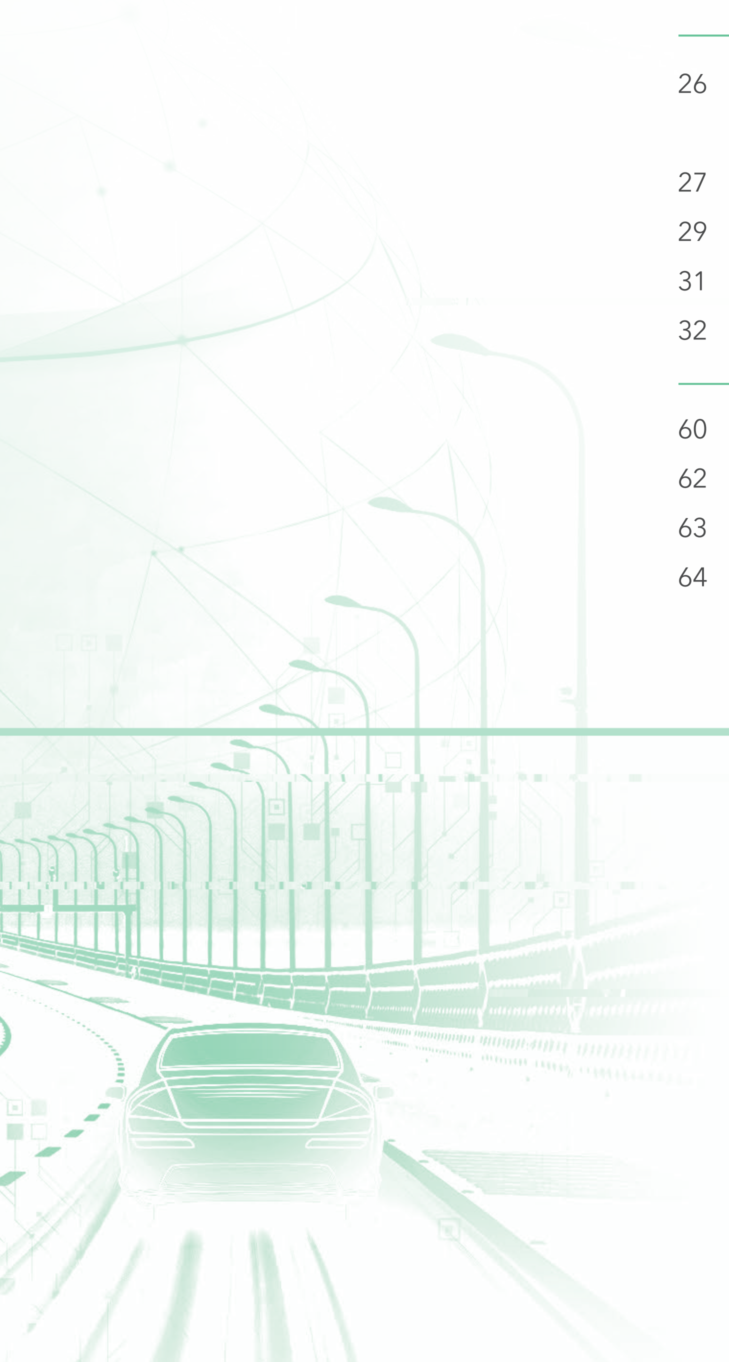
Focusing on the core business to enhance the long-term investment value of the Company
Seizing Opportunities to advance steady progress in securities business

In the first half of 2023, the Group endeavored to the primary task of high-quality development, continued to focus on the development of its core business, and continuously deepened market-oriented operation for the core business. The Group made great effort in implementing a range of initiatives and constantly improved its core competitiveness through technological innovation, reform and the strengthening of corporate governance. Meanwhile, the Group made efforts to optimize and strengthen its core expressway business through the advance of reconstruction and expansion projects in an orderly manner and the increased efforts in capital operation, which helped enhance the long-term investment value of the Company.

Focusing closely on the business strategic goal of serving the real economy, Zheshang Securities, a subsidiary of the Group, seized the opportunities arising from the recovery of the securities market, accelerated reform and development, and actively promoted the steady development of various businesses. In particular, businesses such as investment banking, margin financing, securities investment and futures brokerage achieved growth in both scale and revenue, allowing Zheshang Securities to steadily move towards the top tier of the industry.

2023

INTERIM REPORT



Definition of Terms

Audit Committee	the audit committee of the Company
Board	the board of directors of the Company
China Merchants Expressway	China Merchants Expressway Network & Technology Holdings Co Ltd. (招商局公路網絡科技控股股份有限公司), a joint stock limited company established in the PRC on December 18, 1993, whose shares are listed on the Shenzhen Stock Exchange
Company or Zhejiang Expressway	Zhejiang Expressway Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability on March 1, 1997
Communications Group	Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司), a state-controlled enterprise established in the PRC, on December 29, 2001 and the controlling shareholder of the Company
Controlling Shareholder	has the meaning ascribed to it under the Listing Rules
De'an Co	Deqing County De'an Highway Construction Co., Ltd. (德清縣德安公路建設有限責任公司), 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
Huihang Co	Huangshan Yangtze Huihang Expressway Co., Ltd. (黃山長江徽杭高速公路有限責任公司), a wholly-owned subsidiary of the Company
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Jinhua Co	Zhejiang Jinhua Yongjin Expressway Co., Ltd. (浙江金華甬金高速公路有限公司), a wholly-owned subsidiary of the Company
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Linping Co	Zhejiang Linping Expressway Co., Ltd. (浙江臨平高速公路有限責任公司), formerly known as "Zhejiang Yuhang Expressway Co., Ltd." (浙江余杭高速公路有限責任公司), a 51% owned subsidiary of the Company
LongLiLiLong Co	Zhejiang LongLiLiLong Expressway Co., Ltd. (浙江龍麗麗龍高速公路有限公司), a wholly-owned subsidiary of the Company

Definition of Terms

Jiaxing Branch	Jiaxing Branch of Zhejiang LongLiLiLong Expressway Co., Ltd.; Zhejiang Jiaxing Expressway Co., Ltd. has been absorbed and merged by LongLiLiLong Co., and its main assets and business continued to exist under Jiaxing branch
Period	the period from January 1, 2023 to June 30, 2023
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 Expressway, 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), an associate company indirectly owned by the Company through its subscribing 30% of the subordinated class of the CICC-Zhejiang Expressway-Shenjiahuhang asset-backed special program
SRCB	Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司) a 4.92% owned associate of the Company
Yangtze Financial Leasing	Yangtze United Financial Leasing Co., Ltd. (長江聯合金融租賃有限公司), a 10.61% owned associate of the Company
Zhajiasu Co	Jiaxing Zhajiasu Expressway Co., Ltd. (嘉興市乍嘉蘇高速公路有限責任公司), a 55% owned subsidiary of the Company
Zhejiang Communications Finance	Zhejiang Communications Investment Group Finance Co., Ltd. (浙江省交通投資集團財務有限責任公司), a 20.08% owned associate of the Company
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 owned as to 45.28% by Communications Group
Zhejiang Grand Hotel	Zhejiang Grand Hotel Limited (浙江大酒店有限公司), a wholly-owned subsidiary of the Company
Zhejiang International Hong Kong	Zhejiang Expressway International (Hong Kong) Co., Ltd. (浙江滬杭甬國際(香港)有限公司), a wholly-owned subsidiary of the Company
Zheshang FoF	Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership), a 24.99% owned associate of the Company
Zheshang Securities	Zheshang Securities Co., Ltd. (浙商證券股份有限公司), a 54.79% 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 the Company

2023 Interim Results

The directors (the "Directors") of Zhejiang Expressway Co., Ltd. (the "Company") announced the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended June 30, 2023 (the "Period"), with the basis of preparation as stated in note 1 to the condensed consolidated financial statements set out below.

During the Period, revenue for the Group was Rmb8,000.66 million, representing an increase of 13.8% as compared to the same period in 2022. Profit attributable to owners of the Company was Rmb2,663.10 million, representing a year-on-year increase of 67.9%. Basic earnings per share for the Period was Rmb61.32 cents, representing a year-on-year increase of 67.9%. Diluted earnings per share for the Period was Rmb58.67 cents, representing a year-on-year increase of 60.6%.

The Board does not recommend the payment of an interim dividend for 2023.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2023 have not been audited or reviewed by the auditors of the Company, but have been reviewed by the Audit Committee of the Company.

Business Review

In the first half of 2023, the international political and economic situation remained complex, and the global economic slowdown continued. After the relaxation of the epidemic control policies, China's economy and society fully resumed normal operation, market demand gradually recovered, and production supply continued to increase. The overall economic operation saw a rebound, and China's GDP grew 5.5% year-on-year. During the Period, the service industry, fixed asset investment, and total retail sales of consumer goods in Zhejiang Province increased by 8.4%, 9.0% and 9.1% year-on-year respectively, driving the year-on-year growth of the Province's GDP by 6.8%, the economic growth of which was higher than the national average.

During the Period, toll revenue of the Group's expressways showed a significant year-on-year increase due to the gradual subsiding impact of the epidemic and low base effect, while revenue from the securities business recorded stable growth benefiting from the rebound in the capital market. During the Period, total revenue of the Group was Rmb8,000.66 million, representing an increase of 13.8% year-on-year, of which Rmb4,755.46 million was generated by the eight major expressways operated by the Group, representing an increase of 17.5% year-on-year and 59.4% of total revenue. Revenue generated by the securities business for the Group was Rmb3,161.36 million, representing an increase of 8.5% year-on-year and 39.5% of the total revenue.

