends paid to non-controlling shareholders	(11,058)	(11,058)
Net cash from operating activities	123,562	102,723
Net cash used in investing activities	5,341	(3,105)
Net cash used in financing activities	(22,566)	(23,863)
Net cash inflow	106,337	75,755

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Jiaxing Zhajiasu Expressway Co., Ltd. (“Zhajiasu Co”)

On May 7, 2021, the Group acquired 55% equity interest in Zhajiasu Co at a cash consideration of Rmb771,650,000. Zhajiasu Co is principally engaged in the construction, maintenance and operation management of Zhajiasu Expressway and the sales of building materials such as cement and asphalt. Zhajiasu Co was acquired so as to enhance the Group’s overall performance in the long run.

The Group elected to apply the optional concentration test in accordance with HKFRS 3 “Business Combinations”. The concentration test was met, and the acquisition was determined not to be a business. Such a transaction does not give rise to goodwill or bargain purchase gain.

Assets and liabilities recognised at the date of acquisition

	Rmb’000
Cash and cash equivalents	65,164
Time deposits with original maturity over three months	216,218
Expressway operating rights	2,782,873
Trade and other receivables	374,800
Property, plant and equipment	40,907
Other intangible assets	521
Deferred tax Assets	500
Inventories	310
Bank and other borrowings	(2,017,697)
Tax liabilities	(47,798)
Trade and other payables	(12,798)
	1,403,000
Net identifiable assets attributable to the Group	771,650

Net cash outflows arising on acquisition:

	Rmb’000
Consideration paid in cash	744,150
Less: Cash and cash equivalents	(65,164)
	678,986

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

China Development Bank Securities Co., Ltd. ("CDB Securities")

On January 1 2021, the Group acquired nine branches of China Development Bank Securities Co., Ltd. ("CDB Securities") at a cash consideration of Rmb72,958,000. The acquisition including branches' margin financing business, customer base and other assets except financial assets held under resale agreements business, collaborative customer, transaction seat fees and bank balances of DB Securities. The acquisition targeted to enhance the Group's securities business.

Assets and liabilities recognised at the date of acquisition

	Rmb'000
Property, plant and equipment	12,903
Other intangible assets	61,959
Other receivables and prepayments	1,267,359
Bank balances and clearing settlement fund held on behalf of customers	5,857
Accounts payable to customers arising from securities business	(1,126,249)
Tax liabilities	(4,842)
Other payables and accruals	(144,029)
	72,958

Net cash outflows arising on acquisition:

	Rmb'000
Consideration paid in cash	72,958

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Authorised but not contracted for:		
– Purchase of machinery and equipment	1,897,477	1,395,921
– Acquisition and construction of properties	1,516,880	370,441
Contracted for but not provided:		
– Equity investments	210,000	1,245,000
Total	3,624,357	3,011,362

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

For the year ended December 31, 2021

(a) Categories of financial instruments

(b) Financial risk management objectives and policies (Continued)

The Group is exposed to fair value interest rate risk in relation to loans to customers arising from margin financing business, fixed-rate entrusted loans, 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 note payable, financial assets sold under repurchase from other financial institutions, fixed-rate bank and other borrowings, fixed rate short-term financing note payable, financial assets sold under repurchase agreements, bonds payable, debt component of convertible bonds and financial liabilities at FVTPL (see Notes 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(b) Financial risk management objectives and policies (Continued)

The sensitivity analyses below have 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 (2020: 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 (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2021 would have increased/decreased by Rmb151,908,000 (2020: Rmb91,213,000, as restated). This was mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and clearing settlement fund.

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 date are as follows:

	Assets		Liabilities	
	12/31/2021 Rmb'000	12/31/2020 Rmb'000	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Hong Kong dollar ("HKD")	123,655	93,471	52,524	68,660
United States dollar ("USD")	2,067,976	174,627	3,206,096	132,616
Euro dollar ("EUR") (Note)	–	–	1,714,661	2,808,462

Note: Amount represented both the debt and derivative component of the Convertible Bond 2021 and bank borrowings.

(b) Financial risk management objectives and policies (Continued)

The Group is mainly exposed to USD and EUR relative to Rmb. The following table details the Group's sensitivity to a 10% (2020: 10%) increase and decrease in Rmb against the relevant foreign currencies. 10% (2020: 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% (2020: 10%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where Rmb strengthen 10% (2020: 10%) against the relevant currency. For a 10% (2020: 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. The impact of HKD is not presented, since the outstanding monetary items denominated in HKD is not significant and their impact is immaterial.

	USD impact		EUR impact	
	12/31/2021 Rmb'000	12/31/2020 Rmb'000	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Profit or loss	85,359	(3,151)	128,600	210,635

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.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(b) Financial risk management objectives and policies (Continued)

The sensitivity analyses below have 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% (2020: 5%) higher/lower,

- post-tax profit for the year ended December 31, 2021 would have increased/decreased by Rmb1,717,860,000 as a result of the changes in fair value of financial assets at FVTPL.

- post-tax profit for the year ended December 31, 2020 would have increased/decreased by Rmb1,102,583,000 as a result of the changes in fair value of financial assets at FVTPL.

There is no price risk as at December 31, 2020 due to the redemption of Convertible Bond 2017. The price risk in 2021 came from the derivative component of Convertible Bond 2021.

The exposure to foreign currency exchange rate of the Convertible Bond 2021 had been covered in Note 54(b)(ii) already.

1) Changes in share price

If the share price of the Company had been 10% (2020:10%) 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 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000
Higher by 10%	(88,363)	–
Lower by 10%	67,532	–

(b) Financial risk management objectives and policies (Continued)

2) Changes in volatility

If the volatility to the valuation model had been 10% (2020:10%) higher/lower while all other variables were held constant, the Group's profit for the year would have (decreased)/increased as follows:

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000
Higher by 10%	(21,901)	–

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(b) Financial risk management objectives and policies (Continued)

The Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances arising from toll operation on collective basis and contract asset on individual basis, using life-time ECL under the simplified approach.

