

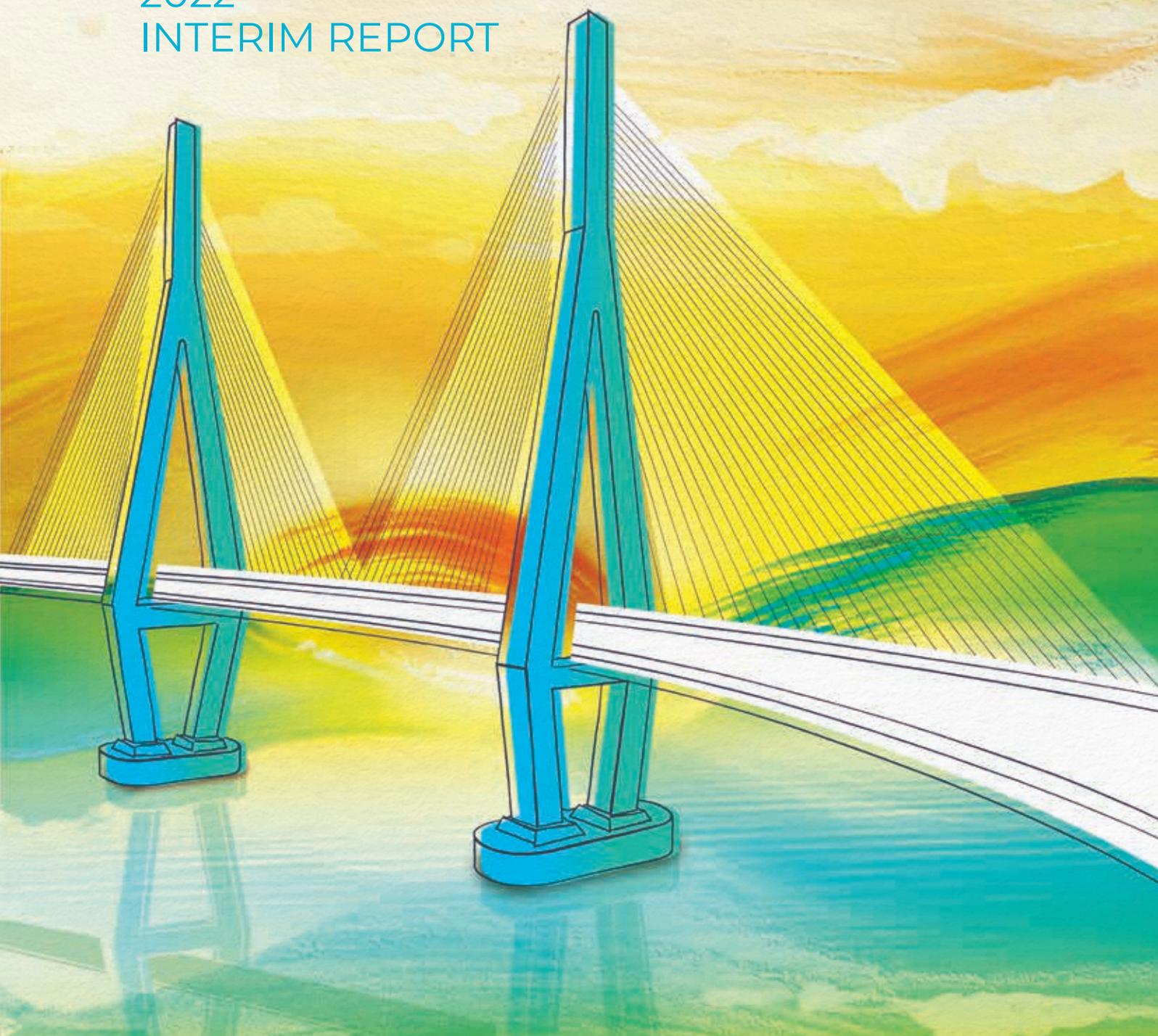


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浙江滬杭甬高速公路股份有限公司
ZHEJIANG EXPRESSWAY CO., LTD.

Striving For Excellence

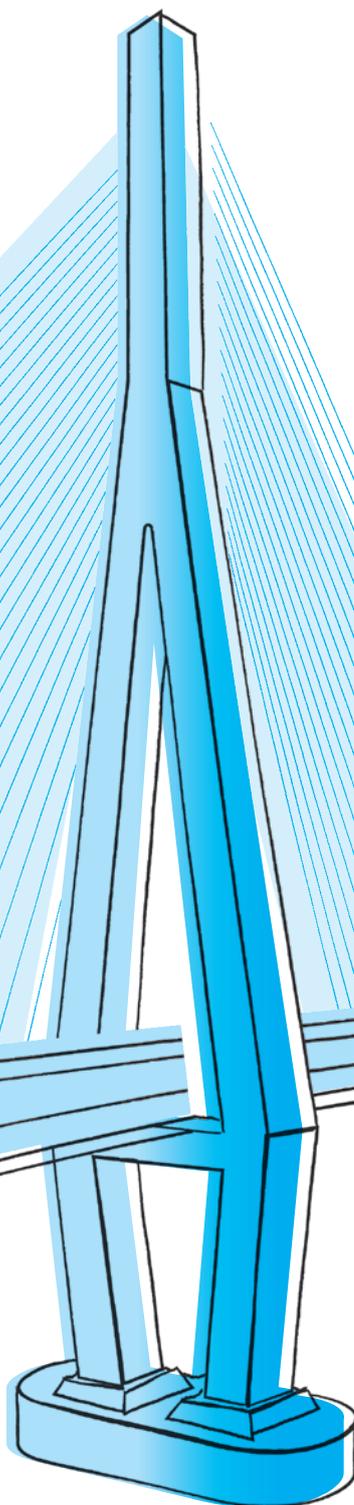
2022
INTERIM REPORT



Deepening innovation and reform in the core business while sustainably developing the securities business

In the first half of 2022, the Group deepened reform and innovation, and accelerated to pursue marketization for the core business. The Group made every effort to cope with the negative impacts caused by the resurgence of epidemic, and committed to ensuring that all projects were implemented. The Group strived to build a renowned brand for expressway operations and services in China by means of technology empowerment, service quality enhancement, and proactive capital operation.