Business Review

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

	[illegible]	2022 Rmb'000	% Change
Toll road operation revenue	[illegible]	4,047,666	17.5%
Shanghai-Hangzhou-Ningbo Expressway	[illegible]	1,809,881	30.2%
Shangsan Expressway	[illegible]	484,620	8.7%
Jinhua Section, Ningbo-Jinhua Expressway	[illegible]	232,427	13.7%
Hanghui Expressway	[illegible]	285,718	23.5%
Huihang Expressway	[illegible]	71,482	42.3%
Shenjiahuhang Expressway	–	305,451	N/A
Zhoushan Bay Bridge	[illegible]	340,100	61.9%
LongLiLiLong Expressways	[illegible]	341,556	10.2%
Zhajiasu Expressway	[illegible]	176,431	28.3%
Securities business revenue	[illegible]	2,912,920	8.5%
Commission and fee income	[illegible]	1,738,076	13.7%
Interest income	[illegible]	1,174,844	0.8%
Other operation revenue	[illegible]	67,535	24.1%
Hotel and catering	[illegible]	36,908	62.6%
Public-Private Partnership	[illegible]	30,627	–22.2%
Total revenue	[illegible]	7,028,121	13.8%

Note: Upon the issuance of the CICC-Zhejiang Expressway-Shenjiahuhang asset-backed special program, Shenjiahuhang Co was no longer included in the consolidated financial statements of the Group since December 2, 2022.

Business Review

During the Period, as China’s economy gradually recovered, the overall traffic volume and toll revenue of the Group’s expressways increased significantly year-on-year. The performance varied among different sections of the Group’s expressways due to various factors.

Following the relaxation of epidemic control policies and free admission to most tourist attractions in Zhejiang Province in the first quarter, there has been a significant increase in demand for tourism, business activities, and visiting. The traffic volume of passenger vehicles of the Group’s expressways has rapidly recovered, with a year-on-year increase of up to 58%, resulting in a significant increase in toll revenue for passenger vehicles. In particular, travel routes such as Huihang Expressway and Zhoushan Bay Bridge have experienced significant positive impacts. However, the growth in traffic volume of trucks of the Group’s expressways was lower than that of passenger vehicles, mainly due to the sluggish global economic recovery, the contracted external demand and the decline in China’s manufacturing industry in the second quarter, which has affected the resumption of freight demand.

Meanwhile, the changes in neighboring road network and adjustment of tolling policy also had a mixed impact on the traffic volume of the relevant expressways. The Hangzhou-Taizhou High-speed Railway opened on January 8, 2022, and the Hangzhou-Shaoxing-Taizhou Expressway fully opened to traffic on February 11, 2022, leading to a sizable diversion of traffic volume on Shangsan Expressway. The pilot section of the Linjian Expressway opened on December 30, 2022, attracting a certain amount of additional traffic flow to the connecting Hanghui Expressway. In addition, since January 1, 2023, Hangzhou Lin’an District Government has implemented a policy to pay the tolls for Class-1 passenger vehicles of Zhejiang A license plate with ETC registration travelling on Hanghui Expressway between Yuhang toll station and Qingshanhu toll station as well as between Yuhang toll station and Lin’an toll station, which facilitates the passenger vehicles traffic volume growth of Hanghui Expressway.

Business Review

Looking back at the first half of 2023, the Group focused on the objective of high-quality development and deepened market-oriented operation continuously to drive the robust development of core expressway business. The Group established an integrated model for road management works, facilitated the pilot reform of vehicle towing and rescue, and improved the construction of intelligent toll stations to constantly elevate the traffic efficiency and service level of road network; actively accelerated projects of governments' paying tolls, explored voluntary discount campaigns for drawing traffic, and strived to improve the attractiveness of "Expressway + Tourism" activities to continuously increase its efforts in market-orientation and differentiation; and methodically advanced the reconstruction and expansion projects of its expressways to successfully win the bid as an investor for the reconstruction and expansion of Shaoxing Section of the Ningbo-Jinhua Expressway.

During the Period, total toll revenue from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 141km Shangsan Expressway, the 70km Jinhua Section of Ningbo-Jinhua Expressway, the 122km Hanghui Expressway, the 82km Huihang Expressway, the 46km Zhoushan Bay Bridge, the 222km LongLiLiLong Expressways and the 50km Zhajiasu Expressway was Rmb4,755.46 million.

Business Review

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:

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shanghai-Hangzhou-Ningbo Expressway	86,816	46.58%	2,356.22	30.2%
– Shanghai-Hangzhou Section	87,103	87.74%		
– Hangzhou-Ningbo Section	86,608	25.73%		
Shangsan Expressway	32,658	23.49%	526.99	8.7%
Jinhua Section, Ningbo-Jinhua Expressway	33,099	24.43%	264.26	13.7%
Hanghui Expressway	28,977	28.02%	353.00	23.5%
Huihang Expressway	14,094	49.44%	101.70	42.3%
Zhoushan Bay Bridge	28,293	72.63%	550.60	61.9%
LongLiLiLong Expressways	15,748	17.50%	376.29	10.2%
Zhajiasu Expressway	40,301	48.17%	226.40	28.3%

Business Review

[illegible]

In the first half of 2023, the stabilization and recovery of the domestic economy and the full implementation of registration-based IPO system for share issuance facilitated the gradual rebound of the capital market. Zheshang Securities closely focused on the operating strategic goal of serving the real economy, actively grasped the market opportunities, deepened reform and development, and continuously improved its core competitiveness. Investment banking business and securities investment business achieved significant growth, which contributed to the stable and progressive operating results in the first half of 2023.

During the Period, Zheshang Securities recorded total revenue of Rmb3,161.36 million, an increase of 8.5% year-on-year, of which, commission and fee income increased 13.7% year-on-year to Rmb1,976.91 million, and interest income from the securities business was Rmb1,184.45 million, an increase of 0.8% year-on-year. During the Period, securities investment gains of Zheshang Securities included in the condensed consolidated statement of profit or loss and other comprehensive income of the Group was Rmb885.86 million, an increase of 139.0% year-on-year.

[illegible]

In the first half of 2023, with the full relaxation of domestic epidemic prevention and control policies, the service industry quickly rebounded. In particular, the contact-intensive service industry such as accommodation and catering, which was greatly affected by the epidemic in the early stage, rebounded significantly, and the operating results of the Group's two hotels grew significantly.

Grand New Century Hotel, owned by Zhejiang Linping Expressway Co., Ltd. (a 51% owned subsidiary of the Company), recorded revenue of Rmb40.82 million for the Period, an increase of 44.0% year-on-year. Zhejiang Grand Hotel, owned by Zhejiang Grand Hotel Limited (a 100% owned subsidiary of the Company), recorded revenue of Rmb19.18 million for the Period, an increase of 124.2% year-on-year.

Business Review

[illegible]

Zhejiang Shaoxing Shengxin Expressway Co., Ltd. ("Shengxin Co", a 50% owned joint venture of the Company) owns the 73.4km Shaoxing Section of the Ningbo-Jinhua Expressway. During the Period, the average daily traffic volume in full-trip equivalents was 29,596, representing an increase of 23.15% year-on-year. Toll revenue was Rmb253.16 million, representing an increase of 9.4% year-on-year. During the Period, the joint venture recorded a net profit of Rmb65.75 million, representing an increase of 68.0% year-on-year.

Zhejiang HangNing Expressway Co., Ltd. (a 30% owned associate of the Company) owns the 99km HangNing Expressway. During the Period, the associate company recorded a net profit of Rmb206.06 million, representing an increase of 132.1% year-on-year.

The Company subscribed 30% of the subordinated class of the CICC-Zhejiang Expressway-Shenjiahuhang asset-backed special program ("Special Program"), which owns the 92.9km Shenjiahuhang Expressway. During the Period, the Special Program recorded a net loss of Rmb40.65 million.

Zhejiang Communications Investment Group Finance Co., Ltd. (a 20.08% owned associate of the Company) derives income mainly from interest, fees and commissions for providing financial services, including arranging loans and receiving deposits, for Zhejiang Communications Investment Group Co., Ltd., the controlling shareholder of the Company, and its subsidiaries. During the Period, the associate company recorded a net profit of Rmb429.30 million, representing an increase of 52.3% year-on-year.

Yangtze United Financial Leasing Co., Ltd. (a 10.61% owned associate of the Company) is primarily engaged in the finance leasing business, the transferring and receiving of financial leasing assets, fixed-income securities investment, and other businesses approved by the China Banking and Insurance Regulatory Commission. During the Period, the associate company recorded a net profit of Rmb324.79 million, representing an increase of 19.8% year-on-year.

Business Review

Shanghai Rural Commercial Bank Co., Ltd. (a 4.92% owned associate of the Company) is primarily engaged in the commercial banking business, including deposits, short-, medium-, and long-term loans, domestic and overseas settlements and other businesses that are approved by the China Banking and Insurance Regulatory Commission. During the Period, the associate company recorded a net profit attributable to the owners of Rmb6,927.67 million, representing an increase of 18.5% year-on-year.

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 Rmb48.42 million, representing an increase of 383.4% year-on-year.

[redacted] vide shareholders of the [redacted]

[redacted] any was approximately [redacted] year, basic earnings per [redacted] ear-on-year, diluted earnings [redacted] .6% year-on-year, and return [redacted] year-on-year.

[redacted] nted to Rmb155,721.62 million in [redacted]), of which bank balances, clearing [redacted] % (December 31, 2022: 16.6%), bank [redacted] half of customers accounted for 33.0% [redacted] VTPL accounted for 25.7% (December 31, [redacted] om margin financing business accounted for [redacted] ent ratio (current assets over current liabilities) of th [redacted] .50 (December 31, 2022: 1.40). Excluding the effect of the custo [redacted] from the securities business, the resultant current ratio of the Group (current assets less bank balances and clearing settlement fund held on behalf of customers over current liabilities less balance of accounts payable to customers arising from securities business) was 1.90 (December 31, 2022: 1.80).