The Group has no credit period granted to its trade customers of toll operation. All the Group's trade receivable balances for toll operation and contract asset, 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, 2021 and 2020.

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.

Credit risk from loans to customers arising from margin financing business and financial assets held under resales 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 management authorises professional personnel to examine and approve the credit limit of these businesses, as well as adjust such credit limit in accordance with the regular assessment of the debtor's repayment capacity. Risk management division oversights the collaterals and usage of related credit limit, and initiates margin call if necessary. Once the debtor fail to enhance the collateral to the account, the credit risk will be controlled by liquidating the pledged securities.

(b) Financial risk management objectives and policies (Continued)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(b) Financial risk management objectives and policies (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.

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.

(b) Financial risk management objectives and policies (Continued)

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.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract asset	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 deposit, bank balances and clearing settlement fund held on behalf of customers, financial assets held under agreements and other receivables.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(b) Financial risk management objectives and policies (Continued)

The table below details the credit risk exposures of the Group's financial assets, contract asset and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-months or lifetime ECL	12/31/2021 Gross carrying amount Rmb'000	12/31/2020 Gross carrying amount Rmb'000 (Restated)
Trade receivables (Note i)	29					
– toll operation		N/A	Low risk	Lifetime ECL	138,335	143,342
– securities operation		N/A	Low risk	Lifetime ECL	323,221	207,808
– others		N/A	Low risk	Lifetime ECL	12,135	28,998
Loans to customers arising from margin financing business						
– securities operation	30	N/A	Low risk	12-month ECL	18,894,618	14,174,263
			Doubtful	Lifetime ECL-not credit-impaired	509,534	839,209
			Loss	Lifetime ECL-credit-impaired	3,178	–
Bank balances, clearing settlement fund, deposit and cash	34	AA to AAA	Low risk	12-month ECL	17,699,910	8,982,671
Bank balances and clearing settlement fund held on behalf customers						
– securities operation	33	AA	Low risk	12-month ECL	38,392,804	27,090,816
Financial assets held under resale agreements						
– securities operation	32	N/A	Low risk	12-month ECL	7,001,992	6,866,057
			Doubtful	Lifetime ECL-not credit-impaired	109,730	268,073
			Loss	Lifetime ECL-credit-impaired	96,412	180,000
Other receivables	31	N/A	Low risk	12-month ECL	2,468,229	2,861,382
Contract asset (Note i)						
– high grade road construction service	28	N/A	Low risk	Lifetime ECL	–	1,009,132
Financial guarantee contracts (Note ii)						
– toll operation	57	N/A	Low risk	12-month ECL	437,088	542,269

(b) Financial risk management objectives and policies (Continued)

Notes:

i. During the year ended December 31, 2021, the Group provided ECL on trade receivables and contract asset by Rmb5,799,000 (2020: Rmb6,748,000) and nil (2020: Rmb1,514,000), respectively.

ii. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

As at December 31, 2021, other than the concentration of credit risk on trade receivables and financial guarantee contract amounting to Rmb473,691,000 (2020: Rmb380,148,000), and Rmb437,088,000 (2020: Rmb542,269,000), 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 are also no concentration risks on its margin financing business and financial assets held under resale agreements as at December 31, 2021 and 2020 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.

Most of the bank balances, clearing settlement fund, pledged bank deposits and cash at December 31, 2021 and 2020 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 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

For the year ended December 31, 2021

(b) Financial risk management objectives and policies (Continued)

	Weighted average interest rate %	On demand or less than 3 months Rmb'000	3 months - 1 year Rmb'000	1 - 3 years Rmb'000	3 - 5 years Rmb'000	+5 years Rmb'000	Total undiscounted cash flows Rmb'000	Carrying amount at year end Rmb'000
Accounts payable to customers arising from securities business	–	38,069,350	–	–	–	–	38,069,350	38,069,350
Trade payables	–	1,387,533	–	–	–	–	1,387,533	1,387,533
Other payables	–	581,288	–	–	–	–	581,288	581,288
Bank and other borrowings								
– fixed rate	3.00%-4.85%	15,822	943,158	237,985	–	–	1,196,965	1,160,047
– variable rate	4.08%-4.70%	161,029	1,833,503	2,997,838	4,076,973	9,943,315	19,012,658	15,583,870
Short-term financing note payable	2.95%	4,376,556	3,620,898	–	–	–	7,997,454	7,940,702
Financial assets sold under repurchase agreements	4.40%	25,262,817	–	–	–	–	25,262,817	25,250,426
Placements from other financial institutions	2.57%	500,277	–	–	–	–	500,277	500,000
Bonds payable	3.55%	107,884	10,978,990	9,428,491	6,707,351	3,097,548	30,320,264	27,649,091
Convertible Bonds								
– debt component	4.74%	–	–	–	1,374,445	–	1,374,445	1,374,445
Lease liabilities	3.62%-5.35%	–	109,802	183,044	144,905	96,881	534,632	465,915
Financial guarantee	–	437,088	–	–	–	–	437,088	–
Financial liabilities at fair value through profit or loss	–	1,057,171	1,868,220	–	–	–	2,925,391	2,925,391
		71,956,815	19,354,571	12,847,358	12,303,674	13,137,744	129,600,162	122,888,058

(b) Financial risk management objectives and policies (Continued)