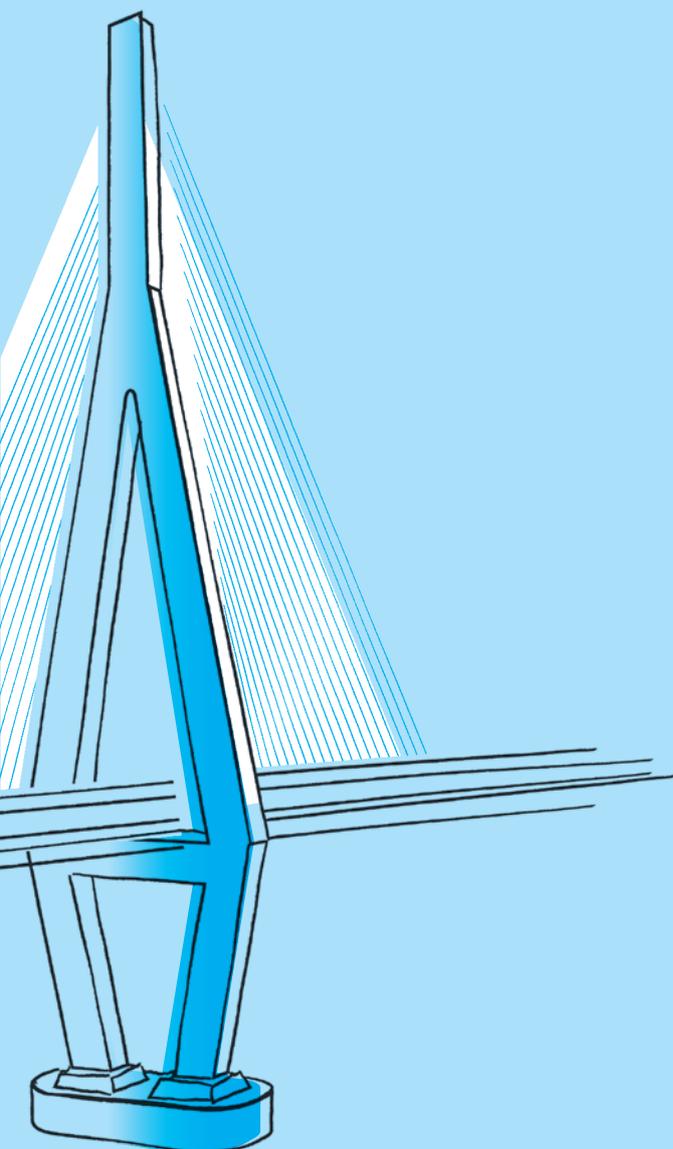
Zheshang Securities, a subsidiary of the Group, actively adjusted its business layout and effectively integrated advantageous resources, which contributed to its operating results outperforming the overall market level. Zheshang Securities actively expanded low-cost financing channels to meet its operational development needs and enhanced the coordination and synergies between each business segment in order to steadily move towards becoming a top-tier securities company in China.



2022

INTERIM REPORT

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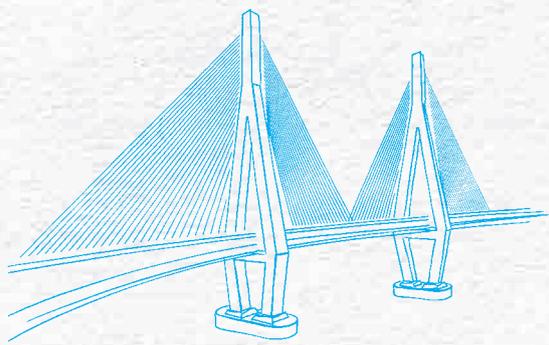


Definition of Terms

Associate	has the meaning ascribed to it under the Listing Rules
Audit Committee	the audit committee of the Company
Board	the board of directors of the Company
China Merchants	China Merchants Expressway Network & Technology Holdings Co Ltd. (招商局公路網絡科技控股股份有限公司), a joint stock limited company established in the PRC on December 18, 1993, whose shares are listed on the Shenzhen Stock Exchange
Company or Zhejiang Expressway	Zhejiang Expressway Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability on March 1, 1997
Communications Group	Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司), a wholly state-owned enterprise established in the PRC, on December 29, 2001 and the controlling shareholder of the Company
Controlling Shareholder	has the meaning ascribed to it under the Listing Rules
De'an Co	Deqing County De'an Highway Construction Co., Ltd. (德清縣德安公路建設有限責任公司), a 80.1% owned subsidiary of the Company, which is established with Zhejiang Hongtu Transportation Construction Company (浙江交工宏途交通建設有限公司) for PPP Project in Deqing County
Directors	the directors of the Company
GDP	gross domestic product
Group	the Company and its subsidiaries
H Shares	the overseas listed foreign shares of Rmb1.00 each in the share capital of the Company which are primarily listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars since May 15, 1997
Hanghui Co	Zhejiang Hanghui Expressway Co., Ltd. (浙江杭徽高速公路有限公司), a 51% owned subsidiary of the Company
HangNing Co	Zhejiang HangNing Expressway Co., Ltd. (浙江杭寧高速公路有限責任公司), a 30% owned associate of the Company, which is established in the PRC with limited liability
Huihang Co	Huangshan Yangtze Huihang Expressway Co., Ltd (黃山長江徽杭高速公路有限責任公司), a wholly-owned subsidiary of the Company
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Jinhua Co	Zhejiang Jinhua Yongjin Expressway Co., Ltd. (浙江金華甬金高速公路有限公司), a wholly-owned subsidiary of the Company
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
LongLiLiLong Co	Zhejiang LongLiLiLong Expressway Co., Ltd. (浙江龍麗麗龍高速公路有限公司), a wholly-owned subsidiary of the Company
Jiaxing Branch	Jiaxing Branch of Zhejiang LongLiLiLong Expressway Co., Ltd.; Zhejiang Jiaxing Expressway Co., Ltd. has been absorbed and merged by LongLiLiLong Co., and its main assets and business continued to exist under Jiaxing branch
Period	the period from January 1, 2022 to June 30, 2022
PRC	the People's Republic of China

