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*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock code: 0576)

## **2023 ANNUAL RESULTS ANNOUNCEMENT**

- Revenue was Rmb16,965.02 million, representing an increase of 10.7% year-on-year
- Profit attributable to owners of the Company was Rmb5,223.68 million, representing an increase of 0.9% year-on-year
- Basic earnings per share was Rmb112.95 cents, and diluted earnings per share was Rmb105.32 cents
- A dividend of Rmb32.0 cents per share was recommended

The directors (the “**Directors**”) of Zhejiang Expressway Co., Ltd. (the “**Company**”) announced the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended December 31, 2023 (the “**Period**”), with the basis of preparation as stated in note 1 set out below.

During the Period, revenue for the Group was Rmb16,965.02 million, representing an increase of 10.7% over 2022. Profit attributable to owners of the Company was Rmb5,223.68 million, representing an increase of 0.9% year-on-year. Basic earnings per share for the Period was Rmb112.95 cents (2022 (restated): Rmb113.72 cents), and diluted earnings per share for the Period was Rmb105.32 cents (2022 (restated): Rmb108.33 cents).

The board of Directors (the “**Board**”) of the Company recommended a dividend of Rmb32.0 cents per share (2022: dividend of Rmb37.50 cents per share). The dividend is subject to shareholders’ approval at the Company’s 2023 annual general meeting (the “**AGM**”).

The audit committee of the Company has reviewed the Group's consolidated financial statements for the Period. Set out below are the audited consolidated statement of profit or loss and other comprehensive income for the Period and consolidated statement of financial position as at December 31, 2023, with comparative figures for 2022, and relevant notes to the consolidated financial statements:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<b>For the year ended</b>	
		<b>December 31,</b>	
	<i>Notes</i>	<b>2023</b>	2022
		<b>Rmb'000</b>	<i>Rmb'000</i>
		<u>                    </u>	<u>(Restated)</u>
Revenue	4	<b>16,965,024</b>	15,331,777
Including: Interest income under effective interest method		<b>2,452,400</b>	2,390,436
Operating costs		<b>(9,765,685)</b>	(9,365,125)
Gross profit		<b>7,199,339</b>	5,966,652
Securities investment gains		<b>1,024,960</b>	679,734
Other income and gains and losses	5	<b>907,870</b>	2,102,751
Administrative expenses		<b>(183,981)</b>	(177,405)
Other expenses		<b>(125,190)</b>	(125,349)
Impairment losses under expected credit loss model, net of reversal		<b>(30,624)</b>	(11,785)
Share of profit of associates		<b>1,056,247</b>	752,086
Share of profit of joint ventures		<b>107,046</b>	49,771
Finance costs		<b>(2,104,129)</b>	(1,894,394)
Profit before tax		<b>7,851,538</b>	7,342,061
Income tax expense	6	<b>(1,229,208)</b>	(1,039,051)
Profit for the year		<b>6,622,330</b>	6,303,010
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on debt instruments measured at fair value through other comprehensive income		<b>51,272</b>	(9,055)

		<b>For the year ended</b>	
		<b>December 31,</b>	
		<b>2023</b>	2022
	<i>Notes</i>	<b><i>Rmb'000</i></b>	<i>Rmb'000</i>
		<u>                    </u>	<u>(Restated)</u>
Impairment loss for debt instruments at fair value through other comprehensive income		<b>867</b>	1,108
Income tax impact relating to items that may be reclassified subsequently to profit or loss		<b>(13,035)</b>	1,987
Exchange differences on translation of financial statements of foreign operations		<b>3,907</b>	21,787
Share of other comprehensive income/ (loss) of an associate, net of related income tax		<b>86,812</b>	(736)
Other comprehensive income for the year, net of income tax		<b><u>129,823</u></b>	<u>15,091</u>
 Total comprehensive income for the year		<b><u><u>6,752,153</u></u></b>	<u><u>6,318,101</u></u>
 Profit for the year attributable to:			
Owners of the Company		<b><u>5,223,679</u></b>	5,178,666
Non-controlling interests		<b><u>1,398,651</u></b>	<u>1,124,344</u>
		<b><u><u>6,622,330</u></u></b>	<u><u>6,303,010</u></u>
 Total comprehensive income attributable to:			
Owners of the Company		<b><u>5,327,819</u></b>	5,184,248
Non-controlling interests		<b><u>1,424,334</u></b>	<u>1,133,853</u>
		<b><u><u>6,752,153</u></u></b>	<u><u>6,318,101</u></u>
 Earnings per share	<b>8</b>		
Basic ( <i>Rmb cents</i> )		<b><u><u>112.95</u></u></b>	<u><u>113.72</u></u>
 Diluted ( <i>Rmb cents</i> )		<b><u><u>105.32</u></u></b>	<u><u>108.33</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at December 31, 2023 <i>Rmb'000</i>	As at December 31, 2022 <i>Rmb'000</i> (Restated)	As at January 1, 2022 <i>Rmb'000</i> (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	6,202,021	5,912,826	5,530,838
Right-of-use assets	934,837	621,953	666,686
Expressway operating rights	21,012,910	23,674,743	30,253,704
Goodwill	86,867	86,867	86,867
Other intangible assets	388,384	347,400	303,506
Interests in associates	11,491,055	10,059,641	9,675,046
Interests in joint ventures	1,497,891	440,345	440,574
Financial assets at fair value through profit or loss (“FVTPL”)	189,527	209,439	363,878
Debt instruments at fair value through other comprehensive income	7,718,725	570,257	–
Other receivables and prepayments	854,473	1,118,363	1,216,289
Financial assets held under resale agreements	–	189,000	10,000
Deferred tax assets	1,446,067	1,416,809	1,617,799
Time deposits	3,048,619	–	–
	<u>54,871,376</u>	<u>44,647,643</u>	<u>50,165,187</u>

		As at December 31, 2023 <i>Rmb'000</i>	As at December 31, 2022 <i>Rmb'000</i> (Restated)	As at January 1, 2022 <i>Rmb'000</i> (Restated)
	<i>Notes</i>			
<b>CURRENT ASSETS</b>				
Inventories		<b>1,306,370</b>	606,285	371,714
Trade receivables	9	<b>831,478</b>	562,884	475,199
Loans to customers arising from margin financing business		<b>19,934,761</b>	17,557,268	19,394,130
Other receivables and prepayments		<b>5,990,540</b>	3,350,918	1,379,476
Dividends receivable		<b>1,631</b>	44	128
Derivative financial assets		<b>1,279,110</b>	1,000,756	613,718
Financial assets at FVTPL		<b>41,729,113</b>	43,789,944	45,445,711
Debt instruments at fair value through other comprehensive income		<b>445,173</b>	250,683	–
Financial assets held under resale agreements		<b>7,729,402</b>	6,086,210	7,078,206
Bank balances and clearing settlement fund held on behalf of customers		<b>45,415,217</b>	48,744,803	38,392,804
Bank balances, clearing settlement fund, deposits and cash				
– Restricted bank balances and cash		<b>100,631</b>	70,179	132,090
– Time deposits with original maturity over three months		<b>4,268,560</b>	203,632	413,843
– Cash and cash equivalents		<b>23,830,440</b>	23,990,165	17,213,997
		<b>152,862,426</b>	146,213,771	130,911,016