	Weighted average interest rate %	On demand or less than 3 months Rmb'000	3 months - 1 year Rmb'000	1 - 3 years Rmb'000	3 - 5 years Rmb'000	+5 years Rmb'000	Total undiscounted cash flows Rmb'000	Carrying amount at year end Rmb'000
Accounts payable to customers arising from securities business	–	27,054,052	–	–	–	–	27,054,052	27,054,052
Trade payables	–	1,098,574	–	–	–	–	1,098,574	1,098,574
Other payables	–	285,083	–	–	–	–	285,083	285,083
Bank and other borrowings								
– fixed rate	2.05%-5.30%	1,961,073	3,495,416	1,816,451	1,347,871	–	8,620,811	8,562,048
– variable rate	0.80%-4.70%	150,133	3,870,668	2,311,977	3,563,741	3,256,331	13,152,850	11,412,312
Short-term financing note payable	3.17%	5,923,943	409,734	–	–	–	6,333,677	6,306,716
Financial assets sold under repurchase agreements	3.31%	11,567,320	–	–	–	–	11,567,320	11,525,087
Placements from other financial institutions	2.80%	400,291	–	–	–	–	400,291	400,000
Bonds payable	4.24%	–	7,119,623	11,017,499	3,266,760	–	21,403,882	20,068,147
Convertible Bonds								
– debt component	4.60%	–	–	762	–	–	762	762
Lease liabilities	3.61%-5.12%	–	95,114	147,438	107,920	109,778	460,250	390,240
Financial guarantee	–	542,269	–	–	–	–	542,269	–
Financial liabilities at fair value through profit or loss	–	1,962	2,908,763	–	–	–	2,910,725	2,910,725
		48,984,700	17,899,318	15,294,127	8,286,292	3,366,109	93,830,546	90,013,746

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(b) Financial risk management objectives and policies (Continued)

As at December 31, 2021 and 2020, the Group has not entered into any master netting arrangements with counterparties. The collaterals of which, such as financial assets held under resale agreement, 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 FVTPL, etc., are 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 collaterals 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 material impact on the cash flow of the Group.

(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.

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 price. 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 and adjustments of related expenses, contractual terms, 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, comparable company analysis and recent financing price method. Determinations to classify fair value measures 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.

(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	Calculated based on pricing/yield such as price-to earnings (P/E) 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.
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. The key input is historical volatility of the share prices of the securities.	Discount for lack of marketability.	The higher the discount, 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.
Other investments	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.
Interests attributable to other holders of consolidated structured entities	Level 3	Shares of the net value of the structured entities, determined with reference to the net asset value of the structured entities, calculated based on pricing/yield of comparable companies with an adjustment of discount for lack of marketability of underlying investment portfolio.	P/E multiples Discount for lack of marketability.	The higher the multiples, the higher the fair value. The higher the discount, the lower the fair value.
Derivative component of Convertible Bond	Level 3	Binomial option pricing model	Expected volatility (29.49%) 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.
OTC options	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 the volatility of the underlying equity instrument, the higher the fair value

There were no transfer between Level 1 and Level 2 during the year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(c) Fair value measurements of financial instruments (Continued)

	Level 1 Rmb'000	Level 2 Rmb'000	Level 3 Rmb'000	Total Rmb'000
– Equity securities	2,853,872	8,377	575,544	3,437,793
– Funds	278,633	5,420,668	–	5,699,301
– Debt investments	5,007,228	30,026,702	134,790	35,168,720
– Asset management schemes	–	1,234,138	–	1,234,138
– Trust products	–	–	258,437	258,437
– Unlisted equity investments	–	–	11,200	11,200
Sub-total	8,139,733	36,689,885	979,971	45,809,589
	–	494,961	118,757	613,718

	Level 1 Rmb'000	Level 2 Rmb'000	Level 3 Rmb'000	Total Rmb'000
– Securities	1,048,381	8,789	–	1,057,170
– Fund	–	146,017	–	146,017
– Structured entities	–	1,722,186	18	1,722,204
Sub-total	1,048,381	1,876,992	18	2,925,391
	–	–	340,217	340,217
	–	327,692	123,676	451,368

(c) Fair value measurements of financial instruments (Continued)

	Level 1 Rmb'000	Level 2 Rmb'000	Level 3 Rmb'000	Total Rmb'000
– Equity securities	1,550,297	110,588	120,389	1,781,274
– Funds	273,630	3,920,115	–	4,193,745
– Debt investments	4,937,141	16,700,789	13,500	21,651,430
– Asset management schemes and structured deposits	–	1,339,028	–	1,339,028
– Trust products	–	–	356,417	356,417
– Unlisted equity investments	–	–	80,323	80,323
Sub-total	6,761,068	22,070,520	570,629	29,402,217
	–	525,629	–	525,629

	Level 1 Rmb'000	Level 2 Rmb'000	Level 3 Rmb'000	Total Rmb'000
– Securities	390,611	1,962	–	392,573
– Structured entities	–	2,463,779	54,373	2,518,152
Sub-total	390,611	2,465,741	54,373	2,910,725
	–	–	4	4
	–	497,427	–	497,427

The following tables represent the changes in Level 3 financial assets at FVTPL during the years ended December 31, 2021 and 2020, respectively. For the changes in Level 3 derivative component of Convertible Bond 2021 during the year ended December 31, 2021 and 2020, please refer to Note 43.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(c) Fair value measurements of financial instruments (Continued)

	Trust products Rmb'000	Restricted shares Rmb'000	Unlisted equity investments Rmb'000	Debts Rmb'000	Total Rmb'000
At beginning of the year	356,417	120,389	80,323	13,500	570,629
Additions	242,653	196,300	–	225,913	664,866
Disposal	(293,006)	–	(69,123)	–	(362,129)
Changes in fair value changes	(47,627)	258,855	–	(104,623)	106,605

(c) Fair value measurements of financial instruments (Continued)