Definition of Terms

Rmb	Renminbi, the lawful currency of the PRC
SFO	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
Shangsan Co	Zhejiang Shangsan Expressway Co., Ltd. (浙江上三高速公路有限公司), a limited liability company established in the PRC on January 1, 1998 which is owned as to 73.625% by the Company and 18.375% by China Merchants, respectively
Shareholders	the shareholders of the Company
Shengxin Co	Shengxin Expressway Co., Ltd. (浙江紹興嵊新高速公路有限公司), a 50% owned joint venture of the Company
Shenjiahuhang Co	Zhejiang Shenjiahuhang Expressway Co., Ltd. (浙江申嘉湖杭高速公路有限公司), a wholly-owned subsidiary of the Company
SRCB	Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司) a 4.85% owned associate of the Company
Yangtze Financial Leasing	Yangtze United Financial Leasing Co., Ltd. (長江聯合金融租賃有限公司), a 10.61% owned associate of the Company
Linping Co	Zhejiang Linping Expressway Co., Ltd. (浙江臨平高速公路有限責任公司), formerly known as "Zhejiang Yuhang Expressway Co., Ltd." (浙江余杭高速公路有限責任公司), a 51% owned subsidiary of the Company
Zhajiasu Co	Jiaxing Zhajiasu Expressway Co., Ltd. (嘉興市乍嘉蘇高速公路有限責任公司), a 55% owned subsidiary of the Company
Zhejiang Communications Finance	Zhejiang Communications Investment Group Finance Co., Ltd. (浙江省交通投資集團財務有限責任公司), a 20.08% owned associate of the Company
Zheshang Development	Zheshang Development Group Co., Ltd.* (浙商中拓集團股份有限公司), a joint stock limited company established in the PRC and a 46.22% owned associate of Communications Group
Zheshang Financial	Zhejiang Zheshang Financial Holding Co., Ltd.* (浙江浙商金控有限公司), is a wholly-owned subsidiary of the Communications Group, was established under the laws of the PRC with limited liability in August 2018
Zhejiang Grand Hotel	Zhejiang Grand Hotel Limited (浙江大酒店有限公司), a wholly-owned subsidiary of the Company
Zhejiang Hongtu	Zhejiang Hongtu Transportation Construction Company (浙江交工宏途交通建設有限公司), a limited liability company incorporated in the PRC and non-wholly owned by Communications Group
Zhejiang International Hong Kong	Zhejiang Expressway International (Hong Kong) Co., Ltd. (浙江滬杭甬國際(香港)有限公司), a wholly-owned subsidiary of the Company
Zheshang FoF	Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership), a 24.99% owned associate of the Company
Zheshang Securities	Zheshang Securities Co., Ltd. (浙商證券股份有限公司), a 54.7894% owned subsidiary of the Shangsan Co
Zhejiang Zheqi	Zhejiang Zheqi Industrial Co., Ltd.* (浙江浙期實業有限公司), a company established in the PRC, an indirectly non-wholly owned subsidiary of the Company
Zhoushan Co	Zhejiang Zhoushan Bay Bridge Co., Ltd. (浙江舟山跨海大橋有限公司), a 51% owned subsidiary of Shenjiahuhang Co



2022 Interim Results

The directors (the “Directors”) of Zhejiang Expressway Co., Ltd. (the “Company”) announced the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended June 30, 2022 (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 Rmb7,028.12 million, representing a decrease of 8.7% as compared to the same period in 2021. Profit attributable to owners of the Company was Rmb1,586.27 million, representing a year-on-year decrease of 36.9%. Basic earnings per share for the Period was Rmb36.52 cents, representing a year-on-year decrease of 36.9%. Diluted earnings per share for the Period was Rmb36.52 cents, representing a year-on-year decrease of 33.4%.

The Directors do not recommend the payment of an interim dividend for 2022.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2022 have not been audited or reviewed by the auditors of the Company, but have been reviewed by the audit committee of the Company.

Business Review

In the first half of 2022, under the backdrop of ongoing Russia-Ukraine conflict and elevated inflation worldwide, the global economic growth slowed down. Due to unexpected factors such as complex evolution of international environment as well as the resurgence of the epidemic in certain areas of China, the downward pressure on China's economy increased significantly in the second quarter. In response, the Chinese government efficiently coordinated epidemic prevention and control as well as economic development, while effectively implementing policies and measures to stabilize the economy. There has been continual improvement in epidemic prevention and control, and economic activities have gradually stabilized and rebounded since May. China's GDP grew 2.5% year-on-year for the first half of 2022. During the Period, Zhejiang Province has responded vigorously to difficulties arising from the latest waves of the epidemic, such as disruptions in logistics and blockages in the industry chain and supply chain. Zhejiang Province's GDP rose by 2.5% year-on-year during the first half of 2022.

During the Period, toll revenue of the Group's expressways showed significant year-over-year decrease due to the resurgence of the epidemic, while revenue from the securities business was generally on par with the same period last year despite the downward movement of the capital market. During the Period, total revenue of the Group was Rmb7,028.12 million, representing a decrease of 8.7% year-on-year, of which Rmb4,047.67 million was generated by the nine major expressways operated by the Group, representing a decrease of 13.1% year-on-year and 57.6% of total revenue. Revenue generated by the securities business was Rmb2,912.92 million, representing a decrease of 0.8% year-on-year and 41.4% of the total revenue.

Business Review

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

	For the six months ended June 30,		
	2022 Rmb'000	2021 Rmb'000	% Change
Toll road operation revenue	4,047,666	4,660,042	-13.1%
Shanghai-Hangzhou-Ningbo Expressway	1,809,881	2,109,816	-14.2%
Shangsan Expressway	484,620	605,764	-20.0%
Jinhua section, Ningbo-Jinhua Expressway	232,427	262,885	-11.6%
Hanghui Expressway	285,718	313,449	-8.8%
Huihang Expressway	71,482	79,278	-9.8%
Shenjiahuhang Expressway	305,451	378,595	-19.3%
Zhoushan Bay Bridge	340,100	461,782	-26.4%
LongLiLiLong Expressways	341,556	362,514	-5.8%
Zhajiasu Expressway	176,431	85,959	105.3%
Securities business revenue	2,912,920	2,937,124	-0.8%
Commission and fee income	1,738,076	1,936,338	-10.2%
Interest income	1,174,844	1,000,786	17.4%
Other operation revenue	67,535	99,399	-32.1%
Hotel and catering	36,908	59,671	-38.1%
Public-Private Partnership	30,627	39,728	-22.9%
Total revenue	7,028,121	7,696,565	-8.7%

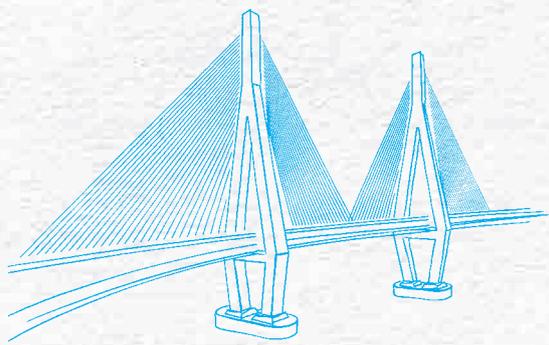
Business Review

Toll Road Operations

During the Period, the overall traffic volume and toll revenue of the Group's expressways decreased significantly year-on-year. The performance varied among different sections of the Group's expressways due to various factors.