		As at December 31, 2023	As at December 31, 2022	As at January 1, 2022
	<i>Notes</i>	<b><i>Rmb'000</i></b>	<i>Rmb'000</i> (Restated)	<i>Rmb'000</i> (Restated)
<b>CURRENT LIABILITIES</b>				
Placements from other financial institutions		<b>1,950,000</b>	700,000	500,000
Accounts payable to customers arising from securities business		<b>44,803,323</b>	48,449,595	38,069,350
Trade payables	10	<b>1,265,174</b>	1,220,832	1,453,998
Tax liabilities		<b>654,107</b>	419,684	1,305,228
Other taxes payable		<b>232,461</b>	379,334	920,106
Other payables and accruals		<b>13,954,591</b>	8,924,553	5,921,353
Dividends payable		<b>168,573</b>	–	–
Contract liabilities		<b>104,000</b>	161,381	204,214
Derivative financial liabilities		<b>996,027</b>	554,357	451,368
Bank and other borrowings		<b>4,593,399</b>	5,054,083	2,451,507
Short-term financing note payable		<b>2,137,611</b>	3,567,025	7,940,702
Bonds payable		<b>5,404,107</b>	7,118,247	10,455,661
Convertible bonds	11	<b>1,830,842</b>	4,719	–
Financial assets sold under repurchase agreements		<b>24,592,145</b>	23,825,242	25,250,426
Financial liabilities at FVTPL		<b>472,061</b>	1,057,642	2,925,391
Lease liabilities		<b>147,914</b>	119,678	105,699
		<b><u>103,306,335</u></b>	<u>101,556,372</u>	<u>97,955,003</u>
<b>NET CURRENT ASSETS</b>		<b><u>49,556,091</u></b>	<u>44,657,399</u>	<u>32,956,013</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>104,427,467</u></b>	<u>89,305,042</u>	<u>83,121,200</u>

		As at December 31, 2023 <i>Rmb'000</i>	As at December 31, 2022 <i>Rmb'000</i> (Restated)	As at January 1, 2022 <i>Rmb'000</i> (Restated)
	<i>Notes</i>			
<b>NON-CURRENT LIABILITIES</b>				
Bank and other borrowings		<b>13,213,544</b>	17,302,734	19,661,590
Bonds payable		<b>23,610,144</b>	16,189,322	17,193,430
Convertible bonds	11	<b>6,611,090</b>	5,707,354	1,714,662
Deferred tax liabilities		<b>260,060</b>	481,066	477,525
Lease liabilities		<b>327,516</b>	324,352	360,216
		<b>44,022,354</b>	40,004,828	39,407,423
		<b>60,405,113</b>	49,300,214	43,713,777
<b>CAPITAL AND RESERVES</b>				
Share capital		<b>5,993,498</b>	4,343,115	4,343,115
Reserves		<b>33,798,718</b>	25,665,727	22,097,979
Equity attributable to owners of the Company		<b>39,792,216</b>	30,008,842	26,441,094
Non-controlling interests		<b>20,612,897</b>	19,291,372	17,272,683
		<b>60,405,113</b>	49,300,214	43,713,777

## NOTES:

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

### 2. MERGER ACCOUNTING RESTATEMENT

The Group has applied the guidelines set out in Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“**AG5**”) issued by the HKICPA to all of its business combinations under common control.

On September 28, 2023, Zhejiang LongLiLiLong Expressway Co., Ltd. (“**LongLiLiLong Co**”), a wholly owned subsidiary of the Company, entered into an equity purchase agreement with Zhejiang Communications Investment Group Co., Ltd. (“**Communications Group**”) to acquire 100% equity interest in Zhejiang HuangQuNan Expressway Co., Ltd. (“**HuangQuNan Co**”) at a cash consideration of Rmb16,700,000. HuangQuNan Co is principally engaged in the operation and management of toll collection rights of the Zhejiang Section of HuangQuNan Expressway located in Zhejiang Province, the PRC, with a total length of 161 kilometers. The acquisition has been approved by board of directors on September 7, 2023 and in November, HuangQuNan Co became an indirect subsidiary of the Company after the completion of Articles of Association revision and business registration modification pursuant to HuangQuNan Equity Purchase Agreement.

Since Communications Group is the immediate and ultimate holding company of the Company, the above acquisitions were regarded as business combinations involving entities under common control and were accounted for using AG 5. As a result, the comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended December 31, 2022 and the consolidated statement of financial position as at December 31, 2022 and January 1, 2022 have therefore been restated in order to include the financial performance, assets and liabilities of the combining entities since the date on which they first come under common control.

### 3. PRINCIPAL ACCOUNTING POLICIES

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

Except as disclosed below, the accounting policies and methods of computation applied in the consolidated financial statements are consistent with those in the preparation of the Group's annual financial statements for the year ended December 31, 2022.

#### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual periods beginning on January 1, 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

## **Impacts on Application of Amendments to HKAS 8 Definition of Accounting Estimates**

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies, and corrections of errors.

The application of the amendments during the Period had no material impact on the Group’s consolidated financial statements.

## **Impacts on Application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transitional provisions:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after January 1 2022;
- (ii) the Group also, as at January 1 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group’s financial position and performance.

## **Impacts on Application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies**

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in the notes to the consolidated financial statements.

### **4. OPERATING SEGMENTS**

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

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

- (i) Toll operation – the operation and management of high grade roads and the collection of the expressway tolls.
- (ii) Securities operation – the securities and future broking, margin financing and securities lending, securities underwriting and sponsorship, asset management, advisory services and proprietary trading.
- (iii) Others – hotel operation, high grade road construction, investment in other financial institutions and other ancillary services.

## Segment revenue and results

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

### For the year ended December 31, 2023

	Toll operation <i>Rmb'000</i>	Securities operation <i>Rmb'000</i>	Others <i>Rmb'000</i>	Total <i>Rmb'000</i>
Revenue – external customers	<u>10,423,833</u>	<u>6,372,289</u>	<u>168,902</u>	<u>16,965,024</u>
Segment profit	<u>3,890,536</u>	<u>1,915,533</u>	<u>816,261</u>	<u>6,622,330</u>

### For the year ended December 31, 2022 (Restated)

	Toll operation <i>Rmb'000</i>	Securities operation <i>Rmb'000</i>	Others <i>Rmb'000</i>	Total <i>Rmb'000</i>
Revenue – external customers	<u>9,093,380</u>	<u>6,080,383</u>	<u>158,014</u>	<u>15,331,777</u>
Segment profit	<u>3,841,689</u>	<u>1,709,964</u>	<u>751,357</u>	<u>6,303,010</u>

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

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Segment assets			Segment liabilities		
	As at December 31, 2023 <i>Rmb'000</i>	As at December 31, 2022 <i>Rmb'000</i> (Restated)	As at January 1, 2022 <i>Rmb'000</i> (Restated)	As at December 31, 2023 <i>Rmb'000</i>	As at December 31, 2022 <i>Rmb'000</i> (Restated)	As at January 1, 2022 <i>Rmb'000</i> (Restated)
Toll operation	<b>51,395,419</b>	43,815,803	46,150,339	<b>(29,473,199)</b>	(31,160,980)	(35,080,942)
Securities operation	<b>146,103,622</b>	137,584,981	125,941,428	<b>(117,199,395)</b>	(109,660,591)	(101,422,949)
Others	<b>10,147,894</b>	9,373,763	8,897,569	<b>(656,095)</b>	(739,629)	(858,535)
Total segment assets (liabilities)	<b>207,646,935</b>	190,774,547	180,989,336	<b>(147,328,689)</b>	(141,561,200)	(137,362,426)
Goodwill	<b>86,867</b>	86,867	86,867	-	-	-
Consolidated assets (liabilities)	<b><u>207,733,802</u></b>	<b><u>190,861,414</u></b>	<b><u>181,076,203</u></b>	<b><u>(147,328,689)</u></b>	<b><u>(141,561,200)</u></b>	<b><u>(137,362,426)</u></b>

