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

2024 ANNUAL RESULTS ANNOUNCEMENT

- Revenue was Rmb18,064.82 million, representing an increase of 6.5% year-on-year
- Profit attributable to owners of the Company was Rmb5,501.59 million, representing an increase of 5.3% year-on-year
- Basic earnings per share was Rmb91.79 cents, and diluted earnings per share was Rmb90.50 cents
- A dividend of Rmb38.5 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, 2024 (the “**Period**”), with the basis of preparation as stated in note 1 set out below.

During the Period, revenue for the Group was Rmb18,064.82 million, representing an increase of 6.5% over 2023. Profit attributable to owners of the Company was Rmb5,501.59 million, representing an increase of 5.3% year-on-year. Basic earnings per share for the Period was Rmb91.79 cents (2023: Rmb112.95 cents), and diluted earnings per share for the Period was Rmb90.50 cents (2023: Rmb105.32 cents).

The board of Directors (the “**Board**”) of the Company recommended a dividend of Rmb38.5 cents per share (2023: dividend of Rmb32.0 cents per share). The dividend is subject to shareholders’ approval at the Company’s 2024 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, 2024, with comparative figures for 2023, and relevant notes to the consolidated financial statements:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,	
		2024	2023
	<i>Notes</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Revenue	3	18,064,824	16,965,024
Including: Interest income under effective interest method		2,490,359	2,452,400
Operating costs		(10,812,360)	(9,765,685)
Gross profit		7,252,464	7,199,339
Securities investment gains		1,735,120	1,024,960
Other income and gains and losses	4	889,145	907,870
Administrative expenses		(160,894)	(183,981)
Other expenses		(167,289)	(125,190)
Impairment losses under expected credit loss model, net of reversal		(19,454)	(30,624)
Share of profit of associates		939,399	1,056,247
Share of profit of joint ventures		130,742	107,046
Finance costs		(1,741,651)	(2,104,129)
Profit before tax		8,857,582	7,851,538
Income tax expense	5	(1,701,104)	(1,229,208)
Profit for the year		7,156,478	6,622,330
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain on equity instrument investments measured at fair value through other comprehensive income		146,710	–
Income tax impact relating to items that will not be reclassified subsequently to profit or loss		(36,677)	–

	For the year ended	
	December 31,	
	2024	2023
<i>Notes</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	110,033	—
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on debt instruments measured at fair value through other comprehensive income	314,277	51,272
Impairment loss for debt instruments at fair value through other comprehensive income	2,854	867
Income tax impact relating to items that may be reclassified subsequently to profit or loss	(79,283)	(13,035)
Exchange differences on translation of financial statements of foreign operations	6,420	3,907
Share of other comprehensive income of an associate, net of related income tax	251,095	86,812
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	495,363	129,823
Other comprehensive income for the Period, net of income tax	605,396	129,823
Total comprehensive income for the year	7,761,874	6,752,153
Profit for the year attributable to:		
Owners of the Company	5,501,588	5,223,679
Non-controlling interests	1,654,890	1,398,651
	7,156,478	6,622,330

		For the year ended	
		December 31,	
		2024	2023
	<i>Notes</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Total comprehensive income attributable to:			
Owners of the Company		5,884,211	5,327,819
Non-controlling interests		1,877,663	1,424,334
		<u>7,761,874</u>	<u>6,752,153</u>
Earnings per share			
Basic (<i>Rmb cents</i>)	7	<u>91.79</u>	<u>112.95</u>
Diluted (<i>Rmb cents</i>)		<u>90.50</u>	<u>105.32</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at December 31, 2024	As at December 31, 2023
<i>Notes</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	5,717,903	6,202,021
Right-of-use assets	832,183	934,837
Expressway operating rights	19,743,837	21,012,910
Goodwill	86,867	86,867
Other intangible assets	428,056	388,384
Interests in associates	17,210,739	11,491,055
Interests in joint ventures	2,400,437	1,497,891
Financial assets at fair value through profit or loss (“FVTPL”)	485,931	189,527
Equity investments designated at fair value through other comprehensive income (“FVTOCI”)	1,708,759	–
Debt instruments at fair value through other comprehensive income	11,412,165	7,718,725
Other receivables and prepayments	985,608	854,473
Deferred tax assets	1,274,351	1,446,067
Time deposits	8,971,236	3,048,619
	71,258,072	54,871,376