With the approval of the Zhejiang Provincial Government, the Jinhua City government has implemented a policy to pay the tolls for Class-1 passenger vehicles with ETC registration travelling on the Jindong Section of the Ningbo-Jinhua Expressway from March 26, 2021 to December 31, 2022, while the Deqing County government has implemented a policy to pay the tolls for local Class-1 passenger vehicles with ETC registration travelling on the expressways within Deqing County from September 1, 2021 to December 31, 2022. These policies will help the passenger vehicles traffic volume growth on the relevant sections of the Ningbo-Jinhua Expressway and the Shenjiahuhang Expressway respectively.

However, the sporadic outbreaks of the epidemic in Zhejiang Province, Shanghai and surrounding provinces and cities in the first half of 2022, in particular, the epidemic outbreak in Shanghai in March, had a serious impact on the traffic volume of the Group's expressways. Affected by the strict management and control of epidemic prevention measures, the number of passenger vehicles and inter-provincial vehicles of Shanghai-Hangzhou Expressway, Zhajiasu Expressway and Shenjiahuhang Expressway had a significant year-on-year decrease as the above expressways are located in epidemic-affected areas such as Shanghai and Jiaxing. The public was less keen on travel under the epidemic and the traffic volume of Zhoushan Bay Bridge and Huihang Expressway, which formerly have large tourist flows, had a significant year-on-year decrease.



Business Review

In addition, the changes in road network and ETC discount policy also had a negative impact on the traffic volume and toll revenue of the relevant expressways. The Hangzhou-Taizhou High-speed Railway opened on January 8, 2022, leading to a certain diversion of passenger vehicles on Shangsang Expressway. The Hangzhou-Shaoxing-Taizhou Expressway has been fully opened to traffic since February 11, 2022, which resulted in a certain diversion of traffic volume on Shaoxing Section of the Hangzhou-Ningbo Expressway and Shangsang Expressway. In order to alleviate traffic congestion, the East- and West-Route of the Hangzhou Ring Expressway was closed to semi-trailer traffic from January 28, 2021 to June 30, 2022, which had resulted in a significant decline in the traffic volume of semi-trailers on the Shanghai-Hangzhou-Ningbo Expressway and Shenjiahuhang Expressway. The discount rate of tolls to 15% for trucks from Zhejiang Province with ETC registrations has been implemented since January 1, 2022 on Zhajiasu Expressway, which has adversely affected toll revenue.

Looking back at the first half of 2022, the Group focused on the core expressway business by deepening reform and innovation, increasing market-oriented expansion, and making every effort to cope with the short-term impact caused by the resurgence of epidemic on toll road business. With the effective control of epidemic and continuous resumption of work and production, the Group's toll road business has gradually stabilized since May 2022, and the overall traffic volume and toll revenue have shown a trend of quarter-to-quarter increase, while the year-on-year decrease has narrowed.

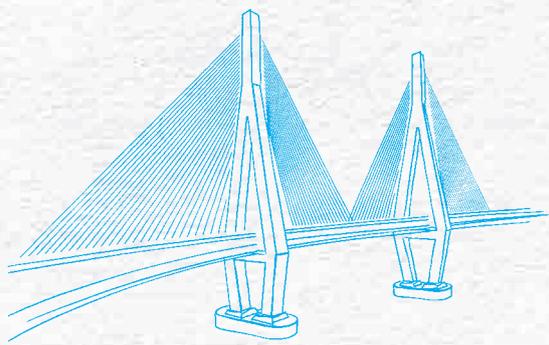
During the Period, total toll revenue from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 141km Shangsang Expressway, the 70km Jinhua Section of the Ningbo-Jinhua Expressway, the 122km Hanghui Expressway, the 82km Huihang Expressway, the 93km Shenjiahuhang Expressway, the 46km Zhoushan Bay Bridge, the 222km LongLiLiLong Expressways and the 50km Zhajiasu Expressway was Rmb4,047.67 million.

Business Review

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

The Group's Expressway Sections	Daily Average Traffic Volume (in Full-Trip Equivalents)	Year-on-year Change	Toll Revenue (Rmb million)	Year-on-year Change
Shanghai-Hangzhou-Ningbo Expressway	59,227	-20.30%	1,809.88	-14.2%
– Shanghai-Hangzhou Section	46,395	-34.90%		
– Hangzhou-Ningbo Section	68,880	-10.00%		
Shangsan Expressway	26,446	-23.37%	484.62	-20.0%
Jinhua Section, Ningbo-Jinhua Expressway	26,600	-13.30%	232.43	-11.6%
Hanghui Expressway	22,634	-8.02%	285.72	-8.8%
Huihang Expressway	9,431	-7.88%	71.48	-9.8%
Shenjiahuhang Expressway	26,242	-24.11%	305.45	-19.3%
Zhoushan Bay Bridge	16,389	-26.79%	340.10	-26.4%
LongLiLiLong Expressways	13,403	-5.75%	341.56	-5.8%
Zhajiasu Expressway	27,200	-28.75%	176.43	105.3%

Note: Zhajiasu Expressway was consolidated into the Group's consolidated financial statements from May 2021. The year-on-year change of toll revenue of Zhajiasu Expressway in the above table is calculated based on the figures from May to June 2021.



Business Review

Securities Business

Affected by the domestic and international economic situation in the first half of 2022, the domestic capital markets experienced significant volatility, which weighed down the results of securities business. In particular, the securities investment business and investment banking business were greatly affected. In the face of extraordinary pressure, Zheshang Securities has actively adjusted its business layout, effectively integrated its advantageous resources and continuously strengthened its risk management. Brokerage business, asset management business, as well as securities margin trading business maintained contrarian growth, contributing to the operating results outperforming the overall market level.

In addition, Zheshang Securities made new breakthroughs in capital operation. The mixed ownership reform plan of Zheshang Futures Co., Ltd. was completed on schedule, bringing in strategic investors by way of capital increase, raising a total of approximately Rmb1.73 billion. The successful issuance of Rmb7.0 billion convertible bonds will help supplement the working capital to further expand the business scale.

During the Period, Zheshang Securities recorded total revenue of Rmb2,912.92 million, a decrease of 0.8% year-on-year, of which, commission and fee income decreased 10.2% year-on-year to Rmb1,738.08 million, and interest income from the securities business was Rmb1,174.84 million, an increase of 17.4% year-on-year. During the Period, securities investment gains of Zheshang Securities included in the condensed consolidated statement of profit or loss and other comprehensive income of the Group was Rmb370.60 million, a decrease of 54.4% year-on-year.