	As at 12/31/2021		As at 12/31/2020	
	Carrying amount Rmb'000	Fair value Rmb'000	Carrying amount Rmb'000	Fair value Rmb'000
Debt component of Convertible Bond 2017	–	–	762	766
Debt component of Convertible Bond 2021	1,374,445	1,714,661	–	–

The fair value of the debt component of Convertible Bond 2021 as at December 31, 2021 and the debt component of Convertible Bond 2017 as at December 2020 are under level 3 category and was determined by the Directors with reference to the valuation performed by a firm of independent professional valuers. The fair value of the debt component of Convertible Bond 2021 and Convertible Bond 2017 are determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the Convertible Bond 2021 and Convertible Bond 2017 and discount rate that reflected the credit risk of the Company.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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, 2020 (restated)	1,342	11,020,133	15,173,271	5,480,331	259,349	6,532,990	38,467,416
Adjustment	–	9,660,868	–	–	–	–	9,660,868
At January 1, 2020 (restated)	1,342	20,681,001	15,173,271	5,480,331	259,349	6,532,990	48,128,284
Financing cash flows (restated)	(1,759,007)	(833,556)	4,863,782	(2,410,344)	(78,846)	(228,380)	(446,351)
Operating cash flows (restated)	–	(841,778)	(660,392)	(6,669)	(3,103)	(194,606)	(1,706,548)
Non-cash changes							
New lease entered	–	–	–	–	196,332	–	196,332
Fair value adjustment	–	–	–	(200,178)	–	–	(200,178)
Exchange realignment	(2,033)	125,770	–	(40,834)	–	–	82,903
Accrued dividend	1,759,748	–	–	–	–	–	1,759,748
Interest expenses (restated)	–	842,923	691,486	350,863	16,508	196,712	2,098,492
Conversion into shares	–	–	–	(3,172,403)	–	–	(3,172,403)
At December 31, 2020 (restated)	50	19,974,360	20,068,147	766	390,240	6,306,716	46,740,279
At January 1, 2021 (restated)	50	19,974,360	20,068,147	766	390,240	6,306,716	46,740,279
Financing cash flows	(1,782,371)	(5,124,161)	7,546,582	1,803,186	(107,963)	1,636,740	3,972,013
Operating cash flows	–	(834,283)	(824,821)	–	(4,145)	(186,693)	(1,849,942)
Non-cash changes							
Acquisition of a subsidiary	–	2,017,697	–	–	–	–	2,017,697
New lease entered	–	–	–	–	164,264	–	164,264
Fair value adjustment	–	–	–	(27,453)	–	–	(27,453)
Exchange realignment	(8,500)	(92,204)	(16,090)	(119,131)	–	–	(235,925)
Accrued dividend	1,790,821	–	–	–	–	–	1,790,821
Interest expenses	–	802,508	875,273	57,294	23,519	183,939	1,942,533
At December 31, 2021	–	16,743,917	27,649,091	1,714,662	465,915	7,940,702	54,514,287

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 contracted with tenants for the following future minimum lease payments:

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Within one year	76,411	65,855
In the second to fifth year inclusive	208,861	151,147
After five years	152,190	136,165
	437,462	353,167

For certain of the Group's service areas, the rental income are 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 do not include any contingent rent elements.

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
Guarantees given to bank, in respect of a joint venture	437,088	542,269

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 bank borrowings and interest, and accrued off-balance sheet provision in light of the financial guarantee. As at December 31, 2021, the bank borrowings of Shengxin Co and accrued interest amounted to Rmb874,176,000 (2020: Rmb1,084,538,000). The Directors consider that the fair value of the guarantee is insignificant at initial recognition and default by the guaranteed party is not probable, therefore the provision under ECL model for financial guarantee contract is not material as at December 31, 2021 and 2020.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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:

Pursuant to the entrusted loan contracts entered into between the Company and Zhejiang Highway Logistic Company Limited ("Logistic Co"), a wholly-owned subsidiary of the Communications Group, on July 22, 2021. Logistic Co agreed to provide the Company with entrusted loans amounting to Rmb56,172,594 at a fixed interest rate of 3.00% per annum, with maturity date of July 22, 2022.

Pursuant to the entrusted loan contract entered into between the Company and Communications Group on July 1, 2020, Communications group agreed to provide the Company borrowings amounting to Rmb50,000,000 at a fixed interest rate of 2.5% per annum. The loan was repaid on June 29, 2021.

Pursuant to the loan contract entered into between Zhejiang LongLiLiLong Expressway Co., Ltd. ("LongLiLiLong Co") and Communications Group on July 29, 2016, Communications Group agreed to provide LongLiLiLong Co borrowings amounting to Rmb2,724,462,148 at a fixed interest rate of 4.35% per annum. The loan was repaid on August 28, 2020.

Pursuant to the entrusted loan contracts entered into between LongLiLiLong Co and Communications Group on March 13, 2020 and July 1, 2020, Communications Group agreed to provide LongLiLiLong Co borrowings amounting to Rmb50,000,000 and Rmb150,000,000 at fixed interest rates of 3.4% and 2.5%. The loans were repaid on February 5, 2021 and June 29, 2021.

	For the year ended 12/31/2021 Rmb'000	For the year ended 12/31/2020 Rmb'000 (Restated)
Interest expenses incurred	3,414	85,086

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

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 eight toll roads, including Shensuzhewan Expressway, South Line of Qianjiang Channel, Ningbo Yongtaiwen Expressway, Hangning Expressway, Hangrao Expressway, Zhoushan Northward Channel, Jiaxing 320 National Highway and North Line of Qianjiang Channel. According to the agreements, the Company would charge the Communications Group and its subsidiaries management fee on actual cost basis. During this year, a total management fee of Rmb13,599,435 (2020: Rmb8,381,000) has been charged.