		As at December 31, 2024	As at December 31, 2023
	<i>Notes</i>	<u><i>Rmb'000</i></u>	<u><i>Rmb'000</i></u>
CURRENT ASSETS			
Inventories		1,235,112	1,306,370
Trade receivables	8	1,050,498	831,478
Loans to customers arising from margin financing business		24,224,342	19,934,761
Other receivables and prepayments		4,332,270	5,990,540
Dividends receivable		2,000	1,631
Derivative financial assets		570,461	1,279,110
Financial assets at FVTPL		35,536,634	41,729,113
Debt instruments at FVTOCI		1,022,862	445,173
Financial assets held under resale agreements		5,491,056	7,729,402
Bank balances and clearing settlement fund held on behalf of customers		49,066,356	45,415,217
Bank balances, clearing settlement fund, deposits and cash			
– Restricted bank balances and cash		80,259	100,631
– Time deposits with original maturity over three months		2,379,965	4,268,560
– Cash and cash equivalents		20,932,480	23,830,440
		<u>145,924,295</u>	<u>152,862,426</u>

		As at December 31, 2024	As at December 31, 2023
	<i>Notes</i>	<u><i>Rmb'000</i></u>	<u><i>Rmb'000</i></u>
CURRENT LIABILITIES			
Placements from other financial institutions		1,750,000	1,950,000
Accounts payable to customers arising from securities business		48,397,105	44,803,323
Trade payables	9	1,143,206	1,265,174
Tax liabilities		784,814	654,107
Other taxes payable		339,171	232,461
Other payables and accruals		10,132,003	13,954,591
Dividends payable		457,656	168,573
Contract liabilities		123,582	104,000
Derivative financial liabilities		558,131	996,027
Bank and other borrowings		2,507,616	4,593,399
Short-term financing notes payable		7,085,628	2,137,611
Bonds payable		10,994,506	5,404,107
Convertible bonds	10	224,867	1,830,842
Financial assets sold under repurchase agreements		23,139,450	24,592,145
Financial liabilities at FVTPL		480,553	472,061
Lease liabilities		147,689	147,914
		<u>108,265,977</u>	<u>103,306,335</u>
NET CURRENT ASSETS		<u>37,658,318</u>	<u>49,556,091</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>108,916,390</u>	<u>104,427,467</u>

		As at December 31, 2024	As at December 31, 2023
	<i>Notes</i>	<u><i>Rmb'000</i></u>	<u><i>Rmb'000</i></u>
NON-CURRENT LIABILITIES			
Bank and other borrowings		14,577,484	13,213,544
Bonds payable		19,876,048	23,610,144
Convertible bonds	10	–	6,611,090
Deferred tax liabilities		518,088	260,060
Lease liabilities		246,406	327,516
		<u>35,218,026</u>	<u>44,022,354</u>
NET ASSETS		<u>73,698,364</u>	<u>60,405,113</u>
CAPITAL AND RESERVES			
Share capital		5,993,801	5,993,498
Reserves		40,047,152	33,798,718
Equity attributable to owners of the Company		46,040,953	39,792,216
Non-controlling interests		27,657,411	20,612,897
		<u>73,698,364</u>	<u>60,405,113</u>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as 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. 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, 2023.

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

During the Period, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual periods beginning on January 1, 2024 for the preparation of the 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 (the “2020 Amendments”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

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

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

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

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

The Group has reassessed the terms and conditions of its liabilities as at January 1, 2023 and 2024 upon initial application of the amendments. Upon initial application of the amendments, the convertible bonds were reclassified as current liabilities since the conversion options were not classified as equity and are exercisable at any time on or after March 2, 2021 at the bondholders’ options. The adoption of the amendments did not have any impact on the consolidated statements of financial position of the Group as at December 31, 2024 and 2023.