Business Review

Hotel and Catering Business

In the first half of 2022, the recurring epidemic in China greatly affected the tourism and business travel, which had a serious impact on the operating results of the Group's two hotels in the short run.

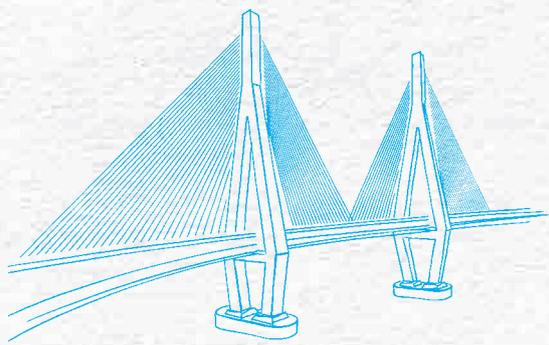
Grand New Century Hotel, owned by Zhejiang Linping Expressway Co., Ltd. (a 51% owned subsidiary of the Company), recorded revenue of Rmb28.35 million for the Period, a decrease of 20.7% year-on-year. Zhejiang Grand Hotel, owned by Zhejiang Grand Hotel Limited (a 100% owned subsidiary of the Company), recorded revenue of Rmb8.56 million for the Period, a decrease of 64.2% year-on-year.

Long-Term Investments

Zhejiang Shaoxing Shengxin Expressway Co., Ltd. ("Shengxin Co", a 50% owned joint venture of the Company) operates the 73.4km Shaoxing Section of the Ningbo-Jinhua Expressway. During the Period, the average daily traffic volume in full-trip equivalents was 24,034, representing a decrease of 13.84% year-on-year. Toll revenue was Rmb231.36 million, representing a decrease of 7.8% year-on-year. During the Period, the joint venture recorded a net profit of Rmb39.15 million, representing a decrease of 46.5% year-on-year.

Zhejiang HangNing Expressway Co., Ltd. (a 30% owned associate of the Company) owns the 99km HangNing Expressway. During the Period, the associate company recorded a net profit of Rmb88.76 million, representing a decrease of 65.7% as compared to the period from February to June 2021.

Zhejiang Communications Investment Group Finance Co., Ltd. (a 20.08% owned associate of the Company) derives income mainly from interest, fees and commissions for providing financial services, including arranging loans and receiving deposits, for Zhejiang Communications Investment Group Co., Ltd., the controlling shareholder of the Company, and its subsidiaries. During the Period, the associate company recorded a net profit of Rmb281.95 million, representing a decrease of 47.6% year-on-year.



Business Review

Yangtze United Financial Leasing Co., Ltd. (a 10.61% owned associate of the Company) is primarily engaged in the finance leasing business, the transferring and receiving of financial leasing assets, fixed-income securities investment, and other businesses approved by the China Banking and Insurance Regulatory Commission. During the Period, the associate company recorded a net profit of Rmb271.16 million, representing an increase of 17.0% year-on-year.

Shanghai Rural Commercial Bank Co., Ltd. (a 4.85% owned associate of the Company) is primarily engaged in the commercial banking business, including deposits, short-, medium-, and long-term loans, domestic and overseas settlements and other businesses that are approved by the China Banking and Insurance Regulatory Commission. During the Period, the associate company recorded a net profit attributable to the owners of Rmb5,847.37 million, representing an increase of 14.3% year-on-year.

During the Period, Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership) (a 24.99% owned associate of the Company) was primarily engaged in equity investments, investment management and investment consultation. During the Period, the share of profit of the associate attributable to the Company is Rmb10.02 million, representing a decrease of 60.0% year-on-year.

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 Rmb1,586.27 million, representing a decrease of 36.9% year-on-year, basic earnings per share was Rmb36.52 cents, representing a decrease of 36.9% year-on-year, diluted earnings per share was Rmb36.52 cents, representing a decrease of 33.4% year-on-year, and return on owners' equity was 5.8%, representing a decrease of 42.6% year-on-year.

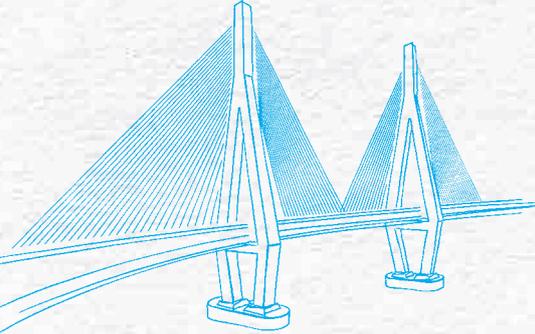
Liquidity and financial resources

As at June 30, 2022, current assets of the Group amounted to Rmb132,729.65 million in aggregate (December 31, 2021: Rmb130,843.32 million), of which bank balances, clearing settlement fund, deposits and cash accounted for 17.8% (December 31, 2021: 13.5%), bank balances and clearing settlement fund held on behalf of customers accounted for 30.7% (December 31, 2021: 29.3%), financial assets at FVTPL accounted for 29.7% (December 31, 2021: 34.7%) and loans to customers arising from margin financing business accounted for 13.6% (December 31, 2021: 14.8%). The current ratio (current assets over current liabilities) of the Group as at June 30, 2022 was 1.50 (December 31, 2021: 1.30). Excluding the effect of the customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less bank balances and clearing settlement fund held on behalf of customers over current liabilities less balance of accounts payable to customers arising from securities business) was 1.90 (December 31, 2021: 1.60).

The amount of financial assets at FVTPL included in current assets of the Group as at June 30, 2022 was Rmb39,432.79 million (December 31, 2021: Rmb45,445.71 million), of which 76.8% was invested in bonds, 5.8% was invested in stocks, 7.7% was invested in equity funds, and the rest were invested in structured products and trust products.

During the Period, net cash from the Group's operating activities amounted to Rmb5,180.71 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.



Financial Analysis

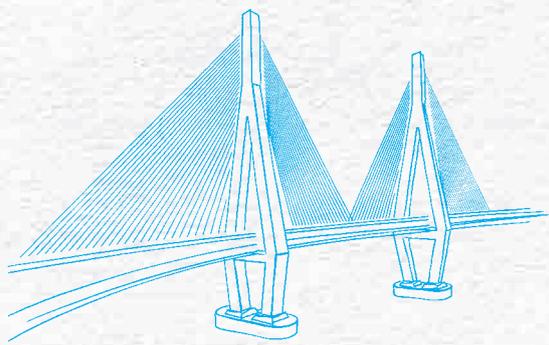
Borrowings and solvency

As at June 30, 2022, total liabilities of the Group amounted to Rmb130,791.61 million (December 31, 2021: Rmb131,873.66 million), of which 15.4% was bank and other borrowings, 1.5% was short-term financing note, 20.8% was bonds payable, 3.6% was convertible bonds, 15.0% was financial assets sold under repurchase agreements and 30.8% was accounts payable to customers arising from securities business.

