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

2024 INTERIM RESULTS ANNOUNCEMENT

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

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

The board of Directors (the “**Board**”) of the Company does not recommend the payment of an interim dividend for 2024.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2024 have not been audited or reviewed by the auditors of the Company, but have been reviewed by the audit committee of the Company. Set out below are the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the Period and condensed consolidated statement of financial position as at June 30, 2024, with comparative figures for the corresponding period in 2023 and relevant notes to the condensed consolidated financial statements:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

		For the six months ended	
		June 30,	
	<i>Notes</i>	2024	2023
		<i>Rmb'000</i>	<i>Rmb'000</i>
		(Unaudited)	(Unaudited and Restated)
		<hr/>	<hr/>
Revenue	4	8,367,599	8,249,221
Including: Interest income under effective interest method		1,196,922	1,184,455
Operating costs		(4,681,165)	(4,784,670)
		<hr/>	<hr/>
Gross profit		3,686,434	3,464,551
Securities investment gains		574,768	885,857
Other income and gains and losses	5	446,564	80,759
Administrative expenses		(57,646)	(65,315)
Other expenses		(64,638)	(43,829)
Impairment losses under expected credit loss model, net of reversal		(29,664)	(60,415)
Share of profit of associates		505,922	577,254
Share of profit of joint ventures		3,969	32,876
Finance costs		(909,955)	(972,072)
		<hr/>	<hr/>
Profit before tax		4,155,754	3,899,666
Income tax expense	6	(811,948)	(625,906)
		<hr/>	<hr/>
Profit for the Period		3,343,806	3,273,760
		<hr/>	<hr/>

	For the six months ended	
	June 30,	
<i>Notes</i>	2024	2023
	<i>Rmb'000</i>	<i>Rmb'000</i>
	(Unaudited)	(Unaudited and Restated)
	<hr/>	<hr/>
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on equity and debt instruments measured at fair value through other comprehensive income	125,587	31,997
Impairment loss for debt instruments at fair value through other comprehensive income	1,402	215
Income tax impact relating to items that may be reclassified subsequently to profit or loss	(31,747)	(8,053)
Exchange differences on translation of financial statements of foreign operations	2,268	8,502
Share of other comprehensive income of an associate, net of related income tax	59,952	71,136
	<hr/>	<hr/>
Other comprehensive income for the Period, net of income tax	157,462	103,797
	<hr/>	<hr/>
Total comprehensive income for the Period	3,501,268	3,377,557
	<hr/> <hr/>	<hr/> <hr/>

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at June 30, 2024	As at December 31, 2023
<i>Notes</i>	<i>Rmb'000</i> (Unaudited)	<i>Rmb'000</i> (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	5,434,989	6,202,021
Right-of-use assets	869,235	934,837
Expressway operating rights	20,415,963	21,012,910
Goodwill	86,867	86,867
Other intangible assets	377,064	388,384
Interests in associates	11,889,346	11,491,055
Interests in joint ventures	2,086,260	1,497,891
Financial assets at fair value through profit or loss (“FVTPL”)	188,627	189,527
Equity instruments at fair value through other comprehensive income	518,792	–
Debt instruments at fair value through other comprehensive income	9,836,109	7,718,725
Other receivables and prepayments	885,029	854,473
Deferred tax assets	1,403,967	1,446,067
Time deposits	7,008,591	3,048,619
	61,000,839	54,871,376

		As at June 30, 2024	As at December 31, 2023
	<i>Notes</i>	<i>Rmb'000</i> (Unaudited)	<i>Rmb'000</i> (Audited)
CURRENT ASSETS			
Inventories		1,171,307	1,306,370
Trade receivables	8	1,094,575	831,478
Loans to customers arising from margin financing business		18,395,377	19,934,761
Other receivables and prepayments		8,265,389	5,990,540
Dividends receivable		–	1,631
Derivative financial assets		2,357,975	1,279,110
Financial assets at FVTPL		34,435,258	41,729,113
Debt instruments at fair value through other comprehensive income		529,120	445,173
Financial assets held under resale agreements		6,573,353	7,729,402
Bank balances and clearing settlement fund held on behalf of customers		39,726,799	45,415,217
Bank balances, cleaning settlement fund, deposits and cash			
– Restricted bank balances and cash		68,575	100,631
– Time deposits with original maturity over three months		3,258,214	4,268,560
– Cash and cash equivalents		20,631,944	23,830,440
		136,507,886	152,862,426