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

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

3. OPERATING SEGMENTS

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

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

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

Segment revenue and results

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

For the year ended December 31, 2024

	Toll operation <i>Rmb'000</i>	Securities operation <i>Rmb'000</i>	Others <i>Rmb'000</i>	Total <i>Rmb'000</i>
Revenue – external customers	<u>10,662,346</u>	<u>6,182,506</u>	<u>1,219,972</u>	<u>18,064,824</u>
Segment profit	<u>4,401,544</u>	<u>1,980,294</u>	<u>774,640</u>	<u>7,156,478</u>

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>

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, 2024 <i>Rmb'000</i>	As at December 31, 2023 <i>Rmb'000</i>	As at December 31, 2024 <i>Rmb'000</i>	As at December 31, 2023 <i>Rmb'000</i>
Toll road operation	46,434,199	51,395,419	(25,321,735)	(29,473,199)
Securities operation	159,916,026	146,103,622	(117,566,517)	(117,199,395)
Others	10,745,275	10,147,894	(595,751)	(656,095)
Total segment assets (liabilities)	217,095,500	207,646,935	(143,484,003)	(147,328,689)
Goodwill	86,867	86,867	-	-
Consolidated assets (liabilities)	<u>217,182,367</u>	<u>207,733,802</u>	<u>(143,484,003)</u>	<u>(147,328,689)</u>

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

Other segment information

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

For the year ended December 31, 2024

	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	1,279,788	416,940	4,376	1,701,104
Interest income from financial institutions	473,839	–	328	474,167
Interest expenses	756,301	966,160	19,190	1,741,651
Impairment losses on loans to customers arising from margin financing business, recognised in profit or loss	–	7,613	–	7,613
Impairment losses on trade receivables, net of reversal	14,986	(754)	(232)	14,000
Interests in associates	2,725,259	5,909,180	8,576,300	17,210,739
Interests in joint ventures	2,400,437	–	–	2,400,437
Share of profit of associates	184,608	(6,722)	761,513	939,399
Share of profit of joint ventures	130,742	–	–	130,742
Net gains arising from financial assets at FVTPL	–	1,493,929	–	1,493,929
Loss on changes in fair value in respect of the derivative component of convertible bond	(2,676)	–	–	(2,676)
Additions to non-current assets (<i>Note</i>)	2,498,934	5,496,595	55,404	8,050,933
Depreciation and amortisation	3,394,018	394,119	24,289	3,812,426

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 loans to customers arising from margin financing business, recognised in profit or loss	–	2,345	–	2,345
Impairment losses on trade receivables, net of reversal	60	(556)	168	(328)
Interests in associates	2,926,969	703,957	7,860,129	11,491,055
Interests in joint ventures	1,497,891	–	–	1,497,891
Share of profit of associates	145,725	77,998	832,524	1,056,247
Share of profit of joint ventures	107,046	–	–	107,046
Net gains arising from financial assets at FVTPL	–	1,438,760	–	1,438,760
Gain on changes in fair value in respect of the derivative component of convertible bond	280,620	–	–	280,620
Additions to non-current assets (<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

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,	
	2024	2023
	<i>Rmb'000</i>	<i>Rmb'000</i>
Toll road operation revenue	10,662,346	10,423,833
Commission and fee income from securities operation	3,692,147	3,919,889
Interest income from securities operation	2,490,359	2,452,400
Hotel and catering revenue	108,251	124,072
Construction service revenue	1,070,362	–
Revenue from PPP project	41,359	44,830
Total	<u>18,064,824</u>	<u>16,965,024</u>

Geographical information

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

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

Information about major customers

During the years ended December 31, 2024 and 2023, there was no individual customer with sales over 10% of the total revenue of the Group.

4. OTHER INCOME AND GAINS AND LOSSES

	For the year ended December 31,	
	2024	2023
	<i>Rmb'000</i>	<i>Rmb'000</i>
Interest income from financial institutions	474,167	360,686
Rental income (<i>Note i</i>)	73,727	73,264
(Loss)/gain on changes in fair value in respect of the derivative component of convertible bond	(2,676)	280,620
Exchange losses, net	(780)	(143,902)
Gains on commodity trading, net (<i>Note ii</i>)	64,009	131,359
Management fee income	27,135	23,195
Government subsidy	69,485	57,476
Gain on disposal of assets	26,736	1,579
Others	157,342	123,593
Total	<u>889,145</u>	<u>907,870</u>

Notes:

- (i) Rental income included contingent rent of Rmb1,230,000 was recognised during the year ended December 31, 2023. No contingent rent occurred in 2024.
- (ii) The income on commodity trading amounted to Rmb9,377,151,000 (2023:Rmb11,899,707,000) with a cost of Rmb9,313,142,000 (2023: Rmb11,768,348,000). The net gains or losses on commodity trading are presented as other income and gains and losses. And the balance of inventories on commodity trading amounted to Rmb1,232,916,000 (2023: Rmb1,303,882,000) as of December 31, 2024.