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

## Other segment information

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

For the year ended December 31, 2023

	Toll operation <i>Rmb'000</i>	Securities operation <i>Rmb'000</i>	Others <i>Rmb'000</i>	Total <i>Rmb'000</i>
Income tax expense	853,149	376,059	–	1,229,208
Interest income from financial institutions	359,558	–	1,128	360,686
Interest expenses	1,141,766	940,158	22,205	2,104,129
Impairment losses on loan to customers arising from margin financing business, recognised in profit	–	2,345	–	2,345
Impairment losses on trade receivables, net of reversal	60	(556)	168	(328)
Interests in associates	2,926,969	703,957	7,860,129	11,491,055
Interests in joint ventures	1,497,891	–	–	1,497,891
Share of profit of associates	145,725	77,998	832,524	1,056,247
Share of profit of joint ventures	107,046	–	–	107,046
Net gains arising from financial assets at FVTPL	–	1,438,760	–	1,438,760
Gain on changes in fair value in respect of the derivative component of convertible bond	280,620	–	–	280,620
Additions to non-current assets ( <i>Note</i> )	3,014,776	368,876	121,169	3,504,821
Depreciation and amortisation	3,408,625	276,039	20,379	3,705,043

For the year ended December 31, 2022 (Restated)

	Toll operation <i>Rmb'000</i>	Securities operation <i>Rmb'000</i>	Others <i>Rmb'000</i>	Total <i>Rmb'000</i>
Income tax expense	638,475	395,486	5,090	1,039,051
Interest income from financial institutions	143,565	–	706	144,271
Interest expenses	1,037,282	828,543	28,569	1,894,394
Impairment losses on loan to customers arising from margin financing business, recognised in profit	–	(1,521)	–	(1,521)
Impairment losses on trade receivables, net of reversal	26	1,352	101	1,479
Interests in associates	2,267,377	668,480	7,123,784	10,059,641
Interests in joint ventures	440,345	–	–	440,345
Share of profit of associates	46,135	(30,138)	736,089	752,086
Share of profit of joint ventures	49,771	–	–	49,771
Net gains arising from financial assets at FVTPL	–	744,503	–	744,503
Gain on changes in fair value in respect of the derivative component of convertible bond	31,951	–	–	31,951
Additions to non-current assets ( <i>Note</i> )	1,476,663	285,226	30,771	1,792,660
Depreciation and amortisation	3,425,950	295,510	36,292	3,757,752
Gain on disposal of a subsidiary	1,881,262	–	–	1,881,262

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

## Revenue from major services

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

	For the year ended	
	December 31,	
	2023	2022
	<i>Rmb'000</i>	<i>Rmb'000</i>
		(Restated)
Toll operation revenue	<b>10,423,833</b>	9,093,380
Commission and fee income from securities operation	<b>3,919,889</b>	3,689,947
Interest income from securities operation	<b>2,452,400</b>	2,390,436
Hotel and catering revenue	<b>124,072</b>	88,143
Revenue from PPP project	<b>44,830</b>	69,871
Total	<b><u>16,965,024</u></b>	<b><u>15,331,777</u></b>

## Geographical information

The Group's operations are located in the PRC. The Group's non-current assets are mainly located in the PRC (country of domicile).

All of the Group's revenue from external customers is attributed to the Group entities' country of domicile (i.e. the PRC).

## Information about major customers

During the years ended December 31, 2023 and 2022, there was no individual customer with sales over 10% of the total revenue of the Group.

## 5. OTHER INCOME AND GAINS AND LOSSES

	<b>For the year ended December 31,</b>	
	<b>2023</b>	2022
	<b><i>Rmb'000</i></b>	<i>Rmb'000</i>
	<u>                    </u>	<u>(Restated)</u>
Interest income from financial institutions	<b>360,686</b>	144,271
Rental income ( <i>Note i</i> )	<b>73,264</b>	73,431
Gain on changes in fair value in respect of the derivative component of convertible bond	<b>280,620</b>	31,951
Exchange losses, net	<b>(143,902)</b>	(229,412)
Gains/(losses) on commodity trading, net ( <i>Note ii</i> )	<b>131,359</b>	(37,237)
Management fee income	<b>23,195</b>	13,777
Government subsidy	<b>57,476</b>	74,537
Gain arising from deemed disposal of associates	–	22,062
Gain on disposal of assets	<b>1,579</b>	7,333
Gain on disposal of a subsidiary	–	1,881,262
Others	<b>123,593</b>	120,776
	<u>                    </u>	<u>                    </u>
<b>Total</b>	<b><u>907,870</u></b>	<b><u>2,102,751</u></b>

### *Notes:*

- (i) Rental income included contingent rent of Rmb1,230,000 (2022: Rmb1,175,000) recognised during the year.
- (ii) The income on commodity trading amounted to Rmb11,899,707,000 (2022: Rmb11,616,371,000) with the cost of Rmb11,768,348,000 (2022: Rmb11,653,608,000). The net gains or losses on commodity trading is presented as other income and gains and losses. And the balance of inventories on commodity trading amounted to Rmb1,303,882,000 (2022: Rmb603,909,000) as of December 31, 2023.

## 6. INCOME TAX EXPENSE

	<b>For the year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>Rmb'000</i></b>	<b><i>Rmb'000</i></b>
		<b>(Restated)</b>
Current Tax:		
PRC Enterprise Income Tax (“EIT”)	<b>1,492,507</b>	1,081,139
Deferred tax	<b>(263,299)</b>	(42,088)
	<b><u>1,229,208</u></b>	<b><u>1,039,051</u></b>

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

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

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

	<b>For the year ended December 31,</b>	
	<b>2023</b>	2022
	<b><i>Rmb'000</i></b>	<i>Rmb'000</i>
		(Restated)
Profit before tax	<b>7,851,538</b>	7,342,061
Tax at the PRC EIT rate of 25% (2022: 25%)	<b>1,962,885</b>	1,835,515
Tax effect of share of profit of associates	<b>(264,062)</b>	(188,022)
Tax effect of share of profit of joint ventures	<b>(26,762)</b>	(12,443)
Tax effect of tax losses not recognised	<b>71,925</b>	112,442
Utilisation of unused tax loss previously not recognised	<b>(482,237)</b>	(122,620)
Tax effect of expenses not deductible for tax purposes	<b>186,775</b>	34,454
Tax effect of income not subjected to tax purposes	<b>(219,316)</b>	(620,275)
Income tax expense for the year	<b><u>1,229,208</u></b>	<b><u>1,039,051</u></b>

## 7. DIVIDENDS

	<b>For the year ended December 31,</b>	
	<b>2023</b>	2022
	<b><i>Rmb'000</i></b>	<i>Rmb'000</i>
Dividends recognised as distribution during the year:		
2022 – Rmb37.5 cents per share		
(2022: 2021 – Rmb37.5 cents per share)	<b><u>1,628,668</u></b>	<b><u>1,628,668</u></b>

Dividend of Rmb32.0 cents per share in respect of the year ended December 31, 2023 (2022: dividend of Rmb37.5 cents per share in respect of the year ended December 31, 2022) in the total amount of Rmb1,917,919,000 (2022: Rmb1,628,668,000) has been proposed by the Directors and is subject to approval by the shareholders at the AGM.