As at June 30, 2022, total interest-bearing borrowings of the Group amounted to Rmb53,898.15 million, representing a decrease of 0.3% compared to that as at December 31, 2021. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb14,253.20 million, borrowings from other domestic financial institutions of Rmb3,041.55 million, borrowings from other domestic institutions of Rmb2,798.94 million, short-term financing note of Rmb1,515.80 million, beneficial certificates of Rmb467.25 million, long-term beneficial certificates of Rmb1,025.95 million, mid-term notes of Rmb3,062.54 million, subordinated bonds of Rmb9,109.80 million, corporate bonds of Rmb11,297.01 million, asset backed securities of Rmb2,673.74 million, convertible bonds of Rmb2,847.76 million, and convertible bond denominated in Euro that equivalents to Rmb1,804.61 million. Of the interest-bearing borrowings, 74.3% was not payable within one year.

Financial Analysis

	Maturity Profile			
	Gross amount Rmb'000	Within 1 year Rmb'000	2-5 years inclusive Rmb'000	Beyond 5 years Rmb'000
Floating rates				
Borrowings from domestic commercial banks	13,698,992	1,086,569	5,461,927	7,150,496
Borrowings from a domestic financial institution	1,062,807	90,036	404,063	568,708
Beneficial Certificates	467,253	467,253	-	-
Fixed rates				
Borrowings from domestic commercial banks	554,212	554,212	-	-
Borrowings from a domestic financial institution	1,978,738	1,673,738	305,000	-
Borrowings from domestic institutions	2,798,937	63,937	2,735,000	-
Short-term financing notes	1,515,797	1,515,797	-	-
Long-term Beneficial Certificates	1,025,948	1,025,948	-	-
Subordinated bonds	9,109,795	3,509,795	5,600,000	-
Corporate bonds	11,297,008	2,148,140	9,148,868	-
Mid-term notes	3,062,545	1,662,545	1,400,000	-
Asset backed securities	2,673,741	72,235	219,125	2,382,381
Convertible bonds	4,652,374	295	1,804,617	2,847,462
Total as at June 30,2022	53,898,147	13,870,500	27,078,600	12,949,047
Total as at December 31, 2021	54,048,372	20,712,670	21,772,917	11,562,785



Financial Analysis

As at June 30, 2022, the Group's borrowings from domestic commercial banks bore annual fixed interest rates ranged from 3.4% to 4.8%, annual floating interest rates ranged from 4.08% to 4.70%, the annual floating interest rates of other domestic financial institutions ranged was 4.13%, and the annual fixed interest rates ranged from 3.5% to 4.13%. The annual fixed interest rates of other domestic institutions were 3.0% and 4.5%. As at June 30, 2022, the annual floating interest rates of beneficial certificates ranged from 3.2% to 20.0%. The annual fixed interest rates for short-term financing notes was 2.48%. The annual fixed interest rates for long-term beneficial certificates ranged was 4.1%. The annual fixed interest rate for mid-term notes were 2.97% and 3.64%. The annual fixed interest rates for subordinated bonds ranged from 3.5% to 4.18%. The annual fixed interest rate for corporate bond ranged from 1.638% to 3.85%. The annual fixed interest rate for asset backed securities was 3.7%. The annual coupon rate for convertible bond denominated in Rmb was 0.2%. The annual coupon rate for convertible bond denominated in Euro was nil, while the annual interest rate for accounts payable to customers arising from the securities business was fixed at 0.35%.

Total interest expenses and profit before interest and tax for the Period amounted to Rmb904.99 million and Rmb3,566.38 million, respectively. The interest cover ratio (profit before interest and tax over interest expenses) stood at 3.9 (Corresponding period of 2021: 5.1 times).

As at June 30, 2022, the asset-liability ratio (total liabilities over total assets) of the Group was 74.0% (December 31, 2021: 74.8%). 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 66.5% (December 31, 2021: 68.0%).

Capital structure

As at June 30, 2022, the Group had Rmb45,880.24 million in total equity, Rmb100,852.38 million in fixed-rate liabilities, Rmb15,229.05 million in floating-rate liabilities, and Rmb14,710.18 million in interest-free liabilities, representing 26.0%, 57.1%, 8.6% and 8.3% 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 197.2% as at June 30, 2022 (December 31, 2021: 211.2%).

Financial Analysis

Capital expenditure commitments and utilization

During the Period, capital expenditure of the Group totaled Rmb107.26 million. Amongst the total capital expenditure, Rmb21.48 million was incurred for acquisition and construction of properties and ancillary facilities, and Rmb85.78 million was incurred for purchase and construction of equipment and facilities.

As at June 30, 2022, the remaining capital expenditure committed by the Group amounted to Rmb3,517.10 million in total. Amongst the remaining balance of total capital expenditure committed by the Group, Rmb210.00 million will be used for acquiring equity investments, Rmb1,495.40 million will be used for acquisition and construction of properties and ancillary facilities, Rmb1,811.70 million for acquisition and construction of equipment and facilities.

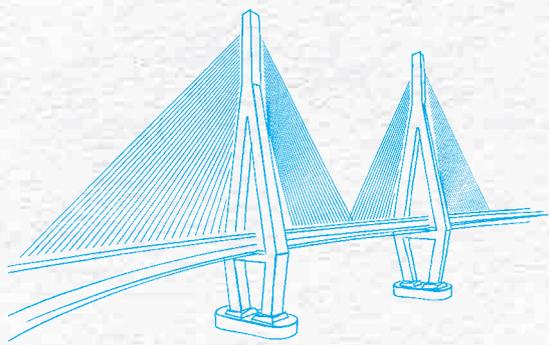
The Group will consider financing the above-mentioned capital expenditure commitments with internally generated cash flow first and then will comprehensively consider using debt financing and equity financing to meet any shortfalls.

Contingent liabilities and pledge of assets

Pursuant to the board resolution of the Company dated November 16, 2012, the Company and Shaoxing Communications Investment Group Co., Ltd. (the other joint venture partner that holds 50% equity interest in Shengxin Co) provided Shengxin Co with joint guarantee for its bank loans of Rmb2.20 billion, in accordance with their proportionate equity interest in Shengxin Co. During the Period, Rmb115.00 million of the bank loans had been repaid. As at June 30, 2022, the remaining bank loan balance was Rmb758.00 million.