The amount of financial assets at FVTPL included in current assets of the Group as at June 30, 2023 was Rmb39,947.07 million (December 31, 2022: Rmb43,789.94 million), of which 67.5% was invested in bonds, 12.8% was invested in stocks, 15.8% was invested in equity funds, and the rest were invested in structured products and trust products, etc.

During the Period, net cash from the Group's operating activities amounted to Rmb8,111.08 million. The currency mix in which cash and cash equivalents are held has not substantially changed as compared to the same period last year.

Financial Analysis

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

[illegible]

As at June 30, 2023, total liabilities of the Group amounted to Rmb143,905.28 million (December 31, 2022: Rmb136,195.86 million), of which 10.6% was bank and other borrowings, 1.9% was short-term financing note, 18.4% was bonds payable, 14.3% was financial assets sold under repurchase agreements and 35.3% was accounts payable to customers arising from securities business.

As at June 30, 2023, total interest-bearing borrowings of the Group amounted to Rmb51,588.21 million, representing an increase of 3.8% compared to that as at December 31, 2022. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb12,672.49 million, borrowings from other domestic financial institutions of Rmb1,962.90 million, borrowings from other domestic institutions of Rmb556.06 million, short-term financing note of Rmb2,517.54 million, beneficial certificates of Rmb270.01 million, long-term beneficial certificates of Rmb3,032.67 million, mid-term notes of Rmb3,049.71 million, subordinated bonds of Rmb5,724.73 million, corporate bonds of Rmb13,032.55 million, asset backed securities of Rmb1,681.80 million, convertible bonds of Rmb5,203.82 million, and convertible bond denominated in Euro that equivalents to Rmb1,883.93 million. Of the interest-bearing borrowings, 70.9% was not payable within one year.

	[illegible]	[illegible]	[illegible]	[illegible]
[redacted]	[redacted]	[redacted]	4,523,058	5,256,632
[redacted]	[redacted]	[redacted]	421,632	456,712
[redacted]	[redacted]	[redacted]	–	–
[redacted]	[redacted]	–	–	1,681,800
[redacted]	[redacted]	900,460	–	–
[redacted]	[redacted]	312,132	678,000	–
[redacted]	556,063	556,063	–	–
Short-term financing notes	2,517,542	2,517,542	–	–
Beneficial Certificates	43,374	43,374	–	–
Long-term Beneficial Certificates	3,032,671	3,032,671	–	–
Subordinated bonds	5,724,730	2,624,730	3,100,000	–
Corporate bonds	13,032,554	2,640,978	10,391,576	–
Mid-term notes	3,049,707	49,707	3,000,000	–
Convertible bonds	7,087,741	1,041	7,086,700	–
Total as at June 30,2023	51,588,208	14,992,098	29,200,966	7,395,144
Total as at December 31, 2022	49,696,857	15,605,167	22,124,648	11,967,042

Financial Analysis

As at June 30, 2023, the Group's borrowings from domestic commercial banks bore annual fixed interest rates ranged from 3.15% to 5.25%, annual floating interest rates ranged from 2.95% to 4.35%, the annual fixed interest rates of other domestic institutions were 3.0% and 4.5%, and the annual fixed interest rates of a domestic financial institution ranged were 3.7% and 4.13%, the annual floating interest rate was 4.13%. As at June 30, 2023, the annual fixed interest rates for short-term financing notes were 2.35% and 2.57%. The annual floating interest rates of beneficial certificates ranged from 3.2% to 7.0%, the annual fixed rate was 2.4%. The annual fixed interest rate for mid-term notes were 2.80% and 2.97%. The annual fixed annual interest rates for subordinated bonds ranged from 3.65% to 4.18%. The annual fixed interest rate for corporate bond ranged from 1.638% to 3.49%. The annual coupon rate for convertible bond denominated in Rmb was 0.4%. The annual coupon rate for convertible bond denominated in Euro was nil.

Total interest expenses and profit before interest and tax for the Period amounted to Rmb866.80 million and Rmb4,871.07 million, respectively. The interest cover ratio (profit before interest and tax over interest expenses) stood at 5.6 (Corresponding period of 2022: 3.9 times).

As at June 30, 2023, the asset-liability ratio (total liabilities over total assets) of the Group was 73.6% (December 31, 2022: 73.1%). 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 64.5% (December 31, 2022: 63.7%).

[illegible] otal equity, Rmb110,186.84 [illegible] ating-rate liabilities, and [illegible] 6.4%, 56.3%, 7.5% and 9.8% [illegible] n is computed by dividing the [illegible] m the securities business by [illegible] 22: 1[illegible]4.8%).

[illegible] d Rmb34[illegible].45 million. Amongst the [illegible] ed for acquiring equity investment, [illegible] nstruction of properties and Rmb69.55 [illegible] of equipment and facilities.

[illegible] enditure committed by the Group amounted [illegible] e remaining balance of total capital expenditure com[illegible] illion will be used for acquiring equity investments, Rmb916.61 [illegible] for acquisition and construction of properties, Rmb1,144.88 million for acquisition and construction of equipment and facilities, Rmb2,500.00 million for reconstruction and expansion projects of existing expressways.

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

Financial Analysis

[illegible]

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, Rmb125.00 million of the bank loans had been repaid. As at June 30, 2023, the remaining bank loan balance was Rmb518.00 million.

Zhejiang Zhoushan Bay Bridge Co., Ltd., a subsidiary of the Company, pledged its rights of toll on expressway for its bank borrowing, and as at June 30, 2023, the remaining bank loan balance was Rmb5,544.83 million.

Deqing County De'an Highway Construction Co., Ltd., a subsidiary of the Company, pledged its trade receivables for its bank borrowing, and as at June 30, 2023, the remaining bank loan balance was Rmb467.09 million.

Zhejiang LongLiLiLong Expressway Co., Ltd., a subsidiary of the Company, pledged its right of toll on expressway for its bank and other borrowing, and as at June 30, 2023, the remaining bank and other borrowing balance was Rmb5,423.76 million.

Jiaxing Zhajiasu Expressway Co., Ltd., a subsidiary of the Company, pledged its right of toll on expressway for its bank borrowing, and as at June 30, 2023, the remaining bank loan balance was Rmb1,398.50 million.

Zheshang International Financial Holding Co., Ltd., a subsidiary of the Company, pledged its customers' stock for its bank borrowing, and as at June 30, 2023, the remaining bank loan balance was Rmb67.98 million.

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

of H shares in Hong Kong
operating in Hong Kong; (iii)
amount of Euro230 million
due in January 2026; and (iv)
nt of USD470 million in Hong
026 and has an coupon rate of
booked in Renminbi.

ments for hedging purpose.

nd due 2026 in an aggregate principal
1, to improve the debt structure, increase

Outlook

Looking ahead to the second half of 2023, geopolitical situation, trade protectionism, inflation and other risk factors will continue to increase the uncertainty and unpredictability of global economic development. In the face of various pressures and challenges, the Chinese government will accelerate efforts to foster a new development pattern, strengthen the role of macro policies in regulating economy, focus on expanding domestic demand and boosting confidence, and timely adjust and optimize real estate policies. With the effective implementation of various policies to stabilize economic growth, Chinese economy is expected to continuously recover in the second half of 2023. The traffic volume and toll revenue of expressways of the Group will maintain a stable growth due to general improvement in economy.

The Group will uphold the principle of sustainable development, and consistently enhance its market-oriented operation. The Group will fully implement integrated road management works, improve contingency measures to ensure smooth operation, and focus on service guarantees for the Asian Games to continuously improve the traffic efficiency of road network. It will enrich the “Expressway+” projects and enhance marketing efforts and preferential services to constantly improve its capability to attract customer and bring in more revenue. The Group plans to complete the intelligent transformation of the entire section of the Shanghai-Hangzhou-Ningbo Expressway with high quality, creating a model for the construction of intelligent expressways. It will accelerate the transformation of scientific research achievements, increase key maintenance technological research, and enhance scientific and technological innovation capabilities. In addition, it will facilitate the construction of various digital scenarios in an orderly manner to fully leverage the value of big data and effectively support operation and management.

Outlook

Under the policy guidance of activating capital market and boosting investor confidence, the vitality of the capital market is expected to be further stimulated. Zheshang Securities will take full advantage of market opportunities to continuously optimize the asset allocation structure of securities investment business and steadily enhance the contribution of securities investment. Zheshang Securities will comprehensively search for new customers while effectively exploring new needs of existing customers to steadily expand the scale of margin financing business. Zheshang Securities will advance the innovation of brokerage products and services and fully tap the potential of network finance to continuously enhance the market competitiveness of brokerage business. It will take advantage of the policy benefits brought by the comprehensive reform of the registration-based IPO system and expand investment banking project reserves to facilitate Zheshang Securities to steadily enter top tier in the industry.

In the face of the complex and unstable domestic and international circumstances, the Group will adhere to the principle of market-oriented and high-quality development, constantly enhance its core expressway business, and optimize the securities and finance business. The management will thoroughly observe the changes in market environment and policies, and search for investment as well as merger and acquisition of expressway projects under the premise of risk control to expand its core business through multiple channels. It will also make every effort to advance the reconstruction and expansion projects of expressways and effectively facilitate the sustainable development of its core business.

Disclosure of Interests and Other Matters

[illegible]

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

[illegible]

As at June 30, 2023, none of the Directors, supervisors and chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules.

[illegible]

As at June 30, 2023, the following Shareholders held 5% or more of the issued share capital of the Company according to the register of interests in shares required to be kept by the Company pursuant to Section 336 of the SFO:

[illegible]	[illegible]	[illegible]	[illegible]
Communications Group	Beneficial owner	2,909,260,000	100%

Disclosure of Interests and Other Matters

China Merchants Expressway	Beneficial Owner	258,132,000(L)	18.00%
JP Morgan Chase & Co.	Person having a security interest in shares	124,456,475(L) 26,486,174(S) 31,018,670(P)	8.67% 1.84% 2.16%
BlackRock, Inc.	Interest of controlled corporations	115,190,266(L) 1,584,000(S)	8.03% 0.11%
Citigroup Inc.	Interest of controlled corporations	78,729,224(L) 8,267,671(S) 70,530,192(P)	5.49% 0.57% 4.91%

The letter “L” denotes a long position. The letter “S” denotes a short position. The l[illegible]r “P” denotes interest in a lending pool.