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Toll road service area leasing income earned (Note a)	15,602	19,289
Toll road service area management fee paid (Note a)	11,200	9,153
Property leasing income earned	2,348	805
Road maintenance service expenses incurred	535,847	532,974
Construction cost incurred (Note b)	172,415	319,523
System development and maintenance, expressway mechanical and electrical engineering services expenses incurred	8,389	76,149
Toll road related inspection services expense incurred	8,481	10,287
Financial advisory service income earned	3,396	972
Underwriting and sponsor service income earned	17,547	2,693

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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

Notes:

(a) Pursuant to the leasing and operation agreement entered into between Jinhua Co (as defined in Note 59), Zhejiang Hanghui Expressway Co., Ltd. ("Hanghui Co", an indirect subsidiary of the Company), Zhejiang Shenjiahuhang Expressway Co., Ltd. ("Shenjiahuhang Co"), Longlililong Co., Zhejiang Zhoushan Bay Bridge Co., Ltd. ("Zhoushan Co") and Zhejiang Commercial Group Co., Ltd. ("Zhejiang Commercial Group", a fellow subsidiary of Communications Group), the toll road service areas were leased to Zhejiang Communications Group, and Zhejiang Communications Group managed the operation of the service area in respect of the toll road service area. Such businesses began from January 1, 2011, and will be expired at the same time with the operating rights.

(b) In 2018, Deqing County De'an Highway Construction Co., Ltd. ("Deqing Co") and Zhoushan Co, entered into construction agreements with Zhejiang Hongtu Transportation Construction Co., Ltd. ("Zhejiang Hongtu") and Zhejiang Hangzhou-Ningbo Alternative Line Phase I Expressway Co., Ltd. ("Zhejiang HNAL Co"), respectively. Pursuant to the contracts, high grade road and expressway construction services will be provided to Deqing Co and Zhoushan Co. Zhejiang Hongtu is the non-controlling shareholder of Deqing Co and is also a non-wholly owned subsidiary of Communications Group, Zhejiang HNAL Co is a non-wholly owned subsidiary of Communications Group.

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.

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)
Other receivables	198,361	20,659
Trade payables	260,768	349,684
Other payables	148,203	339,643

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

During the year, Zheshang Securities Asset Management Co., Ltd. ("Asset Management", an indirect subsidiary of the Company) sold 59,666,928 units (2020: 345,000,000 units) (equivalent to Rmb91,682,100 (2020: Rmb345,000,000)) of the asset management schemes to Zhejiang Zheshang Financial Holdings, Co., Ltd. ("Zheshang Financial Holdings"), Management fee income of Rmb707,121(2020: Rmb320,471) was earned.

During the year, Asset Management sold 80,000,000 units (2020: nil) (equivalent to Rmb80,000,000 (2020: nil)) of the asset management schemes to Zheshang Property and Casualty Insurance Company Limited. Management fee income of Rmb789,213 (2020: nil) was earned.

During the year, Zhejiang Zheqi carried out derivatives contract business with Zheshang Financial Holdings, and the investment loss was Rmb8,821,528 (2020: nil) in total.

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

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

(ii) Transactions and balances with associates and other related parties

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(ii) Transactions and balances with associates and other related parties (Continued)

During the year, Zhejiang Communications Finance provided the Company with short-term loans with a total principal amount of Rmb3,800,000,000 (2020: Rmb2,760,000,000) at fixed interest rates of 3.60% per annum. During the year, a total amount of Rmb5,300,000,000 were repaid (2020: Rmb1,800,000,000).

During the year, Zhejiang Communications Finance provided Shangsan Co with a short-term loan with a principal amount of Rmb200,000,000 (2020: nil) and fixed rate of 3.6000% per annum. During the year, principal amount of the short-term loan Rmb200,000,000 was repaid.

During the year, Zhejiang Communications Finance provided Hanghui Co with short-term loans with an aggregated principal amount of Rmb500,000,000 (2020: Rmb560,000,000) and fixed interest rate of 3.85% per annum (2020: fixed interest rate of 3.85% per annum). The principal amount of short-term loans Rmb500,000,000 were repaid during the year (2020: Rmb670,000,000).

During the year, Zhejiang Communications Finance provided Zhoushan Co with short-term loans with an aggregated principal amount of Rmb160,000,000 (2020: Rmb320,000,000) and fixed rate of 3.82% per annum (2020: 3.82% and 4.1325%). During the year, principal amount of short-term loans Rmb430,000,000 were repaid (2020: Rmb688,000,000).

During the year, Zhoushan Co has repaid long-term loans with an aggregated principal amount of Rmb1,527,000,000 to Zhejiang Communications Finance.

During the year, Zhejiang Communications Finance provided Shenjiahuhang Co with short-term loans with an aggregated principal amount of Rmb400,000,000 (2020: nil) and fixed rate of 3.82% and 3.85% per annum. During the year, principal amount of short-term loans Rmb400,000,000 were repaid.

During the year, principal amount of a long-term loan of Rmb765,000,000 provided by Zhejiang Communications Finance to Shenjiahuhang Co was repaid (2020: Rmb420,000,000).

(ii) Transactions and balances with associates and other related parties (Continued)

During the year, Zhejiang Communications Finance provided LongLiLiLong Co with short-term loans with an aggregated principal amount of Rmb540,000,000 (2020: Rmb1,500,000,000) and fixed rate of 4.13% per annum (2020: 4.21%). During the year, principal amount of short-term loans Rmb1,810,000,000 were repaid (2020: Rmb2,025,000,000).

During the year, Zhejiang Communications Finance provided LongLiLiLong Co with long-term loans with an aggregated principal amount of Rmb2,447,000,000 (2020: nil) and fixed rate of 4.13% per annum (2020: 4.21%). During the year, principal amount of long-term loans Rmb1,582,096,000 were repaid (2020: Rmb10,000,000).