Zhejiang Shenjiahuhang Expressway Co., Ltd and Zhejiang Zhoushan Bay Bridge Co., Ltd, the subsidiaries of the Company, pledged their rights of toll on expressway for their bank borrowing. As at June 30, 2022, the remaining bank loan balance was Rmb1,861.94 million and Rmb5,896.85 million respectively.

Deqing County De'an Highway Construction Co., Ltd., a subsidiary of the Company, pledged its trade receivables for its bank borrowing. As at June 30, 2022, the remaining bank loan balance was Rmb552.55 million.



Financial Analysis

Huangshan Yangtze Huihang Expressway Co., Ltd., a subsidiary of the Company, pledged its right of toll on expressway and advertisement operation right for its borrowing. As at June 30, 2022, the remaining balance was Rmb1,181.00 million.

Zhejiang LongLiLiLong Expressway Co., Ltd., a subsidiary of the Company, pledged its right of toll on expressway for its bank and other borrowing. As at June 30, 2022, the remaining bank and other borrowing balance was Rmb4,921.33 million.

Jiaxing Zhajiasu Expressway Co. Ltd., a subsidiary of the Company, pledged its right of toll on expressway for its bank borrowing. As at June 30, 2022, the remaining bank loan balance was Rmb1,606.13 million.

During the Period, the remaining Rmb829.20 million of the Rmb2,013.00 million Zhejiang Expressway's Huihang Expressway asset backed securities issued on September 23, 2019 will be secured by the Company.

Except for the above, as at June 30, 2022, the Group did not have any other contingent liabilities, pledge of assets or guarantees.

Foreign exchange exposure

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

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

Use of proceeds from convertible bond

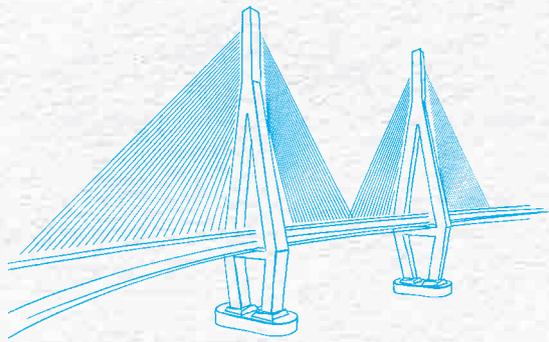
The Company issued a zero coupon convertible bond due 2026 in an aggregate principal amount of Euro230.00 million on January 20, 2021, to improve the debt structure, increase liquidity to meet financial and operational needs and enhance the investment capability of the Group. After deducting cost of issue of approximately Euro1.00 million, the net proceeds from the issuance of the convertible bond were approximately Euro229.00 million, and were used to repay existing borrowings.

Outlook

Looking ahead to the second half of 2022, the international situation is becoming more complex and severe, and the stagflation risk of the global economy is on the rise. The burdens of contracted demand, supply chain disruption and weakening expectations in domestic economy still exist, which destabilize the foundation for a sustained economic recovery. Despite the many challenges and uncertainties faced by China's economic operation, China's economic fundamentals underpinning long-term development remain unchanged. The effective implementation of policies and measures to stabilize the economy will continuously lay a solid foundation for economic recovery. It is expected that China's economy will gradually recover and maintain a stable growth in the second half of 2022. Under the premise of epidemic being under control, the overall traffic volume and toll revenue on the Group's expressways are expected to gradually stabilize in the second half of 2022.

The Group will focus on high-quality development and strive to consolidate and increase the steady upside momentum of operating efficiency. The Group will deeply explore new demand of "Expressway + Tourism" and "Expressway + Service Area" and actively coordinate with local culture and tourism authorities to achieve mutual benefit and win-win situation. It will optimize the differentiated toll collection solutions to attract more traffic onto the Group's expressways, thereby enhancing revenue growth. The Group will facilitate the pilot reform of the operation system of vehicle towing and rescue in an orderly manner and actively resolve congestions on expressways with high traffic volume to vigorously enhance the ability to rescue and ensure smooth traffic flow. It will also strengthen the integrated management of construction work, increase research and development efforts of road maintenance technology as well as introduce relevant equipment to effectively improve the level of maintenance services.

Meanwhile, the Group will focus on innovation driving and digital empowerment to comprehensively promote digital technological innovation. The Group will accelerate the construction of the intelligent Shanghai-Hangzhou-Ningbo Expressway (Phase II), and strive to create a model for intelligent expressway construction. It will continuously optimize the scenario application of "Digital Display Billboard", and strongly support the scientific decision-making and rigorous management of business operations. The Group will also increase investment in technological research and development and talent recruitment to constantly improve the Company's technological research and development capabilities.



Outlook

With the rejuvenating market conditions and the constant deepening of capital market reforms, the securities business will face new opportunities and challenges. Zheshang Securities will closely monitor industry trends, and roll out its strategic plan with precision. Zheshang Securities will further optimize its business structure and revenue structure, and progressively improve the ability to mitigate periodic fluctuations. Zheshang Securities will strive to develop and reserve high-quality investment banking projects and strengthen the development and comprehensive service capacity of investment banking business. Zheshang Securities will also strengthen the capabilities of compliance and risk control in the midst of fluctuating market conditions, and facilitate the sustainable and healthy development of various businesses.

In the face of complex and rapidly-changing economic situation at home and abroad, the Group will continue to adhere to the principle of market-oriented and high-quality development, constantly enhance the core toll road business, and optimize the securities business. The management will conduct in-depth studies of the market environment, progressively facilitating the investment as well as merger and acquisition of domestic high-quality expressway projects and continuously track international projects under the premise of risk control to expand the scale of its core business. Meanwhile, the management will take advantage of the private REITs means and the public REITs platform to further improve assets liquidity, and endeavors to pursue the reconstruction and expansion projects of existing expressways in order to effectively accelerate the sustainable development of core expressway business.