## 8. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	<b>For the year ended December 31,</b>	
	<b>2023</b>	2022
	<b><i>Rmb'000</i></b>	<i>Rmb'000</i>
		(Restated)
	<u>                    </u>	<u>                    </u>
Profit for the year attributable to owners of the Company	5,223,679	5,178,666
Earnings for the purpose of basic earnings per share	5,223,679	5,178,666
Effect of dilutive potential ordinary shares arising from convertible bond	<u>(51,184)</u>	<u>48,395</u>
Earnings for the purpose of diluted earnings per share	<u><u>5,172,495</u></u>	<u><u>5,227,061</u></u>

### Number of shares

	<b>For the year ended December 31,</b>	
	<b>2023</b>	2022
	<b>'000</b>	'000
		(Restated)
	<u>                    </u>	<u>                    </u>
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	4,624,765	4,553,764
Effect of dilutive potential ordinary shares arising from convertible bond	<u>286,612</u>	<u>271,284</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>4,911,377</u></u>	<u><u>4,825,048</u></u>

*Note:* During the year ended December 31, 2023, the Group offered rights issue to its existing Domestic share and H share shareholders, respectively. As the price of share was below the market price at the time of rights issue, there were bonus elements for rights issue and the weighted average number of ordinary shares were adjusted retrospectively. As a result, the weighted average number of ordinary shares and the basic earnings per share for the year ended December 31, 2022 were restated.

## 9. TRADE RECEIVABLES

	As at December 31, 2023 <i>Rmb'000</i>	As at December 31, 2022 <i>Rmb'000</i> (Restated)	As at January 1, 2022 <i>Rmb'000</i> (Restated)
Trade receivables			
– contracts with customers	<b>837,226</b>	569,232	480,998
Less: Allowance for credit losses	<b>(5,748)</b>	(6,348)	(5,799)
	<b>831,478</b>	562,884	475,199
Trade receivables (before allowance for credit losses) comprise:			
Fellow subsidiaries	<b>19,520</b>	15,663	22,921
Third parties	<b>817,706</b>	553,569	458,077
Total trade receivables	<b>837,226</b>	569,232	480,998

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

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

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

	<b>As at December 31, 2023 <i>Rmb'000</i></b>	As at December 31, 2022 <i>Rmb'000</i> (Restated)	As at January 1, 2022 <i>Rmb'000</i> (Restated)
Within 3 months	420,733	358,162	342,615
3 months to 1 year	381,569	181,217	121,753
1 to 2 years	23,734	21,025	7,554
Over 2 years	5,442	2,480	3,277
Total	<b>831,478</b>	<b>562,884</b>	<b>475,199</b>

#### Movement of allowance for credit losses

	<b>As at December 31, 2023 <i>Rmb'000</i></b>	As at December 31, 2022 <i>Rmb'000</i> (Restated)
At the beginning of the year	6,348	5,799
Impairment recognised for the year	271	1,584
Amount reversed during the year	(599)	(105)
Written off	(272)	(930)
At the end of the year	<b>5,748</b>	<b>6,348</b>

## 10. TRADE PAYABLES

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

	<b>As at December 31, 2023 <i>Rmb'000</i></b>	<b>As at December 31, 2022 <i>Rmb'000</i> (Restated)</b>	<b>As at January 1, 2022 <i>Rmb'000</i> (Restated)</b>
Within 3 months	<b>668,425</b>	671,828	915,863
3 months to 1 year	<b>127,248</b>	142,923	134,465
1 to 2 years	<b>154,917</b>	139,799	88,521
2 to 3 years	<b>78,708</b>	39,275	62,490
Over 3 years	<b>235,876</b>	227,007	252,659
Total	<b><u>1,265,174</u></b>	<b><u>1,220,832</u></b>	<b><u>1,453,998</u></b>

## 11. CONVERTIBLE BONDS

### Convertible Bond 2021

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

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

#### *(1) Conversion right*

The Convertible Bond 2021 will, at the option of the holder (the “**Bondholders 2021**”), be convertible (unless previously redeemed, converted or purchased and cancelled) on or after March 2, 2021 up to January 10, 2026 into fully paid ordinary shares with a par value of Rmb1.00 each at an initial conversion price (the “**Conversion Price 2021**”) of HK\$8.83 per H share and a fixed exchange rate of HK\$9.5145 to Euro1.00 (the “**Fixed Exchange Rate**”). The Conversion Price 2021 is subject to the anti-dilutive adjustments and certain events including mainly: share consolidation, subdivision or re-classification, capitalisation of profits or reserves, capital distributions, rights issues of shares or options over shares, rights issues of other securities and issues at less than current market price. The latest Conversion Price 2021 was HK\$6.69 per H share.

#### *(2) Redemption*

##### *(i) Redemption at maturity*

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

*(ii) Redemption at the option of the Company*

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

- (a) At any time after January 20, 2024 but prior to the Maturity Date 2021, the closing price of an H share translated into Euro at the prevailing exchange rate applicable to each Stock Exchange business day, for any 20 business days within a period of 30 consecutive Stock Exchange business days prior to the publication of such redemption notice, the last day of such business days shall occur not more than 10 days prior to the date upon which notice of such redemption is given, was at least 130 percent of the prevailing Conversion Price 2021 (translated into Euro at the Fixed Exchange Rate); or
- (b) At any time prior to the publication of such redemption notice, the aggregate principal amount of the Convertible Bond 2021 outstanding is less than 10 percent of the aggregate principal amount originally issued.

*(iii) Redemption at the option of the Bondholders 2021*

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

The Convertible Bond 2021 comprises two components:

- (a) Debt component was initially measured at fair value in the amount of 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 issuance costs such as underwriting fee. The effective interest rate used is 4.74%.
- (b) Derivative component comprises conversion right of the Bondholders 2021, redemption option of the Company, and put 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 as at December 31, 2021. Issuance costs such as underwriting fee amounting to approximately Rmb6,716,268 relating to the debt component are included in the initial carrying amount of the debt portion and amortised over the remaining life of the Convertible Bond 2021 using the effective interest method.

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

The movement of the debt and derivative components of the Convertible Bond 2021 as at December 31, 2023 and 2022 is set out as below:

	Debt component at amortised cost		Derivative component at FVTPL		Total	
	<i>Euro'000</i>	<i>Rmb'000</i>	<i>Euro'000</i>	<i>Rmb'000</i>	<i>Euro'000</i>	<i>Rmb'000</i>
As at January 1, 2022	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 changes in fair value	-	-	(5,594)	(31,951)	(5,594)	(31,951)
As at December 31, 2022	<u>199,401</u>	<u>1,480,135</u>	<u>41,530</u>	<u>308,266</u>	<u>240,931</u>	<u>1,788,401</u>
Exchange realignment	-	79,600	-	-	-	79,600
Interest charge	28,080	228,084	-	-	28,080	228,084
Gain on changes in fair value	-	-	(38,012)	(280,620)	(38,012)	(280,620)
As at December 31, 2023	<u>227,481</u>	<u>1,787,819</u>	<u>3,518</u>	<u>27,646</u>	<u>230,999</u>	<u>1,815,465</u>

As of December 22, 2023, pursuant to the terms and conditions of the bonds, notice of redemption had been served on the Company requiring the Company to redeem part of the bonds at the principal amount of Euro202,600,000. Such redemption rights were executed on January 20, 2024 and the outstanding Bonds in the principal amount were Euro27,400,000 subsequently.