		As at June 30, 2024	As at December 31, 2023
	<i>Notes</i>	<i>Rmb'000</i> (Unaudited)	<i>Rmb'000</i> (Audited)
CURRENT LIABILITIES			
Placements from other financial institutions		1,000,000	1,950,000
Accounts payable to customers arising from securities business		39,543,771	44,803,323
Trade payables	9	1,149,855	1,265,174
Tax liabilities		522,659	654,107
Other taxes payable		175,537	232,461
Other payables and accruals		12,439,362	13,954,591
Dividends payable		2,567,960	168,573
Contract liabilities		175,964	104,000
Derivative financial liabilities		1,613,195	996,027
Bank and other borrowings		2,234,807	4,593,399
Short-term financing note payable		2,285,565	2,137,611
Bonds payable		6,877,400	5,404,107
Convertible bonds	10	221,766	1,830,842
Financial assets sold under repurchase agreements		20,225,873	24,592,145
Financial liabilities at FVTPL		85,460	472,061
Lease liabilities		156,289	147,914
		91,275,463	103,306,335
NET CURRENT ASSETS		45,232,423	49,556,091
TOTAL ASSETS LESS CURRENT LIABILITIES		106,233,262	104,427,467

		As at June 30, 2024 <i>Rmb'000</i> (Unaudited)	As at December 31, 2023 <i>Rmb'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Bank and other borrowings		15,078,734	13,213,544
Bonds payable		21,929,689	23,610,144
Convertible bonds	10	6,669,949	6,611,090
Deferred tax liabilities		489,327	260,060
Lease liabilities		297,156	327,516
		44,464,855	44,022,354
		61,768,407	60,405,113
CAPITAL AND RESERVES			
Share capital		5,993,498	5,993,498
Reserves		34,781,458	33,798,718
Equity attributable to owners of the Company		40,774,956	39,792,216
Non-controlling interests		20,993,451	20,612,897
		61,768,407	60,405,113

NOTES:

1. BASIS OF PREPARATION

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

2. MERGER ACCOUNTING RESTATEMENT

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

On September 28, 2023, Zhejiang LongLiLiLong Expressway Co., Ltd. (“**LongLiLiLong Co**”), a wholly-owned subsidiary of the Company, entered into an equity purchase agreement (“**HuangQuNan Equity Purchase Agreement**”) with Zhejiang Communications Investment Group Co., Ltd. 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 the board of directors on September 7, 2023, and by the end of 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. During the Period, HuangQuNan Co has been merged by LongLiLiLong Co, and renamed to Zhejiang Longlilong Highway Co., Ltd. Quzhou Branch.

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

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

3. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of amendments to HKFRSs

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

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

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

4. REVENUE AND SEGMENT INFORMATION

Segment revenue and results

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

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

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

For the six months ended June 30, 2023 (Unaudited and 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>5,004,028</u>	<u>3,161,361</u>	<u>83,832</u>	<u>8,249,221</u>
Segment profit	<u>1,787,860</u>	<u>1,022,513</u>	<u>463,387</u>	<u>3,273,760</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.

5. OTHER INCOME AND GAINS AND LOSSES

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

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

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.

7. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

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

8. TRADE RECEIVABLES

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

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

In respect of the Group's asset management service, security commission and financial advisory service operated by Zheshang Securities 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:

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

9. TRADE PAYABLES

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

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

10. 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 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, 2024, the latest conversion price was HK\$6.29 per H share.

(2) Redemption right

(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.

(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.

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

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

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

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

Convertible Bond 2022

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

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

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

(1) Conversion right

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

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

(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.