5. INCOME TAX EXPENSE

	For the year ended December 31,	
	2024	2023
	<i>Rmb'000</i>	<i>Rmb'000</i>
Current Tax:		
PRC Enterprise Income Tax (“EIT”)	1,508,683	1,492,507
Deferred tax	192,421	(263,299)
	<u>1,701,104</u>	<u>1,229,208</u>

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:

	For the year ended December 31,	
	2024	2023
	<i>Rmb'000</i>	<i>Rmb'000</i>
	<u> </u>	<u> </u>
Profit before tax	8,857,582	7,851,538
Tax at the PRC EIT rate of 25% (2023: 25%)	2,214,396	1,962,885
Tax effect of share of profit of associates	(234,850)	(264,062)
Tax effect of share of profit of joint ventures	(32,686)	(26,762)
Tax effect of tax losses and temporary difference not recognised	28,922	71,925
Utilisation of unused tax losses previously not recognised	(40,015)	(482,237)
Tax effect of expenses not deductible for tax purposes	47,983	186,775
Tax effect of income not subject to tax	(282,646)	(219,316)
	<u> </u>	<u> </u>
Income tax expense for the year	<u>1,701,104</u>	<u>1,229,208</u>

6. DIVIDENDS

	For the year ended December 31,	
	2024	2023
	<i>Rmb'000</i>	<i>Rmb'000</i>
	<u> </u>	<u> </u>
Dividends recognised as distribution during the year:		
2023 – Rmb32.0 cents		
(2023: 2022 – Rmb37.5 cents)	<u>1,917,919</u>	<u>1,628,668</u>

Dividend of Rmb38.5 cents per share in respect of the year ended December 31, 2024 (2023: dividend of Rmb32.0 cents per share in respect of the year ended December 31, 2023) in the total amount of Rmb2,307,613,000 (2023: Rmb1,917,919,000) has been proposed by the Directors and is subject to approval by the shareholders at the AGM.

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 year ended December 31,	
	2024	2023
	<i>Rmb'000</i>	<i>Rmb'000</i>
Profit for the year attributable to owners of the Company	5,501,588	5,223,679
Earnings for the purpose of basic earnings per share	5,501,588	5,223,679
Effect of dilutive potential ordinary shares arising from convertible bond	(41,723)	(51,184)
Earnings for the purpose of diluted earnings per share	<u>5,459,865</u>	<u>5,172,495</u>

Number of shares

	For the year ended December 31,	
	2024	2023
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>)	5,993,568	4,624,765
Effect of dilutive potential ordinary shares arising from convertible bond	39,271	286,612
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>6,032,839</u>	<u>4,911,377</u>

Note: In October 2024, the bondholders converted part of the Convertible Bond 2021 with a principal amount of Euro200,000 to the shares of the Company, and the weighted average number of ordinary shares outstanding during the year was adjusted to reflect the conversion during the year.

8. TRADE RECEIVABLES

	As at December 31, 2024 <i>Rmb'000</i>	As at December 31, 2023 <i>Rmb'000</i>
Trade receivables comprise:		
– Contracts with customers	1,070,246	837,226
Less: Allowance for credit losses	<u>(19,748)</u>	<u>(5,748)</u>
	<u>1,050,498</u>	<u>831,478</u>
Trade receivables (before allowance for credit losses) comprise:		
Fellow subsidiaries	16,390	19,520
Third parties	<u>1,053,856</u>	<u>817,706</u>
Total trade receivables	<u>1,070,246</u>	<u>837,226</u>

The Group has no credit period granted to its trade customers of toll road operation business. The Group's trade receivable balance for toll road 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 ageing analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	As at December 31, 2024 <i>Rmb'000</i>	As at December 31, 2023 <i>Rmb'000</i>
Within 3 months	489,187	420,733
3 months to 1 year	391,596	381,569
1 to 2 years	168,839	23,734
Over 2 years	876	5,442
Total	<u>1,050,498</u>	<u>831,478</u>

Movement of allowance for credit losses

	As at December 31, 2024 <i>Rmb'000</i>	As at December 31, 2023 <i>Rmb'000</i>
At the beginning of the year	5,748	6,348
Impairment recognised for the year	14,000	271
Amount reversed during the year	–	(599)
Written off	–	(272)
At the end of the year	<u>19,748</u>	<u>5,748</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 reporting period:

	As at December 31, 2024 <i>Rmb'000</i>	As at December 31, 2023 <i>Rmb'000</i>
Within 3 months	537,785	668,425
3 months to 1 year	124,735	127,248
1 to 2 years	132,298	154,917
2 to 3 years	76,991	78,708
Over 3 years	271,397	235,876
Total	<u>1,143,206</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.