## **Convertible Bond 2022**

On June 14, 2022, Zheshang Securities, a subsidiary of the Company, issued a convertible bond due on 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 Shangsang Expressway Co., Ltd. (“**Shangsang Co**”), another subsidiary of the Group.

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

### **(1) Conversion right**

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

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 December 31, 2023, the Conversion Price 2022 was Rmb10.19 per share.

## **(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.

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 since the issuance of Convertible Bond 2022 to December 31, 2023 are set out as below:

	<b>Liability component</b> <i>Rmb'000</i>	<b>Equity component</b> <i>Rmb'000</i>	<b>Total</b> <i>Rmb'000</i>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
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)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
As at December 31, 2022	<u><b>3,923,672</b></u>	<u><b>476,247</b></u>	<u><b>4,399,919</b></u>
Interest charge	<b>184,217</b>	–	<b>184,217</b>
Interest paid	<b>(11,163)</b>	–	<b>(11,163)</b>
Addition ( <i>Note i</i> )	<b>2,529,887</b>	<b>804,528</b>	<b>3,334,415</b>
Conversion into shares ( <i>Note ii</i> )	<b>(146)</b>	<b>(15)</b>	<b>(161)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
As at December 31, 2023	<u><b>6,626,467</b></u>	<u><b>1,280,760</b></u>	<u><b>7,907,227</b></u>

*Notes:*

- (i) During the year ended December 31, 2023, Shangsang Co disposed the Convertible Bond 2022 held on hand with the principal amount of Rmb2,715,347,000 (2021: Rmb1,117,838,000). Upon the disposal, this balance is no longer an intragroup assets and liabilities which were eliminated in full on consolidation, and is considered as an addition during the year.
- (ii) During the year ended December 31, 2023, the bondholders converted part of the Convertible Bond 2022 with a principal amount of Rmb157,000 to the shares of Zheshang Securities.

As at December 31, 2023, Zheshang Securities had not exercised the redemption rights.

## **BUSINESS REVIEW**

The year 2023 marked the first year of the post-COVID-19 pandemic era, and the global economy was gradually emerging from the impact of the pandemic. However, against the backdrop of intensifying geopolitical conflicts, concurrent high interest rates and high inflation, and rising trade protectionism, the global economy as a whole was in weak recovery. After the easing of the pandemic prevention and control measures, China's economy and society generally returned to normal state, but at the same time, were confronted with the challenge of real estate market's adjustment and transformation. Under the guidance of the government's general principle of seeking progress while maintaining stability, macro-control policies were implemented in a concerted manner and the consumption and production continued to recover, resulting in an overall upturn in China's economic performance, with a year-on-year increase of 5.2% in GDP for the year. In 2023, Zhejiang Province's service sector grew strongly, consumption potential continued to unleash, and the scale of effective investment expanded, boosting a year-on-year increase of 6.0% in GDP of the province.

During the Period, the toll revenue of the Group's expressways increased significantly year-on-year benefiting from the continuous recovery of China's economy and the low base effect, while revenue from securities business achieved steady growth against the downtrend of the capital market. During the Period, total revenue of the Group was Rmb16,965.02 million, representing an increase of 10.7% year-on-year, of which Rmb10,423.83 million was generated by the nine major expressways operated by the Group (2022 (restated): Rmb9,093.38 million), representing 61.4% of total revenue. Revenue generated by the securities business was Rmb6,372.29 million (2022: Rmb6,080.38 million), representing 37.6% of the total revenue.

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

	<b>2023</b> <i>Rmb'000</i>	2022 <i>Rmb'000</i> (Restated)	change (%)
Toll road operation revenue	<b>10,423,833</b>	9,093,380	14.6%
Shanghai-Hangzhou-Ningbo Expressway	<b>4,901,165</b>	3,971,714	23.4%
Shangsan Expressway	<b>1,094,646</b>	984,737	11.2%
Jinhua section, Ningbo-Jinhua Expressway	<b>557,158</b>	466,326	19.5%
Hanghui Expressway	<b>737,352</b>	593,918	24.2%
Huihang Expressway	<b>193,725</b>	134,512	44.0%
Shenjiahuhang Expressway	–	619,166	-100.0%
Zhoushan Bay Bridge	<b>1,201,578</b>	827,693	45.2%
LongLiLiLong Expressways	<b>756,412</b>	672,645	12.5%
Zhajiasu Expressway	<b>477,037</b>	389,622	22.4%
HuangQuNan Expressway	<b>504,760</b>	433,047	16.6%
Securities business revenue	<b>6,372,289</b>	6,080,383	4.8%
Commission and fee income	<b>3,919,889</b>	3,689,947	6.2%
Interest income	<b>2,452,400</b>	2,390,436	2.6%
Other operation revenue	<b>168,902</b>	158,014	6.9%
Hotel and catering	<b>124,072</b>	88,143	40.8%
Public-Private Partnership	<b>44,830</b>	69,871	-35.8%
<b>Total revenue</b>	<b><u>16,965,024</u></b>	<b><u>15,331,777</u></b>	<b><u>10.7%</u></b>

*Note:* Due to the issuance of CICC-Zhejiang Expressway-Shenjiahuhang asset-backed special program, Zhejiang Shenjiahuhang Expressway Co., Ltd. was no longer included in the Group's consolidated financial statement from December 2, 2022.

## **Toll Road Operations**

During the Period, as China's economy steadily recovered, the overall traffic volume and toll revenue of the Group's expressways achieved a significant increase year-on-year. The performance of different sections of the Group's expressways varied due to various factors.

Following the low traffic volume base affected by the pandemic in 2022, a significant increase was seen in the demand for travelling such as business, tourism and family visits after the easing of the pandemic prevention and control policy in 2023, the passenger vehicles traffic volume of the Group's expressways recovered rapidly and a significant year-on-year increase was recorded in the passenger vehicles toll revenue, with tourism routes including the Huihang Expressway and the Zhoushan Bay Bridge being positively affected in particular. However, the year-on-year increase in the truck traffic volume of the Group's expressways was relatively flat, which was mainly due to the weaker-than-expected recovery in freight demand as a result of the sluggish recovery of the world economy and the slowdown in global trade and investment.

Meanwhile, the traffic volume of the relevant expressways was also influenced by changes in the surrounding road network. The Hangzhou-Shaoxing-Taizhou Expressway fully opened to traffic on February 11, 2022, continued to divert the traffic volume on the Shangsang Expressway. From September 16 to October 9, 2023, for the purpose of transportation security needs of the Hangzhou Asian Games, the relevant sections of the Shanghai-Hangzhou-Ningbo Expressway was under traffic control during the daytime and a 50% discount on the toll was implemented for yellow-plate trucks on the Zhajiasu Expressway, which had a certain negative impact on the toll revenue during such period. The pilot section of the Linjian Expressway opened for traffic from December 30, 2022, attracting vehicles travelling to and from Hangzhou City and Anhui Province to switch to the Hanghui Expressway which is connected to it, resulting in the additional growth of toll revenue of Hanghui Expressway.

In addition, since January 1, 2023, Hangzhou Lin'an District Government has implemented the policy to pay the tolls for Zhejiang A-plate Class I ETC passenger vehicles traveling on Hanghui Expressway from Yuhang Toll Station to Qingshanhu Toll Station and from Yuhang Toll Station to Lin'an Toll Station, which is conducive to the growth of the traffic volume of passenger vehicles on the Hanghui Expressway.