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

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

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

Note:

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

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

BUSINESS REVIEW

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

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

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

	For the six months ended June 30,		
	2024	2023	Change
	<i>Rmb'000</i>	<i>Rmb'000</i>	
		(Restated)	
Toll road operation revenue	5,112,572	5,004,028	2.2%
Shanghai-Hangzhou-Ningbo			
Expressway	2,380,730	2,356,218	1.0%
Shangsan Expressway	550,380	526,991	4.4%
Jinhua Section, Ningbo-Jinhua			
Expressway	269,258	264,256	1.9%
Hanghui Expressway	354,206	352,995	0.3%
Huihang Expressway	101,398	101,704	-0.3%
Zhoushan Bay Bridge	570,784	550,602	3.7%
LongLiLiLong Expressways	387,120	376,293	2.9%
Zhajiasu Expressway	236,715	226,405	4.6%
HuangQuNan Expressway	261,981	248,564	5.4%

	For the six months ended June 30,		
	2024	2023	Change
	<i>Rmb'000</i>	<i>Rmb'000</i>	
		(Restated)	
Securities business revenue	2,805,936	3,161,361	-11.2%
Commission and fee income	1,609,014	1,976,906	-18.6%
Interest income	1,196,922	1,184,455	1.1%
Other operation revenue	449,091	83,832	435.7%
Hotel and catering	51,791	60,001	-13.7%
Construction service	376,475	–	N/A
Public-Private Partnership	20,825	23,831	-12.6%
Total revenue	<u>8,367,599</u>	<u>8,249,221</u>	<u>1.4%</u>

Toll Road Operations

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

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

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

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

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

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

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

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

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

Securities Business

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

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

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

Hotel and Catering Business

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

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

Long-Term Investments

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

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

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

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

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

Zhejiang Communications Investment Group Finance Co., Ltd. (a 20.08% owned associate of the Company as at the end of the Period) derives income mainly from interest, fees and commissions for providing financial services, including arranging loans and receiving deposits, for 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 Rmb215.16 million, representing a year-on-year decrease of 49.9%.

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

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

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

FINANCIAL ANALYSIS

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

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

Liquidity and financial resources

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

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

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

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

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

Borrowings and solvency

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

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

As at June 30, 2024, the Group's borrowings from domestic commercial banks bore annual fixed interest rates ranged from 2.69% to 4.0%, annual floating interest rates ranged from 2.75% to 3.75%, the annual fixed interest rates of overseas commercial bank loans were 5.25% and 6.96%, the annual floating interest rate was 5.8%, the annual fixed interest rates of other domestic institutions was 3.0%, and the annual fixed interest rates of a domestic financial institution ranged from 3.08% to 3.7%, the annual floating interest rate was 3.68%. As at June 30, 2024, the annual fixed interest rates for short-term financing notes were 2.01% and 1.9%. The annual floating interest rates of beneficial certificates ranged from 4.15% to 7.0%. The annual fixed interest rate for mid-term notes were 2.80% and 2.97%. The annual fixed annual interest rates for subordinated bonds ranged from 2.28% to 4.08%. The annual fixed interest rate for corporate bond ranged from 1.638% to 3.27%. The annual coupon rate for convertible bond denominated in Rmb was 0.6%. 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 Rmb909.96 million and Rmb5,065.71 million, respectively. The interest cover ratio (profit before interest and tax over interest expenses) stood at 5.6 times (Corresponding period of 2023(Restated): 5.0 times).

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

Capital structure

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

Capital expenditure commitments and utilization

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

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

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

Contingent liabilities and pledge of assets

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

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, 2024, the remaining bank loan balance was Rmb5,173.70 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, 2024, the remaining bank loan balance was Rmb466.01 million.

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

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, 2024, the remaining bank loan balance was Rmb1,243.36 million.

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

Except for the above, as at June 30, 2024, the Group did not have any other contingent liabilities, pledge of assets or guarantees.

Foreign exchange exposure

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

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

OUTLOOK

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

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

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

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

IMPORTANT EVENTS OCCURRED SINCE THE END OF THE PERIOD

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

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

Save as disclosed herein, 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 interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zjec.com.cn). The interim report of the Company for the six months ended June 30, 2024 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, August 23, 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 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. YU Mingyuan.