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)
Outstanding loan payable balances:		
repayable within one year	904,780	3,828,157
1 to 5 years	625,280	2,797,000
over 5 years	622,510	–
	2,152,570	6,625,157

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(ii) Transactions and balances with associates and other related parties (Continued)

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Interest expenses incurred	175,206	283,383

	12/31/2021 Rmb'000	12/31/2020 Rmb'000 (Restated)
Bank balances and cash		
– Cash and cash equivalents	2,460,550	1,825,676

	Year ended 12/31/2021 Rmb'000	Year ended 12/31/2020 Rmb'000 (Restated)
Interest income earned	36,463	31,922

(ii) Transactions and balances with associates and other related parties (Continued)

During the year, Asset Management sold 1,043,682,551 units (2020: 1,265,000,000 units) (equivalent to Rmb1,076,889,988 (2020: Rmb1,265,000,000)) of the asset management schemes to Zhejiang Communications Finance. Management fee income of Rmb2,948,118 (2020: Rmb2,426,686) was earned.

During the year, Zhejiang Zheqi purchased and sold commodities of Rmb56,794,907 (2020: Rmb82,057,085) and Rmb266,238,356 (2020: Rmb31,564,016) respectively from and to Zheshang Development Group, to operate commodity trading business.

As at December 31, 2021, Zhejiang Zheqi received deposits of Rmb67,153,629 (2020: Rmb49,278,424) from Zheshang Development Group.

During the year, Zhejiang Zheqi carried out derivatives contract business with Zheshang Development Group, and the investment gains was Rmb2,730,745 (2020: losses Rmb75,414,317) in total.

According to the entrusted loan contract signed between Zhajiasu Co and China Merchants Expressway on July 27, 2021, Zhajiasu Co provides an entrusted loan of Rmb180,000,000 at a fixed rate of 2.75% per annum. Interest income during the period was Rmb1,557,000.

(iii) Key management emoluments

The remuneration of the Directors, supervisors and key management personnel during the year was Rmb7,441,000 (2020: Rmb7,478,000) including retirement benefit scheme contribution of Rmb270,000 (2020: Rmb238,000) which is determined by the performance of the individuals and the market trends.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

59.1 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		
			12/31/2021 %	12/31/2020 % (Restated)	12/31/2021 %	12/31/2020 % (Restated)	
Zhejiang Linping Expressway Co., Ltd. ("Linping Co")	Note 1	75,223,000	51	51	–	–	Management of the Linping Section of the Shanghai-Hangzhou Expressway
Jiaxing Co	Note 2	359,200,000	100	99.9995	–	–	Management of the Jiaxing Section of the Shanghai-Hangzhou Expressway
Shangsan Co	Note 3	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 4	8,000,000	100	100	–	–	Provision of vehicle towing, repair and emergency rescue services
Zheshang Securities	Note 5	3,614,044,514	–	–	*40.3387	*43.2868	Operation of securities business
Zheshang Futures	Note 6	1,000,000,000	–	–	**40.3387	**43.2868	Operation of securities business
Zheshang Capital Management	Note 7	500,000,000	–	–	**40.3387	**43.2868	Operation of securities business
Asset Management	Note 8	1,200,000,000	–	–	**40.3387	**43.2868	Provision of asset management service
Ningbo Dongfang Jujin Investment Management Co., Ltd ("Dongfang Jujin")	Note 9 securi8 Tw 6.951 0 Td[3						

59.1 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 Direct 12/31/2021 %	Direct 12/31/2020 % (Restated)	Indirect 12/31/2021 %	Indirect 12/31/2020 % (Restated)	Principal activities
Huihang Co	Note 15	580,000,000	100	100	–	–	Management of the Anhui Section of the Hangzhou-Ruili Expressway
Deqing Co	Note 16	320,000,000	80.1	80.1	–	–	Construction and management
Shenjiahuhang Co	Note 17	1,720,000,000	100	100	–	–	Management of the Huzhou Section of the Huzhou-Lianhang Expressway
Zhoushan Co	Note 18	4,114,690,000	–	–	51	51	Management of the Zhoushan Bay Bridge
Zhejiang Grand Hotel	Note 19	306,662,167	100	100	–	–	Operation of hotel
Zheshang Securities Investment Co., Ltd. ***	Note 20	1,000,000,000	–	–	**40.3387	**43.2868	Provision of investment management and advisory and private equity investments
LongLiLiLong Co	Note 21	8,519,856,565	100	100	–	–	Management of the LongLi Expressway and LiLong Expressway
Zhajiasu Co	Note 22	300,000,000	55	–	–	–	Management of the Zhajiasu Expressway
Zheshang International Asset Management Limited ("Zheshang International Asset Management")	Note 23	HKD10,000,000	–	–	**40.3387	–	Provision of the asset management service

* The 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 has 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 resulted 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.

** 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 English translated name is for identification only.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

59.1 General information of subsidiaries (Continued)

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. has been renamed to Zhejiang Linping Expressway Co., Ltd. in 2021.

Note 2: Jiaxing Co was established on June 30, 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 29, 1996. With reference to Note 62, LongLiLiLong Co absorbed Jiaxing Co subsequent to the reporting period, the Company acquired the minority shares on September 2, 2021 in order to complete the absorption.

Note 3: Shangsan Co was established on January 1, 1998 in the PRC as a limited liability company.

Note 4: Towing Co was established on July 31, 2003 in the PRC as a limited liability company.

Note 5: Zheshang Securities was established on May 9, 2002 in the PRC as a limited liability company. The Group's equity interest of Zheshang Securities 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.

Note 6: Zheshang Futures was established on September 7, 1995 in the PRC as a limited liability company.