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Disclosure of Interests and Other Matters

[illegible]

As at June 30, 2023, there were 9,289 employees within the Group (December 31, 2022: 9,143), amongst whom 4,258 worked in the related positions of the toll road operation business (December 31, 2022: 4,175) and 5,031 worked in the related positions of the securities business (December 31, 2022: 4,968).

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

[illegible]

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

[illegible]

As announced by the Company on August 23, 2023, Mr. Yu Zhihong resigned as a Chairman of the Company and the Chairman of the Nomination committee and the Strategic Committee of the Board. Mr. Yuan Yingjie, being an executive Director of the Company, has been appointed as the Chairman of the Company with effect from the same day.

Save as disclosed above, there had been no substantial changes to the information of Directors as set out in the 2022 annual report and during the Period and up to the date of this report.

Disclosure of Interests and Other Matters

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

– the condensed consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants give a true and fair view of the assets, liabilities, financial position and performance of the Group and the undertakings included in the consolidation taken as a whole;

– the management discussion and analysis included in the interim report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole during the Period, together with a description of the principal risks and uncertainties that the Group faces for the remaining six months of the financial year; and

– the interim report includes a fair review of the material related party transactions that have taken place during the Period and any material changes in the related party transactions described in the Company's annual report for the year ended December 31, 2022.

By order of the Board

Chairman

Hangzhou, the PRC, August 23, 2023

The electronic version of this report is published on the HKExnews website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the Company's website (www.zjec.com.cn).

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Condensed Consolidated Statement of Financial Position

	Notes	[illegible]	As at December 31, 2022 Rmb'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		[illegible]	5,419,682
Right-of-use assets		[illegible]	621,953
Expressway operating rights		[illegible]	19,797,341
Goodwill		[illegible]	86,867
Other intangible assets		[illegible]	347,051
Interests in associates		[illegible]	10,059,641
Interest in a joint venture		[illegible]	440,345
Financial assets at fair value through profit or loss ("FVTPL")		[illegible]	209,439
Debt instruments at fair value through other comprehensive income		[illegible]	570,257
Other receivables and prepayments	11	[illegible]	1,118,363
Financial assets held under resale agreements	12	[illegible]	189,000
Deferred tax assets		[illegible]	1,416,809
Bank deposits		[illegible]	–
		[illegible]	40,276,748
CURRENT ASSETS			
Inventories		[illegible]	606,285
Trade receivables	9	[illegible]	554,368
Loans to customers arising from margin financing business	10	[illegible]	17,557,268
Other receivables and prepayments	11	[illegible]	3,347,368
Dividends receivable		–	44
Derivative financial assets		[illegible]	1,000,756
Financial assets at FVTPL		[illegible]	43,789,944
Debt instruments at fair value through other comprehensive income		[illegible]	250,683
Financial assets held under resale agreements	12	[illegible]	6,086,210
Bank balances and clearing settlement fund held on behalf of customers		[illegible]	48,744,803
Bank balances, cleaning settlement fund, deposits and cash			
– Restricted bank balances and cash		[illegible]	70,179
– Time deposits with original maturity over three months		[illegible]	203,632
– Cash and cash equivalents		[illegible]	23,917,236
		[illegible]	146,128,776

Condensed Consolidated Statement of Financial Position

	Notes	[illegible]	As at December 31, 2022 Rmb'000 (Audited)
CURRENT LIABILITIES			
Placements from other financial institutions		[illegible]	700,000
Accounts payable to customers arising from securities business		[illegible]	48,449,595
Trade payables	13	[illegible]	1,159,833
Tax liabilities		[illegible]	419,684
Other taxes payable		[illegible]	377,435
Other payables and accruals	14	[illegible]	8,868,740
Dividends payable		[illegible]	–
Contract liabilities		[illegible]	161,381
Derivative financial liabilities		[illegible]	554,357
Bank and other borrowings		[illegible]	4,915,176
Short-term financing note payable		[illegible]	3,567,025
Bonds payable		[illegible]	7,118,247
Convertible bonds	16	[illegible]	4,719
Financial assets sold under repurchase agreements	15	[illegible]	23,825,242
Financial liabilities at FVTPL		[illegible]	1,057,642
Lease liabilities		[illegible]	119,678
		[illegible]	101,298,754
NET CURRENT ASSETS		[illegible]	44,830,022
TOTAL ASSETS LESS CURRENT LIABILITIES		[illegible]	85,106,770
NON-CURRENT LIABILITIES			
Bank and other borrowings		[illegible]	12,195,014
Bonds payable		[illegible]	16,189,322
Convertible bonds	16	[illegible]	5,707,354
Deferred tax liabilities		[illegible]	481,066
Lease liabilities		[illegible]	324,352
		[illegible]	34,897,108
		[illegible]	50,209,662
CAPITAL AND RESERVES			
Share capital		[illegible]	4,343,115
Reserves		[illegible]	26,575,175
Equity attributable to owners of the Company		[illegible]	30,918,290
Non-controlling interests		[illegible]	19,291,372
		[illegible]	50,209,662

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Capital reserve	Investment revaluation reserve	Share of differences arising on translation	Dividend reserve	Special reserves	Retained profits	Sub-total		
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At January 1, 2022 (Audited)	4,343,115	3,355,621	5,639,087	1,712	19,447	(1,667)	1,628,668	6,915,988	5,248,371	27,150,342	17,272,683	44,423,025
Profit for the Period	–	–	–	–	–	–	–	–	1,586,274	1,586,274	460,956	2,047,230
Other comprehensive income for the Period	–	–	–	–	(272)	4,454	–	–	–	4,182	6,409	10,591
Total comprehensive income for the Period	–	–	–	–	(272)	4,454	–	–	1,586,274	1,590,456	467,365	2,057,821
Issuance of convertible bond by a subsidiary	–	–	–	–	–	–	–	–	–	–	309,346	309,346
Capital injection of a subsidiary	–	–	–	–	–	–	–	115,569	–	115,569	714,431	830,000
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(111,283)	(111,283)
2021 dividend	–	–	–	–	–	–	(1,628,668)	–	–	(1,628,668)	–	(1,628,668)
At June 30, 2022 (Unaudited)	4,343,115	3,355,621	5,639,087	1,712	19,175	2,787	–	7,031,557	6,834,645	27,227,699	18,652,542	45,880,241

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital Rmb'000	Share premium Rmb'000	Statutory reserve Rmb'000	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	Retained profits Rmb'000	Sub-total Rmb'000	Rmb'000	Rmb'000
At January 1, 2023 (Audited)	4,343,115	3,355,621	5,966,512	1,712	16,307	7,055	1,628,668	6,928,156	8,671,144	30,918,290	19,291,372	50,209,662
Profit for the Period	–	–	–	–	–	–	–	–	2,663,096	2,663,096	715,268	3,378,364
Other comprehensive income for the Period	–	–	–	–	80,881	3,383	–	–	–	84,264	19,533	103,797
Total comprehensive income for the Period	–	–	–	–	80,881	3,383	–	–	2,663,096	2,747,360	734,801	3,482,161
Issuance of convertible bond by a subsidiary	–	–	–	–	–	–	–	–	–	–	395,710	395,710
Conversion of convertible bond of a subsidiary	–	–	–	–	–	–	–	–	–	–	(10)	(10)
Deemed partial disposal of interest in a subsidiary upon conversion of convertible bond	–	–	–	–	–	–	–	30	–	30	65	95
Establishment of a subsidiary	–	–	–	–	–	–	–	–	–	–	700	700
Repurchase of shares by a subsidiary	–	–	–	–	–	–	–	(184,348)	–	(184,348)	(200,116)	(384,464)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(339,219)	(339,219)
2022 dividend	–	–	–	–	–	–	(1,628,668)	–	–	(1,628,668)	–	(1,628,668)
At June 30, 2023 (Unaudited)	4,343,115	3,355,621	5,966,512	1,712	97,188	10,438	–	6,743,838	11,334,240	31,852,664	19,883,303	51,735,967

Condensed Consolidated Statement of Cash Flows

	[illegible]	
	[illegible]	2022
	[illegible]	Rmb'000
	[illegible]	(Unaudited)
Net cash generated from operating activities	[illegible]	5,180,711
Net cash (used in) generated from investing activities	[illegible]	120,765
Net cash (used in) generated from financing activities	[illegible]	761,323
Net increase in cash and cash equivalents	[illegible]	6,062,799
Cash and cash equivalents at beginning of the Period	[illegible]	17,153,977
Effect of foreign exchange rate changes	[illegible]	10,863
Cash and cash equivalents at end of the Period	[illegible]	23,227,639

Notes to Condensed Consolidated Financial Statements

1

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

2

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

In the Period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2023 for the preparation of the Group's consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts and the related Amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

Notes to Condensed Consolidated Financial Statements

3 [illegible]

[illegible]

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

[illegible]

	[illegible]	[illegible]	[illegible]	[illegible]
Revenue – external customers	[illegible]	[illegible]	[illegible]	[illegible]
Segment profit	[illegible]	[illegible]	[illegible]	[illegible]

For the six months ended June 30, 2022 (Unaudited)

	Toll operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Rmb'000
Revenue – external customers	4,047,666	2,912,920	67,535	7,028,121
Segment profit	929,353	744,564	373,313	2,047,230

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.