Looking back at 2023, the comprehensive strength of the Group's core expressway business continued to improve. The Group completed the transportation safeguard services for the Hangzhou Asian Games in a high-quality manner and further enhanced its brand image; piloted intelligent patrol equipment, strengthened the mechanization level of patrol for road maintenance, and continued to improve the quality of the road conditions; completed the alleviation of congestion on high-traffic sections of the Shanghai-Hangzhou-Ningbo Expressway and other high-traffic sections to ensure smoother public travel; took advantage of the post-pandemic self-drive touring boom and actively advanced market-oriented measures to attract traffic and increase revenue; achieved industrial implementation of intelligent expressways technology and digitalization as well as technological innovation and development continued to accumulate new growth drivers.

During the Period, total toll revenue from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 141km Shangsang Expressway, the 70km Jinhua Section of the Ningbo-Jinhua Expressway, the 122km Hanghui Expressway, the 82km Huihang Expressway, the 46km Zhoushan Bay Bridge, the 222km LongLiLiLong Expressways, the 50km Zhajiasu Expressway and the 161km HuangQuNan Expressway was Rmb10,423.83 million.

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

<b>The Group's Expressway Sections</b>	<b>Daily Average Traffic Volume (in Full-Trip Equivalents)</b>	<b>year-on-year increase</b>	<b>Toll Revenue (Rmb million)</b>	<b>year-on-year increase</b>
Shanghai-Hangzhou-Ningbo Expressway	88,721	31.80%	4,901.17	23.4%
– Shanghai-Hangzhou Section	89,315	50.77%		
– Hangzhou-Ningbo Section	88,288	20.60%		
Shangsang Expressway	32,723	19.50%	1,094.65	11.2%
Jinhua Section, Ningbo-Jinhua Expressway	33,710	26.26%	557.16	19.5%
Hanghui Expressway	29,073	25.57%	737.35	24.2%
Huihang Expressway	12,721	47.43%	193.73	44.0%
Zhoushan Bay Bridge	30,216	48.49%	1,201.58	45.2%
LongLiLiLong Expressways	15,082	16.49%	756.41	12.5%
Zhajiasu Expressway	41,488	31.83%	477.04	22.4%
HuangQuNan Expressway	11,613	24.62%	504.76	16.6%

## **Securities Business**

In 2023, global inflation remained high and difficult to alleviate, while the international landscape continued to evolve in a complex manner. China's economic development still faced challenges brought by cyclical and structural problems. Multiple internal and external factors have led to a lack of investor confidence and a decline in trading activity, as well as the downward volatility in the capital market. Despite facing many unfavorable factors, Zheshang Securities has been able to fully grasp the development opportunity of comprehensive registration-based IPO system, fully initiate reform and development, comprehensively plan for business transformation, continuously improve compliance risk control levels, and steadily develop all business areas, resulting in an overall performance growth against the trend. Among them, investment banking, futures brokerage, and securities investment business were the main drivers of growth.

During the Period, Zheshang Securities recorded total revenue of Rmb6,372.29 million, representing an increase of 4.8% year-on-year, of which, commission and fee income increased 6.2% year-on-year to Rmb3,919.89 million, and interest income from the securities business was Rmb2,452.40 million, representing an increase of 2.6% year-on-year. In addition, securities investment gains of Zheshang Securities included in the consolidated statement of profit or loss and other comprehensive income of the Group was Rmb1,024.96 million (2022: Rmb679.73 million).

## **Hotel and Catering Business**

In 2023, with the smooth transition of epidemic prevention and control and the effective implementation of policies to promote domestic demand and consumption, the service industry has quickly rebounded, especially in contact-based and group-based services such as accommodation and catering. The revenue of two hotels under the Group has increased significantly, but the profitability has not yet returned to pre-epidemic levels.

Zhejiang Grand Hotel, owned by Zhejiang Grand Hotel Limited (a 100% owned subsidiary of the Company during the Period), recorded revenue of Rmb41.76 million for the Period (2022: Rmb23.49 million).

Grand New Century Hotel, owned by Zhejiang Linping Expressway Co., Ltd. (a 51% owned subsidiary of the Company during the Period), recorded revenue of Rmb82.32 million for the Period (2022: Rmb64.66 million).

## Long-Term Investments

Zhejiang Shaoxing Shengxin Expressway Co., Ltd. (“**Shengxin Co**”, a 50% owned joint venture of the Company during the Period) owns the 73km Shaoxing Section of the Ningbo-Jinhua Expressway. During the Period, the average daily traffic volume in full-trip equivalents was 29,986, representing an increase of 21.63% year-on-year. Toll revenue was Rmb536.65 million (2022: Rmb469.88 million). During the Period, the joint venture recorded a net profit of Rmb164.28 million (2022: Rmb99.54 million).

Zhejiang HangNing Expressway Co., Ltd. (a 30% owned associate of the Company during the Period) owns the 99km HangNing Expressway. During the Period, the associate company recorded a net profit of Rmb486.60 million (2022: Rmb207.84 million).

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

Zhejiang Wenzhou YongTaiWen Expressway Co., Ltd. (“**Wenzhou YongTaiWen Co**”, an associate of the Company, of which the Company completed the acquisition of 15% equity interest on October 26, 2023) operates the Wenzhou section of the YongTaiWen Expressway with a total length of 139km. During the Period, the associate company achieved a net profit of Rmb282.10 million.

Zhejiang Communications Investment Group Finance Co., Ltd. (a 20.08% owned associate of the Company during the Period) derived income mainly from interest income, fees and commissions for providing financial services, including arranging loans and receiving deposits, for Communications Group, the controlling shareholder of the Company, and its subsidiaries. During the Period, the associate company recorded a net profit of Rmb818.65 million (2022: Rmb850.88 million).

Yangtze United Financial Leasing Co., Ltd. (a 10.61% owned associate of the Company during the Period) is primarily engaged in the financial leasing business, the transferring and receiving of financial leasing assets, fixed-income securities investment, and other businesses approved by the National Financial Regulatory Administration. During the Period, the associate company recorded a net profit of Rmb645.30 million (2022: Rmb579.46 million).

Shanghai Rural Commercial Bank Co., Ltd. (a 4.92% owned associate of the Company during the Period) is primarily engaged in the commercial banking business, including deposits, short-, medium-, and long-term loans, domestic and overseas settlements and other businesses that are approved by the National Financial Regulatory Administration. As at the date of this announcement, the associate company has not yet released its audited financial data for the year 2023.

Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership) (a 24.99% owned associate of the Company during the Period) is primarily engaged in equity investments, investment management and investment consultation. During the Period, the net profit of the associate attributable to the Company was Rmb66.17 million (2022: net loss of Rmb40.99 million).

### **Investment, Mergers & Acquisitions and Equity Financing**

During the Period, the Group successfully acquired all equity interest of HuangQuNan Co (owning 161km HuangQuNan Expressway), and 15% equity interest of Wenzhou YongTaiWen Co (owning 139km Wenzhou section of YongTaiWen Expressway), further expanding its core expressway business. It also jointly established an investment platform with China Merchants Expressway Network & Technology Holdings Co., Ltd., successfully acquiring 60% equity interest of Hunan Yonglan Expressway Co., Ltd. (owning 145km Yonglan Expressway), further expanding its strategic layout in core expressway locations. The Group also successfully won the bid for investment in reconstruction and expansion projects of the Shaoxing section and Jinhua section of Ningbo-Jinhua Expressway as well as Zhajiasu Expressway, and completed the signing of concession agreements by project companies, contributing to the sustainable development of its core expressway business.