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\$6.29 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 2024 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, 2023	199,401	1,480,135	41,530	308,266	240,931	1,788,401
Exchange realignment	-	79,600	-	-	-	79,600
Interest charge	28,080	228,084	-	-	28,080	228,084
Gain on changes in fair value	-	-	(38,012)	(280,620)	(38,012)	(280,620)
As at December 31, 2023	<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>
Redemption	(202,600)	(1,592,274)	-	-	(202,600)	(1,592,274)
Conversion of Convertible Bond	(200)	(1,472)	(22)	(164)	(222)	(1,636)
Exchange realignment	-	(8,243)	-	-	-	(8,243)
Interest charge	1,192	8,879	-	-	1,192	8,879
Loss on changes in fair value	-	-	512	2,676	512	2,676
As at December 31, 2024	<u>25,873</u>	<u>194,709</u>	<u>4,008</u>	<u>30,158</u>	<u>29,881</u>	<u>224,867</u>

On December 22, 2023, pursuant to the terms and conditions of the bonds, notice of redemption had been served on the Company requiring the Company to redeem part of the bonds at the principal amount of Euro202,600,000. Such redemption rights were executed on January 20, 2024. During the year ended December 31, 2024, the bondholders converted part of the Convertible Bond 2021 with a principal amount of Euro200,000 to the shares of the Company. As of December 31, 2024, the outstanding bonds in the principal amount were Euro27,200,000.

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, 2023. 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. Shangsang Co has disposed all of these Convertible Bond 2022 in 2023.

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.

(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% (including 130%) 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 as of December 31, 2023 and 2024 are set out as below:

	Liability component <i>Rmb'000</i>	Equity component <i>Rmb'000</i>	Total <i>Rmb'000</i>
As at January 1, 2023	3,923,672	476,247	4,399,919
Interest charge	184,217	–	184,217
Interest paid	(11,163)	–	(11,163)
Addition (<i>Note i</i>)	2,529,887	804,528	3,334,415
Conversion into shares	(146)	(15)	(161)
As at December 31, 2023	<u>6,626,467</u>	<u>1,280,760</u>	<u>7,907,227</u>
Interest charge	401,129	–	401,129
Interest paid	(27,859)	–	(27,859)
Conversion into shares and redemption (<i>Note ii</i>)	<u>(6,999,737)</u>	<u>(1,280,760)</u>	<u>(8,280,497)</u>
As at December 31, 2024	<u>–</u>	<u>–</u>	<u>–</u>

Notes:

- (i) During the year ended December 31, 2023, Shangsang Co disposed of the Convertible Bond 2022 held on hand with the principal amount of Rmb2,715,347,000. Upon the disposal, this balance was no longer regarded as intragroup assets and liabilities which were eliminated in full on consolidation, and was considered as an addition during the year.
- (ii) During the year ended December 31, 2024, the bondholders converted part of the Convertible Bond 2022 with a principal amount of Rmb 6,991,440,000 to the shares of Zheshang Securities. As at December 31, 2024, Zheshang Securities exercised the redemption rights and redeemed a principal amount of Rmb 8,297,000.

BUSINESS REVIEW

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

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

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

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

Toll Road Operations

(I) Business performance and analysis

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

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

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

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

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

Traffic volume of some of the Group's expressways was also affected by changes in neighboring road networks. The traffic-interrupting reconstruction and expansion of Shuiyang Hub to Daxi Hub Section of YongTaiWen Expressway since July 19, 2024, negatively affected traffic volume of the connected Shangsang Expressway. Both the Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway and the Hangzhou-Ningbo Expressway Parallel Line Phase I opened to traffic since January 19, 2024, and the Ningbo-Jinhua Railway opened to traffic since December 31, 2023, leading to a certain diversion of traffic volume on Hangzhou-Ningbo Expressway and Zhoushan Bay Bridge, as well as Ningbo-Jinhua Expressway, respectively.