[illegible]

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

	[illegible]	2022 Rmb'000 (Unaudited)
Toll operation revenue	[illegible]	4,047,666
Commission and fee income from securities operation	[illegible]	1,738,076
Interest income from securities operation	[illegible]	1,174,844
Hotel and catering revenue	[illegible]	36,908
PPP revenue	[illegible]	30,627
Total	[illegible]	7,028,121

Notes to Condensed Consolidated Financial Statements

4 [illegible]

[illegible]		
	[illegible]	2022 Rmb'000 (Unaudited)
Interest income from financial institutions	[illegible]	70,353
Rental income	[illegible]	40,698
Gain (loss) on change in fair value in respect of the derivative component of convertible bonds	[illegible]	(98,548)
Exchange loss, net	[illegible]	(43,325)
Loss on commodity trading, net	[illegible]	(18,330)
Management fee income	[illegible]	6,655
Subsidies	[illegible]	53,724
Others	[illegible]	30,415
Total	[illegible]	41,642

5 [illegible]

[illegible]		
	[illegible]	2022 Rmb'000 (Unaudited)
Bank and other borrowings	[illegible]	352,439
Short-term financing note	[illegible]	74,029
Bonds payable	[illegible]	414,130
Convertible bonds	[illegible]	34,414
Lease liabilities	[illegible]	29,978
Total	[illegible]	904,990

6 [illegible]

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

[illegible]		
	[illegible]	2022 Rmb'000 (Unaudited)
Depreciation of property, plant and equipment	[illegible]	265,066
Amortisation of expressway operating rights	[illegible]	1,335,075
Amortisation of other intangible assets	[illegible]	36,608
Depreciation of right-of-use assets	[illegible]	63,493

Notes to Condensed Consolidated Financial Statements

7 [illegible]

[illegible]	[illegible]	2022 Rmb'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	[illegible]	702,010
Deferred tax	[illegible]	(87,852)
	[illegible]	614,158

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

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

8 [illegible]

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:

[illegible]	[illegible]	2022 Rmb'000 (Unaudited)
Profit for the Period attributable to owners of the Company	[illegible]	1,586,274
Earnings for the purpose of basic earnings per share	[illegible]	1,586,274
Effect of dilutive potential ordinary shares arising from convertible bonds	[illegible]	99,593
Earnings for the purpose of diluted earnings per share	[illegible]	1,685,867

Number of shares:

[illegible]	[illegible]	2022 '000 (Unaudited)
Number of ordinary shares for the purpose of basic earnings per share	[illegible]	4,343,115
Effect of dilutive potential ordinary shares arising from convertible bonds	[illegible]	263,021
Weighted average number of ordinary shares for the purpose of diluted earnings per share	[illegible]	4,606,136

Notes to Condensed Consolidated Financial Statements

9 [illegible]

	[illegible]	As at December 31, 2022 Rmb'000 (Audited)
Trade receivables comprise:		
– contracts with customers	[illegible]	560,701
Less: Allowance for credit losses	[illegible]	(6,333)
	[illegible]	554,368
Trade receivables (before allowance for credit losses) comprise:		
Fellow subsidiaries	[illegible]	13,072
Third parties	[illegible]	547,629
Total trade receivables	[illegible]	560,701

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

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

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

	[illegible]	As at December 31, 2022 Rmb'000 (Audited)
Within 3 months	[illegible]	349,646
3 months to 1 year	[illegible]	181,217
1 to 2 years	[illegible]	21,025
Over 2 years	[illegible]	2,480
Total	[illegible]	554,368

Notes to Condensed Consolidated Financial Statements

[illegible]

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 June 30, 2023, loans to customers under the margin financing and securities lending activities carried out in the PRC were secured by the customers' securities and cash collaterals. The undiscounted market value of the security collaterals was amounted to Rmb57,057,308,000 (2022: Rmb50,528,176,000). Cash collateral of Rmb2,441,556,000 (2022: Rmb2,417,634,000) received from clients was included in accounts payable to customers arising from securities business.

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

[illegible]

	[illegible]	As at December 31, 2022 Rmb'000 (Audited)
Non-current:		
Entrusted loan	[illegible]	180,000
Receivables from government cooperation projects	[illegible]	938,363
Current:		
Prepayments	[illegible]	332,281
Trading deposits	[illegible]	2,621,739
Settlement receivables	[illegible]	–
Receivables from government cooperation projects	[illegible]	150,320
Value added tax credit	[illegible]	23,787
Others	[illegible]	219,241
Total	[illegible]	4,465,731

Notes to Condensed Consolidated Financial Statements

2 [illegible]

	[illegible]	As at December 31, 2022 Rmb'000 (Audited)
Analysed by collateral type:		
Bonds	[illegible]	2,466,160
Stock securities	[illegible]	3,919,744
Less: Impairment allowance	[illegible]	(110,694)
	[illegible]	6,275,210
Analysed by market:		
Inter-bank market	[illegible]	8,000
Shanghai/Shenzhen Stock Exchange	[illegible]	6,377,904
Less: Impairment allowance	[illegible]	(110,694)
	[illegible]	6,275,210
Analysed by liquidity:		
Current	[illegible]	6,086,210
Non-current	[illegible]	189,000
	[illegible]	6,275,210

The collaterals include both equity and debt securities listed in the PRC. As at June 30, 2023, the fair value of equity and debt securities as collaterals was Rmb11,810,328,000 (December 31, 2022: Rmb10,837,092,000) and Rmb1,831,933,000 (December 31, 2022: Rmb3,362,016,000), respectively.

3 [illegible]

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 at the end of the Period:

	[illegible]	As at December 31, 2022 Rmb'000 (Audited)
Within 3 months	[illegible]	655,734
3 months to 1 year	[illegible]	139,613
1 to 2 years	[illegible]	102,852
2 to 3 years	[illegible]	39,269
Over 3 years	[illegible]	222,365
Total	[illegible]	1,159,833

Notes to Condensed Consolidated Financial Statements

4 [illegible]

	[illegible]	As at December 31, 2022 Rmb'000 (Audited)
Accrued payroll and welfare	[illegible]	1,531,953
Advances	[illegible]	37,756
Advance payments for settlement from securities business	–	217,977
Advance payment of futures insurance	–	7,196
Trading deposit and settlement	[illegible]	5,766,292
Deposit received for disposal of an associate	[illegible]	207,000
Retention payable	[illegible]	121,308
Pledge deposit for warehouse receipt	[illegible]	203,959
Compensations for highway crossing	[illegible]	53,045
Clearing funds payables	[illegible]	190,430
Toll collected on behalf of other toll roads	[illegible]	4,352
Futures risk reserve	[illegible]	159,464
Government subsidies from removal of expressway toll station on provincial borders	[illegible]	61,488
Deferred income	[illegible]	65,905
Balance payable of share purchase	[illegible]	27,500
Others	[illegible]	213,115
Total	[illegible]	8,868,740

5 [illegible]

	[illegible]	As at December 31, 2022 Rmb'000 (Audited)
Analysed by collateral type:		
Bonds	[illegible]	23,825,242
Analysed by market:		
Shanghai/Shenzhen Stock Exchange	[illegible]	5,766,118
Inter-bank market	[illegible]	18,059,124
	[illegible]	23,825,242

Notes to Condensed Consolidated Financial Statements

5 [illegible]

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

As at June 30, 2023, the Group entered into repurchase agreements with certain counterparties. The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred securities during the term of the arrangement.

6 [illegible]

[illegible]

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

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

(1) Conversion right

The Convertible Bond 2021 will, at the option of the holder (the “Bondholders 2021”), be convertible (unless previously redeemed, converted or purchased and cancelled) on or after March 2, 2021 up to January 10, 2026 into fully paid ordinary shares with a par value of Rmb1.00 each at an initial conversion price (the “Conversion Price 2021”) of HK$8.83 per H share and a fixed exchange rate of HK$9.5145 to Euro1.00 (the “Fixed Exchange Rate”). The Conversion Price 2021 is subject to the anti-dilutive adjustments and certain events including mainly: share consolidation, subdivision or re-classification, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities and issues at less than current market price. As at June 30, 2023, the conversion price was HK$7.30 per H share.

Notes to Condensed Consolidated Financial Statements

6

(2) Redemption

(i) Redemption at maturity

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

(ii) Redemption at the option of the Company

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

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

(b) if at any time the aggregate principal amount of the Convertible Bond 2021 outstanding is less than 10 percent of the aggregate principal amount originally issued.

Notes to Condensed Consolidated Financial Statements

[illegible]

[illegible]

(2) Redemption (Continued)

(iii) Redemption at the option of the Bondholders 2021

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

The Convertible Bond 2021 comprises two components:

(a) Debt component was initially measured at fair value amounted to approximately Euro183,297,000 (equivalent to Rmb1,443,009,000). It is subsequently measured at amortised cost by applying effective interest rate method after considering the effect of the transaction costs. The effective interest rate used is 4.74%.

(b) Derivative component comprises conversion right of the Bondholders 2021, redemption option of the Company, and redemption option of the Bondholders 2021.

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

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

Notes to Condensed Consolidated Financial Statements

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

The movement of the debt and derivative components of the Convertible Bond 2021 as of June 30, 2023 is set out as below:

	Euro'000	Rmb'000	Euro'000	Rmb'000	Euro'000	Rmb'000
On December 31, 2021 (Audited)	190,374	1,374,445	47,124	340,217	237,498	1,714,662
Exchange realignment	–	37,073	–	–	–	37,073
Interest charge	9,027	68,617	–	–	9,027	68,617
Gain on change in fair value	–	–	(5,594)	(31,951)	(5,594)	(31,951)
On December 31, 2022 (Audited)	199,401	1,480,135	41,530	308,266	240,931	1,788,401
Exchange realignment	–	82,866	–	–	–	82,866
Interest charge	4,728	44,941	–	–	4,728	44,941
Gain on changes in fair value	–	–	(6,493)	(32,282)	(6,493)	(32,282)
On June 30, 2023 (Unaudited)	204,129	1,607,942	35,037	275,984	239,166	1,883,926

No conversion or redemption of the Convertible Bond 2021 has occurred up to June 30, 2023.