Note 7: Zheshang Capital Management was established on February 9, 2012 in the PRC as a limited liability company.

Note 8: Asset Management was established on July 22, 2013 in the PRC as a limited liability company.

Note 9: Dongfang Jujin was established on March 25, 2014 in the PRC as a limited liability company.

Note 10: 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 11: Jinhua Co was established in February 2002 in the PRC as a limited liability company. Jinhua Co became a wholly owned subsidiary and directly held by the Company during the year ended December 31, 2013.

59.1 General information of subsidiaries (Continued)

Note 12: 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 and 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 has 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 restructure. During the restructure in light of the issuance of REITs, the Group's equity share decreased from 88.674% to 51% and thus didn't lose control over Hanghui Co. The equity transaction as a result of the restructure was accounted for under special reserves.

Note 13: Jujin Jiawei was established on April 15, 2015 in the PRC as a limited partnership. Pursuant to the partnership agreement, Dongfang Jujin is a general partner, while Zheshang Capital Management and other three individuals are limited partners of the partnership. The Directors consider that the Group has the practical ability to direct the relevant activities of Jujin Jiawei unilaterally, and it is therefore classified as a subsidiary of the Group.

Note 14: 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 15: 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 and directly held by the Company as at December 31, 2016.

Note 16: Deqing Co was established on April 12, 2018 in the PRC as a limited liability company. The registered capital of Deqing Co has been 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 17: Shenjiahuhang Expressway was established on July 13, 2018 in the PRC as a limited liability company and was acquired from Communications Group.

Note 18: Zhoushan Co was established on as a limited liability company. On July, 2018, Shenjiahuhang Expressway entered into an equity purchase agreement with Zhejiang Communications Investment Group Co., Ltd. to acquire 51% equity interest in Zhoushan Co.

Note 19: 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 100% equity interest in Zhejiang Grand Hotel at a cash consideration of Rmb1,010,144,600. The consideration was adjusted in the current year, and the Group received an amount of Rmb76,662,000 from Communications Group.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

59.1 General information of subsidiaries (Continued)

Note 20: Zheshang Securities Investment Co., Ltd. was established on November 26, 2019 in the PRC as a limited liability company.

Note 21: LongLiLiLong Co is a limited liability company established in the PRC on April 8, 2005, and was acquired from Communications Group.

Note 22: 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 23: Zheshang International Asset Management is a limited liability company established in Hong Kong on November 15, 2021. Up to December 31,2021, the subscription has not been completed.

Except that Zheshang International Financial Holding Co., Limited is operating in Hong Kong, all of the Company's other subsidiaries are operating in Mainland China. As at December 31, 2021, Zheshang Securities has issued subordinated bonds, corporate bonds, short-term financing bonds and beneficial certificates at the total principal amount of Rmb9,900,000,000, Rmb7,500,000,000, Rmb6,500,000,000 and Rmb2,408,360,000 (2020: Rmb12,459,771,800, Rmb2,000,000,000, Rmb4,500,000,000 and Rmb1,771,620,000), respectively.

59.2 Change in ownership interest in a subsidiary

During the year, Zheshang Securities launched non-public offering of A shares with the issuance number of 264,124,281 shares and the offering price of Rmb10.62 per share. The non-public offering was completed on May 20, 2021. After the completion, the Group's indirect percentage of equity interest in Zheshang Securities decreased to 40.3387% (2020: 43.2868%).

An amount of Rmb2,259,405,386.91 has been transferred to non-controlling interests. The difference of Rmb541,703,794.03 between the increase in the non-controlling interests and the raised funds received has been credited to special reserves.

The Group held interests as investor or acted as investment manager of structured entities (including collective asset management schemes and investment funds), therefore had power over them during the years ended December 31, 2021 and 2020. 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 and investment funds in which the Group has interests or acted as investment 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 the Group amounted to Rmb117,599,057,000 and Rmb140,322,176,000 as at December 31, 2021 and 2020, respectively. Relevant management fee has been included in asset management services revenue as disclosed in Note 7.

The Group classified the investments in unconsolidated funds and asset management schemes as financial assets at FVTPL. As at December 31, 2021 and 2020, the carrying amounts of the Group's interests in unconsolidated funds and asset management schemes are Rmb7,203,077,000 and Rmb5,809,513,000, respectively.

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
NON-CURRENT ASSETS		
Property, plant and equipment	738,656	679,244
Right-of-use assets	13,951	14,545
Expressway operating rights	1,796,828	2,156,204
Other receivables and prepayments	–	2,923,140
Other intangible assets	10,987	12,973
Interests in subsidiaries	13,045,033	13,000,212
Interests in associates	7,652,999	4,931,954
Interest in a joint venture	373,470	373,470
	23,631,924	24,091,742
CURRENT ASSETS		
Trade receivables	40,955	27,947
Other receivables and prepayments	397,421	88,350
Amount due from subsidiaries	2,517,648	3,098,317
Dividends receivable	1,515,301	1,673,070
Bank balances and cash		
– Cash and cash equivalents	3,420,154	1,316,079
	7,891,479	6,203,763

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	12/31/2021 Rmb'000	12/31/2020 Rmb'000
CURRENT LIABILITIES		
Trade payables	181,843	104,208
Tax liabilities	407,792	231,672
Other taxes payable	21,551	24,568
Other payables and accruals	1,638,352	223,850
Amount due to subsidiaries	2,933,811	5,516,082
Bonds payable	3,084,871	62,374
Bank and other borrowings	57,120	4,585,267
	8,325,340	10,748,021
NET CURRENT LIABILITIES	(433,861)	(4,544,258)
TOTAL ASSETS LESS CURRENT LIABILITIES	23,198,063	19,547,484
NON-CURRENT LIABILITIES		
Bonds payable	2,990,762	3,000,000
Convertible Bond	1,714,662	766
Bank and other borrowings	220,000	–
Deferred tax liabilities	80,561	70,867
	5,005,985	3,071,633
	18,192,078	16,475,851
CAPITAL AND RESERVES		
Share capital	4,343,115	4,343,115
Reserves	13,848,963	12,132,736
	18,192,078	16,475,851