To further enhance the Group's core competitiveness and accelerate sustainable development, the Company has completed the rights issue of H shares and domestic shares on December 13, 2023 (the **"2023 Rights Issue"**), including: (1) H share Rights Issue of 544,864,710 H shares on the basis of 3.8 H rights shares for every 10 existing H shares at a price of HK\$4.06 per H rights share; (2) domestic share Rights Issue of 1,105,518,800 domestic shares on a basis of 3.8 domestic rights shares for every 10 existing domestic shares at a price of Rmb3.73 per domestic share. The 2023 Rights Issue is the first equity financing since the Company's listing on the Hong Kong Stock Exchange and has raised equivalent to Rmb6.15 billion proceeds at the exchange rate of issue day, effectively guaranteeing the capital needs for its ongoing reconstruction and expansion projects.

## FINANCIAL ANALYSIS

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

During the Period, profit attributable to owners of the Company was Rmb5,223.68 million, representing an increase of 0.9% year-on-year, basic earnings per share was Rmb112.95 cents, representing a decrease of 0.7% year-on-year, diluted earnings per share was Rmb105.32 cents, representing a decrease of 2.8% year-on-year, and return on owners' equity was 16.0%, representing a decrease of 7.5% year-on-year.

### Liquidity and Financial Resources

As at December 31, 2023, current assets of the Group amounted to Rmb152,862.43 million in aggregate (December 31, 2022 (restated): Rmb146,213.77 million), of which bank balances, clearing settlement fund, deposits and cash accounted for 18.4% (December 31, 2022 (restated): 16.6%), bank balances and clearing settlement fund held on behalf of customers accounted for 29.7% (December 31, 2022 (restated): 33.3%), financial assets at FVTPL accounted for 27.3% (December 31, 2022 (restated): 29.9%) and loans to customers arising from margin financing business accounted for 13.0% (December 31, 2022 (restated): 12.0%). The current ratio (current assets over current liabilities) of the Group as at December 31, 2023 was 1.50 (December 31, 2022 (restated): 1.40). Excluding the effect of the customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less bank balances and clearing settlement fund held on behalf of customers over current liabilities less balance of accounts payable to customers arising from securities business) was 1.80 (December 31, 2022 (restated): 1.80).

The amount of financial assets at FVTPL included in current assets of the Group as at December 31, 2023 was Rmb41,729.11 million (December 31, 2022: Rmb43,789.94 million), of which 61.0% was invested in bonds, 9.3% was invested in stocks, 20.5% was invested in equity funds, and the rest were invested in structured products and trust products.

The 2023 Rights Issue has raised gross proceeds in an aggregate amount of HKD6.70 billion, which was equivalent to RMB6.13 billion by the exchange rate at receipt, of which equivalent to Rmb5.2 billion will be used for expenses related to existing expressway expansion and reconstruction projects, and the remaining will be used for replenishing working capital and repaying loans for daily operating expenses. As of December 31, 2023, equivalent to Rmb0.03 billion has been used for related agency fees, Rmb0.12 billion has been used for expenses related to existing expressway expansion and reconstruction projects. The remaining balance was equivalent to RMB5.98 billion at the exchange rate by end of Reporting Period, among which, equivalent to Rmb5.08 billion will be used for expenses related to existing expressway expansion and reconstruction projects, and the remaining will be used for replenishing working capital and repaying loans for daily operating expenses.

During the Period, net cash inflow from the Group's operating activities amounted to Rmb9,814.33 million. The currency mix in which cash and cash equivalents are held has not substantially changed as compared to the same period last year.

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

### **Borrowings and Solvency**

As at December 31, 2023, total liabilities of the Group amounted to Rmb147,328.69 million (December 31, 2022 (restated): Rmb141,561.20 million), of which 12.1% was bank and other borrowings, 1.5% was short-term financing note, 19.7% was bonds payable, 16.7% was financial assets sold under repurchase agreements and 30.4% was accounts payable to customers arising from securities business.

As at December 31, 2023, total interest-bearing borrowings of the Group amounted to Rmb57,400.74 million, representing an increase of 4.5% compared to that as at December 31, 2022. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb13,910.40 million, borrowings from overseas commercial bank loans of Rmb63.22 million, borrowings from other domestic financial institutions of Rmb1,449.22 million, borrowings from other domestic institutions of Rmb2,384.10 million, short-term financing note of Rmb1,507.58 million, beneficial certificates of Rmb630.03 million, long-term beneficial certificates of Rmb3,089.38 million, mid-term notes of Rmb3,048.45 million, subordinated bonds of Rmb3,136.48 million, corporate bonds of Rmb18,054.86 million, asset backed securities of Rmb1,685.08 million, convertible bond denominated in Renminbi of Rmb6,626.47 million and convertible bond denominated in Euro that equivalents to Rmb1,815.47 million. Of the interest-bearing borrowings, 75.7% was not payable within one year.

As at December 31, 2023, the Group's borrowings from domestic commercial banks bore annual fixed interest rates ranged from 2.7% to 4.2%, annual floating interest rates ranged from 3.73% to 4.35%, borrowings from overseas commercial banks bore annual fixed interest rates were 5.25%, annual floating interest rates were 7.43%, the annual fixed interest rates of other domestic financial institutions were 3.7% and 4.13%, annual floating interest rates were 3.78%, and the annual fixed interest rates of other domestic institutions were 3.0% and 3.65%. As at December 31, 2023, the annual floating interest rates for beneficial certificates ranged from 2.35% to 7.0%, the annual fixed interest rates for short-term financing notes were 2.5%, the annual fixed interest rates for long-term beneficial certificates were 3.75%, the annual fixed interest rate for mid-term notes were 2.8% and 2.97%, the annual fixed interest rates for subordinated bonds were 3.65% and 4.08%, the annual fixed interest rate for corporate bond ranged from 1.638% to 3.49%, the annual coupon rate for convertible bond denominated in Renminbi 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 Rmb2,104.13 million and Rmb9,955.67 million, respectively. The interest cover ratio (profit before interest and tax over interest expenses) stood at 4.7 times (Corresponding period of 2022 (restated): 4.9 times).

As at December 31, 2023, the asset-liability ratio (total liabilities over total assets) of the Group was 70.9% (December 31, 2022 (restated): 74.2%). 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 63.2% (December 31, 2022 (restated): 65.5%).

### **Capital Structure**

As at December 31, 2023, the Group had Rmb60,405.11 million in total equity, Rmb112,826.13 million in fixed-rate liabilities, Rmb16,395.51 million in floating-rate liabilities, and Rmb18,107.05 million in interest-free liabilities, representing 29.1%, 54.3%, 7.9% and 8.7% of the Group's total capital, respectively. The gearing ratio, which is computed by dividing the total liabilities less accounts payable to customers arising from the securities business by total equity, was 169.7% as at December 31, 2023 (December 31, 2022 (restated): 188.9%).

### **Capital Expenditure Commitments and Utilization**

During the Period, capital expenditure of the Group totaled Rmb3,332.05 million. Amongst the total capital expenditure of the Group, Rmb1,767.80 million was incurred for acquiring equity investments, Rmb768.56 million was incurred for acquisition and construction of properties, Rmb795.54 million was incurred for purchase and construction of equipment, facilities and ancillary facilities and Rmb0.15 million was incurred for reconstruction and expansion projects of existing expressways.