Notes to Condensed Consolidated Financial Statements

[illegible] [illegible]

[illegible]

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

Out of the principal amount of Rmb7,000,000,000, RMB3,833,185,000 was subscribed by Zhejiang Shangsan Expressway Co., Ltd. ("Shangsan Co"), another subsidiary of the Group. As at June 30, 2023, Shangsan Co has disposed the Convertible Bond 2022 with a principal amount of Rmb2,443,685,000.

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

(1) Conversion right

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

When the share price of Zheshang Securities is less than 80% of the Conversion Price 2022 for any 15 business days within a period of 30 consecutive business days prior to the Maturity Date 2022, the board of directors of Zheshang Securities has the right to propose a downward revision resolution on the Conversion Price 2022, and submits it to the shareholder's meeting of Zheshang Securities for approval. As at June 30, 2023, the Conversion Price 2022 was Rmb10.32 per share.

Notes to Condensed Consolidated Financial Statements

[illegible]

[illegible]

(2) Redemption

(i) Redemption at maturity

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

(ii) Redemption on conditions

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

(a) During the conversion period of the Convertible Bond 2022, for any 15 business days within a period of 30 consecutive business days, the closing share price of Zheshang Securities is not less than 130 percent (including 130 percent) of the Conversion Price 2022;

(b) When the aggregate principal amount of the outstanding Convertible Bond 2022 is less than Rmb30,000,000.

Notes to Condensed Consolidated Financial Statements

[illegible]

[illegible]

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

Changes in the liability and equity component of the Convertible Bond 2022 at June 30, 2023 are set out as below:

	[illegible] Rmb'000	[illegible] Rmb'000	[illegible] Rmb'000
Issuance on June 14, 2022	2,856,082	310,732	3,166,814
Issue cost	(12,782)	(1,387)	(14,169)
Interest charge	71,825	–	71,825
Addition	1,008,644	166,912	1,175,556
Conversion into shares	(97)	(10)	(107)
As at December 31, 2022 (Audited)	3,923,672	476,247	4,399,919
Interest charge	62,586	–	62,586
Addition (Note i)	1,217,652	395,710	1,613,362
Conversion into shares (Note ii)	(95)	(10)	(105)
As at June 30, 2023 (Unaudited)	5,203,815	871,947	6,075,762

Notes:

(i) As at June 30, 2023, Shangsan Co disposed the Convertible Bond 2022 held on hand with the principal amount of Rmb1,325,847,000. Upon the disposal, this balance is considered as newly issued assets and liabilities during the year.

(ii) As at June 30, 2023, the Bondholders 2022 converted the Convertible Bond 2022 with a principal amount of Rmb103,000 to the shares of Zheshang Securities.

As at June 30, 2023, Zheshang Securities had not exercised the redemption rights.

Notes to Condensed Consolidated Financial Statements

7 [illegible]

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

(1) [illegible]

Details of significant transactions with Communications Group are summarised below:

Borrowings

Pursuant to the loan contract entered into between the Shangsan Co and Communications Group on June 13, 2022, Communications Group agreed to provide Shangsan Co with the borrowings amounting to Rmb2,735,000,000 at a fixed interest rate of 4.5% per annum, maturing on December 13, 2023. As at June 30, 2023, the entrusted loan balance was Rmb500,000,000.

Pursuant to the entrusted loan contract entered into between the Company and Zhejiang Highway Logistic Company Limited ("Logistic Co"), a wholly-owned subsidiary of the Communications Group, on July 22, 2022, Logistic Co agreed to provide the Company with an entrusted loan amounting to Rmb53,954,000 at a fixed interest rate of 3.0% per annum, maturing on July 21, 2023.

	[illegible]	2022 Rmb'000 (Unaudited)
Interest expenses incurred	[illegible]	7,001

Management and Administrative Services

The Company has entered into agreements with the Communications Group and its subsidiaries, pursuant to which, the Company would provide the management and administrative services for eight toll roads, including Shensuzhewan Expressway, South Line of Qianjiang Channel, Ningbo Yongtaiwen Expressway, Hangning Expressway, Hangrao Expressway, Zhoushan Northward Channel, North Line of Qianjiang Channel and Linjian Expressway. According to such agreements, the Company would charge the Communications Group and its subsidiaries management fee on actual cost basis. During the Period, a total management fee of Rmb7,018,000 (corresponding period of 2022: Rmb6,655,000) has been charged.

Notes to Condensed Consolidated Financial Statements

[illegible]

[illegible]

Management and Administrative Services (Continued)

Longlililong Co has entered into an entrusted management agreement with Zhejiang Communications Operating Company ("Zhejiang Operating Co", a subsidiary of Communications Group), pursuant to which, Zhejiang Operating Co would provide the management and administrative services for Longlililong Expressways, and would charge Longlililong Co management fee on actual cost basis. A total management fee of Rmb3,375,000 (corresponding period of 2022: Rmb3,820,000) has been charged.

Other transactions

	[illegible]	2022 Rmb'000 (Unaudited)
Toll road service area leasing income earned (Note i)	[illegible]	10,224
Toll road service area management fee paid (Note i)	[illegible]	5,265
Property leasing income earned	[illegible]	1,776
Road maintenance service expenses incurred (Note ii)	[illegible]	217,886
Information system services expenses incurred	[illegible]	84

Note i: Pursuant to the leasing and operation agreement entered into between Zhejiang Jinhua Yongjin Expressway Co., Ltd. ("Jinhua Co", a wholly-owned subsidiary of the Company), Zhejiang Hanghui Expressway Co., Ltd. ("Hanghui Co", a non-wholly-owned subsidiary of the Company), Zhejiang Zhoushan Bay Bridge Co., Ltd. ("Zhoushan Co", a non-wholly-owned subsidiary of the Company), Longlililong Co (a wholly-owned subsidiary of the Company), and Zhejiang Commercial Group Co., Ltd. ("Zhejiang Commercial Group", a fellow subsidiary of Communications Group), the toll road service area were leased to Zhejiang Commercial Group, and Zhejiang Commercial Group managed the operation of the service area in respect of the toll road service area.

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

Notes to Condensed Consolidated Financial Statements

7 [illegible]

[illegible]

Sales of asset management schemes and derivative contract business

During the Period, Zhejiang Zheshang Securities Asset Management Co., Ltd. ("Asset Management", an indirect subsidiary of the Company) did not sell any unit (corresponding period of 2022: nil) of the asset management schemes to Zhejiang Zheshang Financial Holdings, Co., Ltd. ("Zheshang Financial Holdings", a wholly-owned subsidiary of Communications Group), and the management fee income of Rmb95,000 (corresponding period of 2022: Rmb182,000) was generated from the existing asset management schemes.

During the Period, Asset Management did not sell any unit (corresponding period of 2022: nil) of the asset management schemes to Zheshang Property and Casualty Insurance Company Limited (a non-wholly-owned subsidiary of Communications Group), and did not redeem any unit (corresponding period of 2022: redeem 80,000,000 units of the asset management schemes) of the asset management schemes. Management fee income of nil (corresponding period of 2022: Rmb17,000) was generated from existing asset management schemes.

Other transactions with government related parties

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

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

Notes to Condensed Consolidated Financial Statements

7 [illegible]

(2 [illegible]

Financial service provided by Zhejiang Communications Investment Group Finance Co., Ltd. ("Zhejiang Communications Finance", an associate of the Company)

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

Loans advanced from Zhejiang Communications Finance

During the Period, Zhejiang Communications Finance provided Longlililong Co with additional short-term loans in the aggregate principal amount of Rmb6,000,000 and additional long-term loans in the aggregate principal amount of Rmb183,000,000, both at a fixed interest rate of 3.7% per annum. Short-term loans in the aggregate principal amount of Rmb157,018,000 were repaid during the Period.

The short-term loans with a total principal amount of Rmb200,000,000 were repaid by Shangsan Co.

The short-term loans with a total principal amount of Rmb130,000,000 were repaid by Zhoushan Co.

	[illegible]	December 31, 2022 Rmb'000 (Audited)
Outstanding loan payable balances:		
Within one year	[illegible]	789,026
Two to five years	[illegible]	958,848
Over five years	[illegible]	512,710
	[illegible]	2,260,584

Notes to Condensed Consolidated Financial Statements

7 [illegible]

(1 [illegible]

Loans advanced from Zhejiang Communications Finance (Continued)

	[illegible]	2022 Rmb'000 (Unaudited)
Interest expenses incurred	[illegible]	46,678

Deposits to Zhejiang Communications Finance

	[illegible]	December 31, 2022 Rmb'000 (Audited)
Bank balances and cash		
– Time deposits with original maturity over three months	[illegible]	–
– Cash and cash equivalents	[illegible]	2,941,840

	[illegible]	2022 Rmb'000 (Unaudited)
Interest income earned	[illegible]	13,845

Sales of asset management schemes to Zhejiang Communications Finance

During the Period, Zhejiang Zheshang Securities Asset Management Co., Ltd. ("Asset Management") sold 180,618,621 units, equivalent to Rmb200,000,000, (corresponding period of 2022: 202,100,950 units, equivalent to Rmb210,000,000) of the asset management schemes to Zhejiang Communications Finance; 68,745,854 units (corresponding period of 2022: nil) of the asset management schemes were redeemed, and management fee income of Rmb2,112,000 (corresponding period of 2022: Rmb1,996,000) was generated from the asset management schemes.

Notes to Condensed Consolidated Financial Statements

7 [illegible]

(2 [illegible]

[illegible]

Purchase/Sales of inventory from/to and derivatives contract business with Zheshang Development Group Co., Ltd. and its subsidiaries (the "Zheshang Development Group")

During the Period, Zhejiang Zheqi Industrial Co., Ltd. ("Zhejiang Zheqi") purchased and sold commodities of Rmb95,015,000 (corresponding period of 2022: Rmb37,258,000) and Rmb231,347,000 (corresponding period of 2022: Rmb6,790,000) respectively from and to Zheshang Development Group.