(II) Business operations achievements

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

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

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

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

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

Securities Business

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

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

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

Hotel and Catering Business

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

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

Long-Term Investments

(I) *Expressway segment*

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

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

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

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

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

(II) Financial segment

Zhejiang Communications Investment Group Finance Co., Ltd. (a 20.08% owned associate of the Company) derived income mainly from interest income, fees and commissions for providing financial services, including arranging loans and receiving deposits, for Communications Group, the controlling shareholder of the Company, and its subsidiaries. During the Period, the associate recorded a net profit of Rmb395.24 million (2023: Rmb818.65 million).

Yangtze United Financial Leasing Co., Ltd. (a 10.61% owned associate of the Company) is primarily engaged in the financial leasing business, the transferring and receiving of financial leasing assets, fixed-income securities investment, and other businesses approved by the National Financial Regulatory Administration. During the Period, the associate recorded a net profit of Rmb687.27 million (2023: Rmb645.30 million).

Shanghai Rural Commercial Bank Co., Ltd. (a 4.96% owned associate of the Company) is primarily engaged in the commercial banking business, including deposits, short-, medium-, and long-term loans, domestic and overseas settlements and other businesses that are approved by the National Financial Regulatory Administration. As at the date of this announcement, the associate has not yet released its audited financial data for the year 2024.

Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership) (a 24.99% owned associate of the Company) is primarily engaged in equity investments, investment management and investment consultation. During the Period, the net loss of the associate attributable to the Company was Rmb19.22 million (2023: net profit of Rmb66.17 million).

FINANCIAL ANALYSIS

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

During the Period, profit attributable to owners of the Company was Rmb5,501.59 million, representing an increase of 5.3% year-on-year, basic earnings per share was Rmb91.79 cents, representing a decrease of 18.7% year-on-year, diluted earnings per share was Rmb90.50 cents, representing a decrease of 14.1% year-on-year, and return on owners' equity was 11.9%, representing a decrease of 25.6% year-on-year.

Liquidity and Financial Resources

As at December 31, 2024, current assets of the Group amounted to Rmb145,924.30 million in aggregate (December 31, 2023: Rmb152,862.43 million), of which bank balances, clearing settlement fund, deposits and cash accounted for 16.0% (December 31, 2023: 18.4%), bank balances and clearing settlement fund held on behalf of customers accounted for 33.6% (December 31, 2023: 29.7%), financial assets at FVTPL accounted for 24.4% (December 31, 2023: 27.3%) and loans to customers arising from margin financing business accounted for 16.6% (December 31, 2023: 13.0%). The current ratio (current assets over current liabilities) of the Group as at December 31, 2024 was 1.30 (December 31, 2023: 1.50). Excluding the effect of the customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less bank balances and clearing settlement fund held on behalf of customers over current liabilities less balance of accounts payable to customers arising from securities business) was 1.60 (December 31, 2023: 1.80).

The amount of financial assets at FVTPL included in current assets of the Group as at December 31, 2024 was Rmb35,536.63 million (December 31, 2023: Rmb41,729.11 million), of which 55.8% was invested in bonds, 5.4% was invested in stocks, 24.2% was invested in equity funds, and the rest were invested in structured products and trust products, etc.

The proceeds raised from the rights issue in 2023 had a remaining balance of Rmb5.98 billion based on the closing exchange rate as at December 31, 2023. As of December 31, 2024, Rmb0.86 billion has been used for expenses related to existing expressway expansion and reconstruction projects, leaving a balance of proceeds equivalent to Rmb5.20 billion based on the exchange rate at the end of the Period (including interest income during the year), of which Rmb4.22 billion will be used for expenses related to existing expressway expansion and reconstruction projects, and the remaining will be used for replenishing working capital and repaying loans and other daily operating expenses.

During the Period, net cash from the Group's operating activities amounted to Rmb9,082.03 million. The currency mix in which cash and cash equivalents are held has not substantially changed as compared to the same period last year.

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

Borrowings and solvency

As at December 31, 2024, total liabilities of the Group amounted to Rmb 143,484.00 million (December 31, 2023: Rmb147,328.69 million), of which 11.9% was bank and other borrowings, 4.9% was short-term financing note, 21.5% was bonds payable, 16.1% was financial assets sold under repurchase agreements and 33.7% was accounts payable to customers arising from securities business.