As at December 31, 2023, the capital expenditure committed by the Group amounted to Rmb6,238.41 million in total. Amongst the remaining balance of total capital expenditure committed by the Group, Rmb1,061.25 million will be used for acquiring equity investments, Rmb428.77 million will be used for acquisition and construction of properties, Rmb968.39 million for acquisition and construction of equipment, facilities and ancillary facilities, Rmb3,780.00 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.

## **Contingent Liabilities and Pledge of Assets**

The Company and Shaoxing Communications Investment Group Co., Ltd. (“**Shaoxing Communications**”, the other joint venture partner that holds 50% equity interest in Shengxin Co) provided Shengxin Co with joint guarantee for its bank loans of Rmb2.20 billion, in accordance with their proportionate equity interests in Shengxin Co. As at December 31, 2023, the remaining bank loan balance was Rmb518.97 million.

Zhejiang Zhoushan Bay Bridge Co., Ltd., a subsidiary of the Company, pledged its rights of toll on expressway for its bank borrowing, and as at December 31, 2023, the remaining bank loan balance was Rmb5,359.90 million.

Deqing County De’an Highway Construction Co., Ltd., a subsidiary of the Company, pledged its trade receivables for its bank borrowing, and as at December 31, 2023, the remaining bank loan balance was Rmb466.15 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 December 31, 2023, the remaining bank loan balance was Rmb4,218.73 million.

Jiaxing Zhajiasu Expressway Co. Ltd., a subsidiary of the Company, pledged its right of toll on expressway for its bank borrowing, and as at December 31, 2023, the remaining bank loan balance was Rmb1,244.60 million.

HuangQuNan Co, a subsidiary of the Company, pledged its right of toll on expressway for its bank borrowing, and as at December 31, 2023, the remaining bank loan balance was Rmb2,780.90 million.

Zheshang International Financial Holding Co., Ltd., a subsidiary of the Company, pledged its right of loans to customers arising from margin financing business, and as at December 31, 2023, the remaining bank loan balance was Rmb63.22 million.

Except for the above, as at December 31, 2023, the Group did not have any other contingent liabilities, pledge of assets or guarantees.

## Foreign Exchange Exposure

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

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

## OUTLOOK

Looking ahead to 2024, risk factors such as geopolitical conflicts, shifts in industrial and supply chains, and trade frictions will continue to disrupt the global economic recovery, coupled with multiple countries facing general elections, the complexity and uncertainty of the global political and economic situation will increase. In the face of a more challenging external environment, the Chinese government will increase its macro-control efforts, coordinate expansion of domestic demand with deepening of supply-side structural reforms, consolidate and enhance the positive momentum of economic recovery. With the introduction and implementation of various policies of ensuring stability in expectations, growth, and employment, it is expected that the Chinese economy will continue to stabilize and rebound in 2024. In this environment of overall economic improvement in China, the overall traffic volume and toll revenue of the expressways under the Group are expected to achieve stable growth.

The Group shall focus on its main responsibilities and businesses, implement service-centered, profit-centered, and brand-centered development strategies. It will fully leverage the function of intelligent expressways, so as to forecast and effectively control traffic flow, and improve the capacity to ensure safety and smoothness. It will also initiate specific action plan to reduce costs, improve quality and efficiency, increase preventive maintenance, and innovate maintenance technologies to enhance low-cost operational capabilities. The Group will continue to expand the service essence of its business brand, accelerate the completion of standardized post-investment management manuals for private-owned expressways with Yonglan Expressway as a model, and enhance its market-oriented management capabilities. In addition, it will take digital empowerment for internal control management as a breakthrough, coordinate the establishment of digital systems, and support business operations to improve efficiency and reduce costs. The Group will also focus on integrating technology research and development with business management, achieve capitalization of digital and technological innovation project investment, and accelerate the transformation and export of innovative achievements.

In 2024, under the guidance of the goal to accelerate promotion for a financially strong country, reforms and opening up of the capital market will further deepen. It is expected that more policies to activate the capital market will be implemented, while stricter regulation will also become more explicit, presenting both opportunities and challenges for the securities industry. Zheshang Securities will take advantage of new market changes and actively seize business opportunities brought by the Beijing Stock Exchange, continuously upgrade its overall business development model, and effectively enhance its ability to serve the real economy. At the same time, it will strengthen business coordination and capital operations, helping Zheshang Securities to accelerate its entry into the ranks of medium to large securities firms nationwide.

Facing the complex domestic and international state of affairs, the Group shall focus on high-quality development, continue to strengthen its core expressways business and improve its securities and financial business. It shall deepen research on policies such as toll collection concession, reconstruction and expansion, and investment and financing to provide strong support for the development of its expressways business. It will also rely on resources along the expressways to expand industries such as expressways-related development and new energy. By strengthening investment through mergers & acquisitions of high-quality expressways projects, the Group will continuously expand its core business. Through systematic planning of expressways reconstruction and expansion, it will facilitate the sustainable development of its core business.

#### **IMPORTANT EVENTS OCCURRED SINCE THE END OF THE PERIOD**

There have been no other important events affecting the Group since the end of the Period.

#### **EXPECTED DATE OF PAYMENT OF THE PROPOSED DIVIDEND**

Subject to the approval by the shareholders of the Company at the AGM to be held on May 8, 2024, the Company expects to pay a dividend of Rmb32.0 cents per share (the “**Proposed Dividend**”) on or around July 5, 2024.

## **DATE OF CLOSURE OF REGISTER, LAST TRANSFER DATE AND RECORD DATE**

The AGM of the Company is expected to be held on May 8, 2024. Notice of convening the AGM will be published on the websites of the Company and the Stock Exchange in due course in accordance with the requirements of the Listing Rules. For the purpose of the AGM and in order to determine the shareholders of the Company who qualify for the Proposed Dividend, the Company will close the register of H shares during the periods from May 3, 2024 to May 8, 2024 (both days inclusive) and from May 14, 2024 to May 19, 2024 (both days inclusive), during which no transfer of H shares will be registered.

Shareholders of H shares who wish to attend the AGM and qualify for the Proposed Dividend shall deliver all transfer instruments and relevant share certificates to Hong Kong Registrars Limited at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong at or before 4:30 p.m. on May 2, 2024 and May 13, 2024, respectively.

For the purpose of the AGM and to qualify for the Proposed Dividend, the record dates are fixed on May 8, 2024 and May 19, 2024, respectively.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

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

## **COMPLIANCE WITH LISTING RULES APPENDIX C1**

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

## **PUBLICATION OF FINANCIAL INFORMATION**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.zjec.com.cn](http://www.zjec.com.cn)). The annual report of the Company for the twelve months ended December 31, 2023 will be available on the above websites in due course.

On behalf of the Board  
**Zhejiang Expressway Co., Ltd.**  
**YUAN Yingjie**  
*Chairman*

Hangzhou, the PRC, March 25, 2024

*As at the date of this announcement, the Chairman of the Company is Mr. YUAN Yingjie; the executive Directors of the Company are: Mr. WU Wei and Mr. LI Wei; the other non-executive Directors of the Company are: Mr. YANG Xudong, Mr. FAN Ye and Mr. HUANG Jianzhang; and the independent non-executive Directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.*