As at June 30, 2023, Zhejiang Zheqi received deposits of Rmb30,273,000 (December 31, 2022: Rmb30,206,000) from Zheshang Development Group. Zhejiang Zheqi had the balance of RMB226,232,000 (December 31, 2022: Rmb230,985,000) with the Zheshang Development Group in the accounts payable to customers arising from securities business.

During the Period, Zhejiang Zheqi conducted derivatives contract business with Zheshang Development Group, and the investment loss was Rmb87,899,000 (corresponding period of 2022: loss of Rmb59,236,000) in total.

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

According to the entrusted loan contract entered into between Zhajiasu Co and China Merchants Expressway on July 27, 2021, Zhajiasu Co provided China Merchants Expressway an entrusted loan of Rmb180,000,000 at a fixed interest rate of 2.75% per annum. Interest income during the Period was Rmb2,348,000 (corresponding period of 2022: Rmb2,348,000).

Operational service provided to Shenjiahuhang Expressway in relation to the CICC-Zhejiang Expressway-Shenjiahuhang Co asset-backed special program ("ABS Program")

The Company is responsible for the daily operation of the Shenjiahuhang Expressway pursuant to an operation service agreement for the ABS Program. During the Period, the service fee was Rmb574,000 (corresponding period of 2022: nil) in total.

Notes to Condensed Consolidated Financial Statements

8 [illegible]

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

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

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

	[illegible]	[illegible]	[illegible] Rmb'000 (Unaudited)	[illegible] Rmb'000 (Audited)	[illegible]	[illegible]	[illegible]	[illegible]
(1)	Equity investments listed in stock exchange	Financial assets at FVTPL	3,325,637	1,626,768	Level 1	Quoted bid prices in an active market	N/A	N/A
(2)	Equity securities traded in inactive market	Financial assets at FVTPL	1,575,685	79,471	Level 2	Recent transaction prices	N/A	N/A
		Financial assets at FVTPL	212,526	270,990	Level 3	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability	Discounted for lack of marketability	The higher the discount rate, the lower the fair value
(3)	Unlisted equity investment	Financial assets at FVTPL	111,336	81,330	Level 3	Calculated based on pricing/yield such as price-to-earning (P/E) of comparable companies with an adjustment of discount for lack of marketability	P/E multiples, P/B multiples, P/S multiples, and discounted for lack of marketability	The higher the discount rate, the lower the fair value. The higher the multiples, the higher the fair value.

Notes to Condensed Consolidated Financial Statements

8 [illegible]

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

	[illegible]	[illegible]	[illegible] Rmb'000 (Unaudited)	[illegible] Rmb'000 (Audited)	[illegible]	[illegible]	[illegible]	[illegible]
(4)	Investment funds	Financial assets at FVTPL	1,973,923	1,183,099	Level 1	Quoted bid prices in an active market	N/A	N/A
		Financial assets at FVTPL	4,630,106	5,808,720	Level 2	Based on the net asset values of the equity investment, with reference to observable market price	N/A	N/A
(5)	Debt investments listed in stock exchange and debt investments in interbank market	Financial assets at FVTPL	3,374,901	4,440,080	Level 1	Quoted bid prices in an active market	N/A	N/A
			23,575,598	28,617,288	Level 2	Discounted cash flow. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter	N/A	N/A
			4,500	4,500	Level 3	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability	Discount rate	The higher the discount rate, the lower the fair value.
(6)	Investment in structured products	Financial assets at FVTPL	1,229,010	1,732,338	Level 2	The fair value was based on the net value of the underlying assets. The net asset value of the products was calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expenses	N/A	N/A

Notes to Condensed Consolidated Financial Statements

8 [illegible]

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

	[illegible]	[illegible]	[illegible] Rmb'000 (Unaudited)	[illegible] Rmb'000 (Audited)	[illegible]	[illegible]	[illegible]	[illegible]
(7)	Investments in trust products	Financial assets at FVTPL	103,422	154,799	Level 3	The fair value was based on the net value of the underlying assets. The net asset value of the products may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments	Future cash flows and discount rate	The higher the future cash flows, the higher the fair value. The higher the discounted rate, the lower the fair value.
(8)	Debt investments	Financial assets at fair value through other comprehensive income	128,210	128,529	Level 1	Quoted bid prices in an active market	N/A	N/A
		Financial assets at fair value through other comprehensive income	6,146,714	692,411	Level 2	Recent transaction prices	N/A	N/A
(9)	Derivative instruments	Derivative financial assets	111,193	375,529	Level 2	The fair value was determined based on option pricing model with market observable inputs, such as quoted market price, dividend yield, volatility as key parameters	N/A	N/A
			958,764	625,227	Level 3	An option pricing model was used, which was calculated based on the option exercise price, the price of the underlying equity instrument considering the volatility, the timing of the option exercise and the risk-free rate	Volatility of the underlying equity instrument	The higher the volatility of the underlying equity instrument, the higher the fair value

Notes to Condensed Consolidated Financial Statements

8 [illegible]

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

	[illegible]	[illegible]	[illegible] Rmb'000 (Unaudited)	[illegible] Rmb'000 (Audited)	[illegible]	[illegible]	[illegible]	[illegible]
(1)	Securities	Financial liabilities at FVTPL	1,043,313	904,187	Level 1	Quoted bid prices in an active market	N/A	N/A
			11,299	11,220	Level 2	Discounted cash flow. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter	N/A	N/A
(2)	Funds	Financial liabilities at FVTPL	–	60,636	Level 2	Based on the net asset values of the equity investment with reference to observable market prices	N/A	N/A
(3)	Other investor's interest in consolidation of structured entities	Financial liabilities at FVTPL	84,876	81,587	Level 2	Shares of the net assets of the products, determined with reference to the net asset value of the products, calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expense	N/A	N/A
			12	12	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 and adjustments of related expenses	P/E multiples Discounted for lack of marketability	The higher the multiples, the higher the fair value. The higher the discount rate, the lower the fair value

Notes to Condensed Consolidated Financial Statements

8 [illegible]

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

	[illegible]	[illegible]	[illegible] Rmb'000 (Unaudited)	[illegible] Rmb'000 (Audited)	[illegible]	[illegible]	[illegible]	[illegible]
(4)	Derivative component of Convertible Bond	Derivative component of Convertible Bond	275,984	308,266	Level 3	Binomial option pricing model	Expected volatility of 26.75%, taking into account the actual historical share price of the Company over the corresponding period as the Convertible Bond's remaining time to maturity	The higher the expected volatility, the higher the fair value
(5)	Derivative instruments	Derivative financial liabilities	190,289	212,997	Level 2	The fair value was determined based on binomial option pricing model. Key parameters used in the binomial option pricing model include the underlying yield curve, exchange rate and volatility levels	N/A	N/A
(6)	Derivative instruments	Derivative financial liabilities	669,813	341,360	Level 3	An option pricing model was used, which was calculated based on the option exercise price, the price of the underlying equity instrument considering the volatility, the timing of the option exercise and the risk-free rate	Volatility of the underlying equity instrument	The higher the volatility of the underlying equity instrument, the higher the fair value

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

Notes to Condensed Consolidated Financial Statements

8 [illegible]

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

The following table represents the changes in level 3 financial instruments during the year ended December 31, 2022 and the period ended June 30, 2023.

	[illegible] Rmb'000	[illegible] Rmb'000	[illegible] Rmb'000	[illegible] Rmb'000	[illegible] Rmb'000
As at January 1, 2022	258,437	575,544	11,200	134,790	979,971
Additions	56,396	44,009	67,730	–	168,135
Disposal	(160,034)	(206,876)	–	(130,290)	(497,200)
Transfer out	–	(145,297)	–	–	(145,297)
Recognized in fair value changes	–	3,610	2,400	–	6,010
As at December 31, 2022	154,799	270,990	81,330	4,500	511,619
Additions	5,019	–	30,006	–	35,025
Disposal	(56,396)	(36,293)	–	–	(92,689)
Recognized in fair value changes	–	(22,171)	–	–	(22,171)
As at June 30, 2023	103,422	212,526	111,336	4,500	431,784

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

	[illegible]		As at December 31, 2022	
	[illegible]	[illegible]	Carrying amount Rmb'000 (Audited)	Fair value Rmb'000 (Audited)
Debt component of Convertible Bond 2021	[illegible]	[illegible]	1,480,135	1,343,040
Debt component of Convertible Bond 2022	[illegible]	[illegible]	3,923,672	3,929,596

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

Notes to Condensed Consolidated Financial Statements

9 [illegible]

	[illegible]	As at December 31, 2022 Rmb'000 (Audited)
Interests in subsidiaries Amounts due from subsidiaries Other assets	[illegible] [illegible] [illegible]	10,691,936 1,300,068 22,583,813
	[illegible]	34,575,817
Total liabilities	[illegible]	15,305,765
Capital and reserves Share capital Reserves	 [illegible] [illegible]	 4,343,115 14,926,937
Total	[illegible]	19,270,052

[illegible]

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on August 23, 2023.