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

As at December 31, 2024, the Group's borrowings from domestic commercial banks bore annual fixed interest rates ranged from 2.69% to 3.60%, annual floating interest rates ranged from 2.27% to 4.08%, the annual fixed interest rate of overseas commercial bank loans was 6.03%, the annual floating interest rate was 4.50%, the annual fixed interest rates of other domestic financial institutions were 2.95% to 3.70%. As at December 31, 2024, the annual floating interest rates of beneficial certificates was 7.00%, the annual fixed interest rate for short-term financing notes ranged from 1.78% to 2.25%, the annual fixed interest rates of long-term beneficial certificates were 2.50% and 2.60%, the annual fixed interest rate for mid-term notes were 2.80% and 2.97%, the annual fixed annual interest rates for subordinated bonds ranged from 2.28% to 4.08%, the annual fixed interest rate for corporate bond ranged from 1.638% to 3.27%, and the annual coupon rate for convertible bond denominated in Euro was nil.

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

As at December 31, 2024, the asset-liability ratio (total liabilities over total assets) of the Group was 66.1% (December 31, 2023: 70.9%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of accounts payable to customers arising from securities business over total assets less bank balances and clearing settlement fund held on behalf of customers) of the Group was 56.6% (December 31, 2023: 63.2%).

Capital structure

As at December 31, 2024, the Group had Rmb73,698.36 million in total equity, Rmb113,566.76 million in fixed-rate liabilities, Rmb15,380.04 million in floating-rate liabilities, and Rmb14,537.20 million in interest-free liabilities, representing 33.9%, 52.3%, 7.1% and 6.7% of the Group's total capital, respectively. The gearing ratio, which is computed by dividing the total liabilities less accounts payable to customers arising from the securities business by total equity, was 129.0% as at December 31, 2024 (December 31, 2023: 169.7%).

Capital expenditure commitments and utilization

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

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

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

Contingent liabilities and pledge of assets

The Company and Shaoxing Communications Investment Group Co., Ltd. (“**Shaoxing Communications**”, the other joint venture partner that holds 50% equity interest in Shengxin Co) provided Shengxin Co with joint guarantee for its bank loans of Rmb2.20 billion, in accordance with their proportionate equity interests in Shengxin Co. As at December 31, 2024, the remaining bank loan balance was Rmb404.60 million.

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

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

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

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

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

Except for the above, as at December 31, 2024, the Group did not have any other contingent liabilities, pledge of assets or guarantees.

Foreign Exchange Exposure

During the Period, save for (i) dividend payments to the holders of H shares in Hong Kong dollars; (ii) Zheshang International Financial Holding Co., Ltd. (a wholly owned subsidiary of Zheshang Securities Co., Ltd.) operating in Hong Kong; (iii) balance of the zero coupon convertible bond issued in Hong Kong capital market in January 2021, which will be due in January 2026, is Euro27.2 million; and (iv) issuance of the senior fixed-rate bonds with a principal amount of USD470 million in Hong Kong capital market in July 2021, which will be due in July 2026 and has an coupon rate of 1.638%; (v) the portion of proceeds raised from the rights issue denominated in Hong Kong dollars; the Group's principal operations were transacted and booked in Renminbi.

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

OUTLOOK

Looking ahead to 2025, although global economy is expected to continue its moderate recovery, it still faces numerous uncertainties. The latest foreign policies of major economies, particularly adjustments to trade tariff policy, may have profound implications for global trade landscape and bring new unstable factors to the global economic development. Under complex and unstable international state of affairs, the Chinese government will adhere to a general principle of seeking progress while maintaining stability, implement more proactive macro policies, expand domestic demand on all fronts, and lead the development of new quality productive forces through scientific and technological innovation. With effective implementation of these policies, China's economy is expected to continue to rebound and improve.

(I) Expressway business

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

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

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

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

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

(II) Securities business

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

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

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 April 25, 2025, the Company expects to pay a dividend of Rmb38.5 cents per share (the “**Proposed Dividend**”) no later than June 24, 2025 (inclusive).

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

The AGM of the Company is expected to be held on April 25, 2025. 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 April 22, 2025 to April 25, 2025 (both days inclusive) and from May 1, 2025 to May 6, 2025 (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 Computershare Hong Kong Investor Services 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 April 17, 2025 and April 30, 2025, respectively.

For the purpose of the AGM and to qualify for the Proposed Dividend, the record dates are fixed on April 25, 2025 and May 6, 2025, respectively.

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 annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zjec.com.cn). The annual report of the Company for the twelve months ended December 31, 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, March 24, 2025

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. YU Mingyuan.