Movement of share capital and reserve of the Company was 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, 2020	4,343,115	3,645,726	2,364,430	–	1,541,806	18,666	3,804,325	15,718,068
Profit for the year	–	–	–	–	–	–	2,259,194	2,259,194
Other comprehensive expense for the year	–	–	–	(24,160)	–	–	–	(24,160)
Total comprehensive (expense) income for the year	–	–	–	(24,160)	–	–	2,259,194	2,235,034
Consideration paid for acquisition of subsidiaries under common control	–	–	–	–	–	76,662	–	76,662
Recognition of the Company's share of the equity change of the investee	–	–	–	–	–	(12,107)	–	(12,107)
2019 dividend	–	–	–	–	(1,541,806)	–	–	(1,541,806)
Proposed dividend	–	–	–	–	1,541,806	–	(1,541,806)	–
At December 31, 2020	4,343,115	3,645,726	2,364,430	(24,160)	1,541,806	83,221	4,521,713	16,475,851
Profit for the year	–	–	–	–	–	–	3,452,588	3,452,588
Other comprehensive income for the year	–	–	–	43,607	–	–	–	43,607
Total comprehensive income for the year	–	–	–	43,607	–	–	3,452,588	3,496,195
Consideration paid for acquisition of subsidiaries under common control	–	–	–	–	–	(11,797)	(226,343)	(238,140)
Acquisition of minority interests of a subsidiary	–	–	–	–	–	(42)	–	(42)
2020 dividend	–	–	–	–	(1,541,806)	–	–	(1,541,806)
Proposed dividend	–	–	–	–	1,628,668	–	(1,628,668)	–
At December 31, 2021	4,343,115	3,645,726	2,364,430	19,447	1,628,668	71,382	6,119,290	18,192,058

LongLiLiLong Co held shareholders' meeting on January 20, 2022, it is resolved to absorb Jiaxing Co. After the absorption, LongLiLiLong Co's capital was Rmb8,519,000,000 and wholly owned by the Company. As at January 20, 2022, the business registration was modified and Jiaxing Co was dissolved.

Deloitte. 德勤

浙江滬杭甬高速公路股份有限公司

(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 102 to 277, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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") 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

We identified the determination of consolidation scope of structured entities, which invested by the Group's securities operation segment (defined in Note 8), as a key audit matter due to significant judgement applied by management in determining whether a structured entity is required to be consolidated by the Group and the significance of these balances to the Group's consolidated financial statements as a whole.

The Group held interests as investor or acted as investment manager in various structured entities including collective asset management schemes, investment funds and limited partnership enterprises. As disclosed in Note 6 to the consolidated financial statements, to determine whether a structured entity should be consolidated, the management applied significant judgement in determining whether the Group has power over the structured entities, and assess whether the combination of investments it held together with its remuneration and credit enhancement 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 the Group controlled the structured entities.

As disclosed in Notes 45 and 60 to the consolidated financial statements, as at December 31, 2021, the total assets of the consolidated structured entities amounted to Rmb8,716,481 thousands and the total assets of the unconsolidated structured entities managed by the Group amounted to Rmb117,599,057 thousands, respectively.

Our procedures in relation to the 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 the 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 proportion of ownership interests or contractual terms during the year;

- Assessing management judgement in determining the scope for consolidation and, on a sample basis, assessing the conclusion about whether a structured entity should be consolidated or not.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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.

Responsibilities of Directors and Those Charged with Governance 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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.

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 judgment 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 of the Company.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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 the independent auditor's report is Ma Hing Fai.

(Registered as a Third Country Auditor with The UK Financial Reporting Council)
Shanghai, China
March 24, 2022

Corporate Information

YU Zhihong

CHEN Ninghui
YUAN Yingjie

LUO Jianhu

NON-EXECUTIVE DIRECTORS
JIN Chaoyang
DAI Benmeng
FAN Ye
HUANG Jianzhang

PEI Ker-Wei
LEE Wai Tsang, Rosa
CHEN Bin

ZHENG Ruchun
HE Meiyun
WU Qingwang
LU Xinghai
ZHAN Huagang
WANG Yubing

Tony ZHENG

YU Zhihong
YUAN Yingjie
LUO Jianhu

12/F, Block A, Dragon Century Plaza
1 Hangda Road
Hangzhou City, Zhejiang Province
PRC 310007
Tel : 86-571-8798 5588
Fax: 86-571-8798 5599

5/F, No. 2, Mingzhu International Business Center
199 Wuxing Road
Hangzhou City
Zhejiang Province
PRC 310020
Tel : 86-571-8798 5588
Fax: 86-571-8798 5599

As to Hong Kong law:
Ashurst Hong Kong
11/F, Jardine House
1 Connaught Place
Central, Hong Kong

As to English law:
Ashurst LLP
London Fruit & Wool Exchange
1 Duval Square
London E1 6PW
United Kingdom

Corporate Information

As to PRC law:
T & C Law Firm
11/F, Block A, Dragon Century Plaza
1 Hangda Road
Hangzhou City, Zhejiang Province
PRC 310007

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

Christensen China Limited
16/F, Methodist House
36 Hennessy Road, Wanchai
Hong Kong
Tel : 852-2117 0861
Fax: 852-2117 0869

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

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

The Stock Exchange of Hong Kong Limited
Code: 0576

London Stock Exchange plc
Code: ZHEH

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

www.zjec.com.cn

Location Map of Expressways in Zhejiang Province