Corporate Information

YUAN Yingjie (Appointed as Chairman on August 23, 2023)
CHEN Ninghui

YU Zhihong (Resigned as Chairman on August 23, 2023)
YANG Xudong
FAN Ye
HUANG Jianzhang

PEI Ker-Wei
LEE Wai Tsang, Rosa
CHEN Bin

LI Yuan (Appointed and effective from June 9, 2023)
ZHENG Ruchun (Resigned and effective from June 9, 2023)
HE Meiyun
WU Qingwang
LU Xinghai
WANG Yubing

Tony ZHENG

YU Zhihong
YUAN Yingjie

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Fax: 86-571-8798 5599

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

Corporate Information

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Hangzhou City, Zhejiang Province
PRC 310007

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Hong Kong

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9/F, The Center,
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Tel: 852-3977 1892
Fax: 852-2815 1352

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

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

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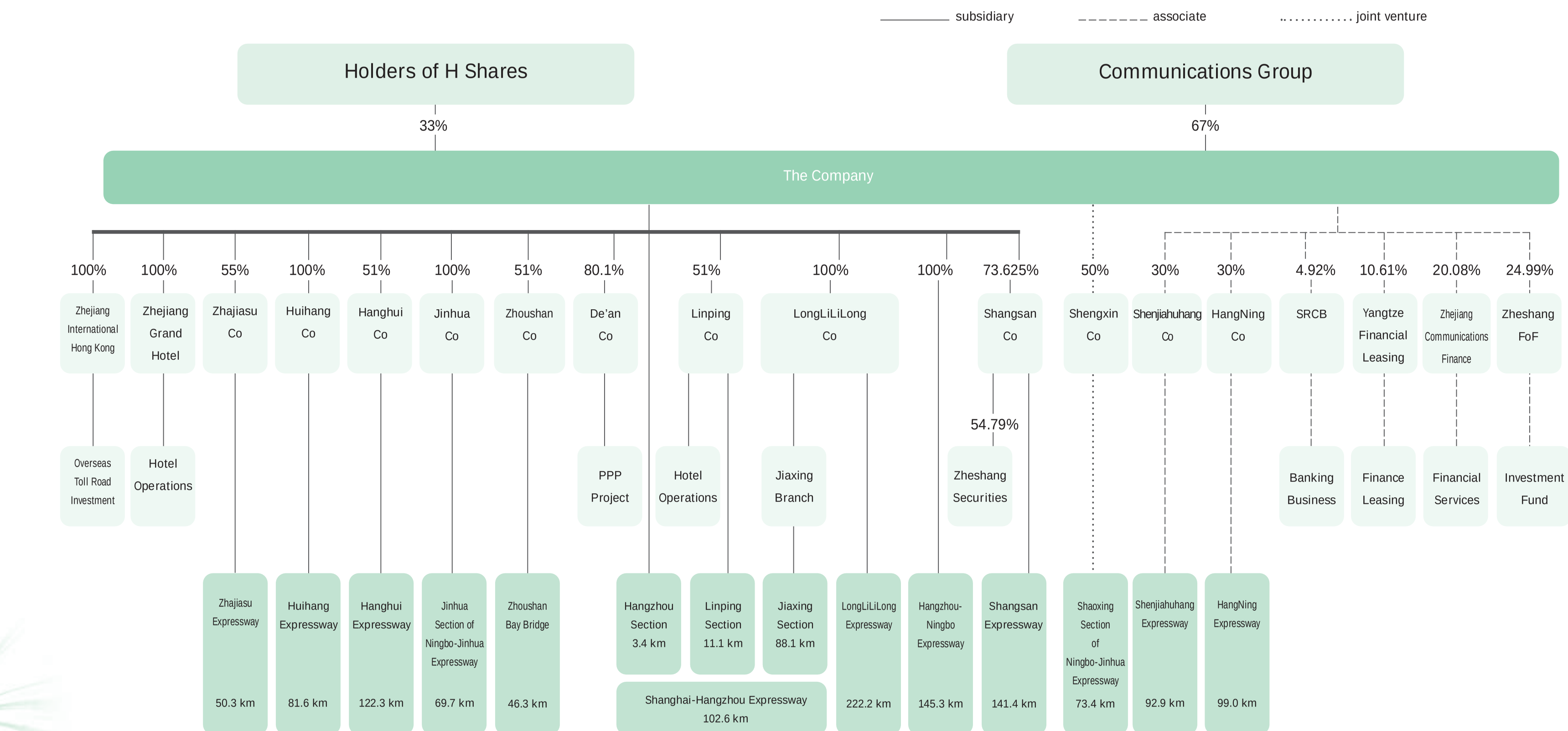
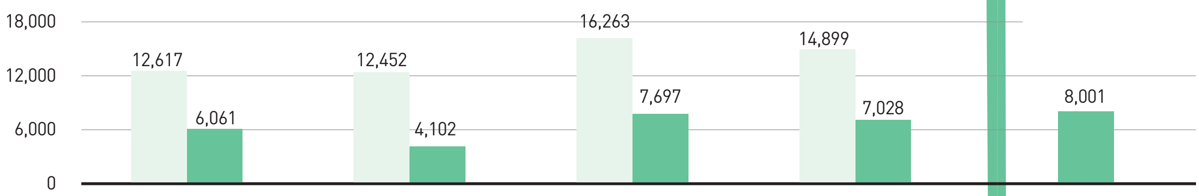
Corporate Structure of the Group

Set out below is the corporate and business structure of the Group as at August 31, 2023:

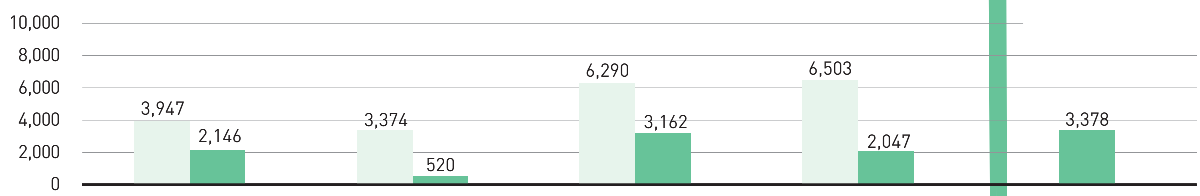


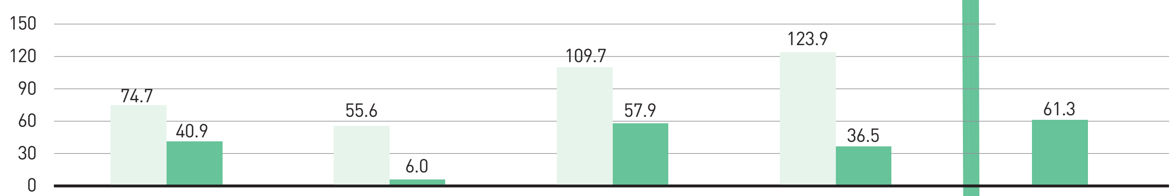
Financial Highlights

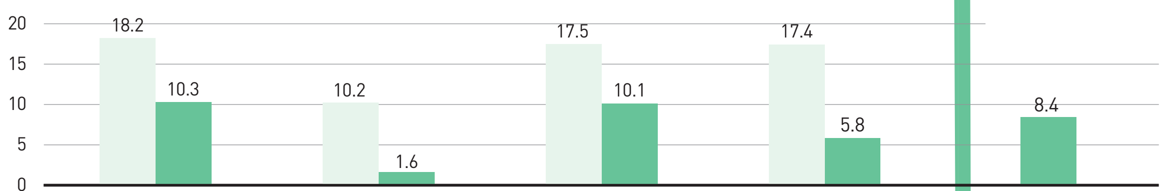
Revenue/Rmb Million



Net Profit/Rmb Million








JIANGSU PROVINCE
Suzhou
Shanghai
SHANGHAI MUNICIPALITY
ANHUI PROVINCE
JIANGXI PROVINCE
ZHEJIANG PROVINCE
FUJIAN PROVINCE
ChangYi Exp.
ChangJia Exp.
ShenSuZheWan Exp.
Huzhou
Jiaxing
West Extension Section of ShenJiaHuHang Exp.
HangNing Exp.
HangChang Exp.
ZhaJiaSu Exp.
Shanghai-Hangzhou Exp.
Hangzhou West double Ring Road
JiaShao Bridge
Hangzhou Bay Bridge
HangPu Exp.
DingDai Exp.
Hangzhou Ring Road
Hangzhou
JiaShao Exp.
HangShaoYong Exp.
HuiHang Exp.
LinJian Exp.
YuCi Exp.
FuChiMen Bridge
HangHui Exp.
HangShaoTai Exp.
Shaoxing
Shangyu
Zhoushan
QianDaoHu Exp.
Ningbo
QianHuang Exp.
Ningbo Ring Road
ChuanShanShuGang Exp.
Huangshan
Zhuji
ShaoZhu Exp.
ShangSan Exp.
HangXinJing Exp.
YongJin (ShaoXing) Exp.
HangJinQu Exp.
YongJin (NingBo) Exp.
LinJin Exp.
YiDong Exp.
HangXinJing Exp.
LongYou Exp.
YongTaiWen Exp.
ShiPuShuGang Exp.
YongJin (JinHua) Exp.
Yiwu
HuangQuNan Exp.
Longyou
Jinhua
Sanmen
DongYong Exp.
YongTaiWen Exp.Secondary Route
Quzhou
ZhuYong Exp.
LongLi Exp.
JinLiWen Exp.
Taizhou
TaiJin Exp.
Lishui
LiLong Exp.
LongPu Exp.
YunJing Exp.
Yongjia
Yueqing Bay Bridge
Wenzhou Ring Road
Wenzhou
JingWen Exp.
WenTai Exp.
LongLiWen Exp.
YongTaiWen Exp.Secondary Route
LEGEND
PROVINCIAL CAPITAL
MUNICIPAL CAPITAL
OTHER CITIES/TOWNS
AIRPORT
RIVER
SERVICE AREA
PROVINCIAL BOUNDARY
EXPRESSWAYS OPERATED BY THE GROUP
EXPRESSWAYS INVESTED BY THE GROUP
EXPRESSWAYS ENTRUSTED TO THE GROUP FOR OPERATIONS
EXPRESSWAY THE GROUP OUTSOURCED FOR OPERATIONS
OTHER EXPRESSWAYS IN OPERATION
EXPRESSWAYS UNDER CONSTRUCTION
NATIONAL ROUTE
RAILWAY