Disclosure of Interests and Other Matters

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

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

DISCLOSURE OF DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2022, none of the Directors, supervisors and chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO") as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

As at June 30, 2022, the following shareholders held 5% or more of the issued share capital of the Company according to the register of interests in shares required to be kept by the Company pursuant to Section 336 of the SFO:

Substantial shareholders	Capacity	Total interests in number of ordinary shares of the Company	Percentage of the issued share capital of the Company (domestic shares)
Zhejiang Communications Investment Group Co., Ltd.	Beneficial owner	2,909,260,000	100%

Disclosure of Interests and Other Matters

Substantial shareholders	Capacity	Total interests in number of ordinary shares of the Company	Percentage of the issued share capital of the Company (H Shares)
China Merchants Expressway Network & Technology Holdings Co. Ltd.	Beneficial Owner	245,020,000(L)	17.09%
Citigroup Inc.	Interest of controlled corporations/ approved lending agent	115,771,314(L) 15,812,153(S) 99,127,083(P)	8.07% 1.10% 6.91%
BlackRock, Inc.	Interest of controlled corporations	102,686,200(L) 2,754,000(S)	7.16% 0.19%
JP Morgan Chase & Co.	Interest of controlled corporations/ investment manager/ custodian corporation/ approved lending agent	87,040,796(L) 24,870,929(S) 26,017,679(P)	6.07% 1.73% 1.81%

The letter "L" denotes a long position. The letter "S" denotes a short position. The letter "P" denotes interest in a lending pool.

Save as disclosed above, as at June 30, 2022, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

During the Period, the Company complied with all the code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules, and adopted the recommended best practices in the Code as and when applicable during the Period.

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Specific enquiry has been made to all the Directors and the Directors have confirmed their full compliance with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions during the Period.

Disclosure of Interests and Other Matters

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE INTERIM REPORT AND ACCOUNTS

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

- the condensed consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants give a true and fair view of the assets, liabilities, financial position and performance of the Group and the undertakings included in the consolidation taken as a whole;
- the management discussion and analysis included in the interim report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole during the Period, together with a description of the principal risks and uncertainties that the Group faces for the remaining six months of the financial year; and
- the interim report includes a fair review of the material related party transactions that have taken place during the Period and any material changes in the related party transactions described in the Company’s annual report for the year ended December 31, 2021.

By order of the Board
Zhejiang Expressway Co., Ltd.
YU Zhihong
Chairman

Hangzhou, the PRC, August 24, 2022

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the six months ended June 30,	
		2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Revenue	3	7,028,121	7,696,565
Including: Interest income under effective interest method		1,174,844	1,000,786
Operating costs		(4,216,527)	(4,308,196)
Gross profit		2,811,594	3,388,369
Securities investment gains		370,616	807,624
Other income and gains and losses	4	41,642	424,707
Administrative expenses		(58,800)	(53,725)
Other expenses		(22,966)	(58,694)
Impairment losses under expected credit loss model, net of reversal		(3,861)	4,371
Share of profit of associates		408,580	510,160
Share of profit of a joint venture		19,573	36,601
Finance costs	5	(904,990)	(993,060)
Profit before tax	6	2,661,388	4,066,353
Income tax expense	7	(614,158)	(904,474)
Profit for the Period		2,047,230	3,161,879
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of foreign operations		10,863	(1,541)
Share of other comprehensive (loss) income of an associate, net of related income tax		(272)	6,529
Other comprehensive income for the Period, net of income tax		10,591	4,988
Total comprehensive income for the Period		2,057,821	3,166,867
Profit for the Period attributable to:			
Owners of the Company		1,586,274	2,513,676
Non-controlling interests		460,956	648,203
		2,047,230	3,161,879
Total comprehensive income attributable to:			
Owners of the Company		1,590,315	2,519,518
Non-controlling interests		467,506	647,349
		2,057,821	3,166,867
Earnings per share	8		
Basic (Rmb cents)		36.52	57.88
Diluted (Rmb cents)		36.52	54.81

Condensed Consolidated Statement of Financial Position

	Notes	As at June 30, 2022 Rmb'000 (Unaudited)	As at December 31, 2021 Rmb'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		4,807,315	5,019,619
Right-of-use assets		631,424	666,686
Expressway operating rights		24,733,809	26,053,256
Goodwill		86,867	86,867
Other intangible assets		283,657	303,350
Interests in associates		9,929,084	9,675,046
Interest in a joint venture		410,147	440,574
Financial assets at fair value through profit or loss ("FVTPL")		262,266	363,878
Other receivables	11	1,097,221	1,216,289
Financial assets held under resale agreements	12	–	10,000
Deferred tax assets		1,700,417	1,617,799
		43,942,207	45,453,364
CURRENT ASSETS			
Inventories		552,799	371,714
Trade receivables	9	618,237	467,892
Loans to customers arising from margin financing business	10	18,018,623	19,394,130
Other receivables and prepayments	11	2,016,897	1,379,105
Dividends receivable		–	128
Derivative financial assets		830,184	613,718
Financial assets at FVTPL		39,432,793	45,445,711
Financial assets held under resale agreements	12	6,955,692	7,078,206
Bank balances and clearing settlement fund held on behalf of customers		40,693,506	38,392,804
Bank balances, clearing settlement fund, deposits and cash			
– Restricted bank balances and cash		80,649	132,090
– Time deposits with original maturity over three months		302,627	413,843
– Cash and cash equivalents		23,227,639	17,153,977
		132,729,646	130,843,318

Condensed Consolidated Statement of Financial Position

	Notes	As at June 30, 2022 Rmb'000 (Unaudited)	As at December 31, 2021 Rmb'000 (Audited)
CURRENT LIABILITIES			
Placements from other financial institutions		1,780,000	500,000
Accounts payable to customers arising from securities business		40,323,370	38,069,350
Trade payables	13	1,347,278	1,387,533
Tax liabilities		584,933	1,305,228
Other taxes payable		287,182	916,269
Other payables and accruals	14	6,334,209	5,872,066
Contract liabilities		276,901	204,214
Dividends payable		1,728,929	-
Derivative financial liabilities		760,317	451,368
Bank and other borrowings		3,468,492	2,316,307
Short-term financing note payable		1,983,050	7,940,702
Bonds payable		8,418,663	10,455,661
Convertible bonds	16	295	-
Financial assets sold under repurchase agreements	15	19,633,599	25,250,426
Financial liabilities at FVTPL		2,918,141	2,925,391
Lease liabilities		140,704	105,699
		89,986,063	97,700,214
NET CURRENT ASSETS			
		42,743,583	33,143,104
TOTAL ASSETS LESS CURRENT LIABILITIES			
		86,685,790	78,596,468
NON-CURRENT LIABILITIES			
Bank and other borrowings		16,625,194	14,427,610
Bonds payable		18,750,374	17,193,430
Convertible bonds	16	4,652,079	1,714,662
Deferred tax liabilities		472,291	477,525
Lease liabilities		305,611	360,216
		40,805,549	34,173,443
		45,880,241	44,423,025
CAPITAL AND RESERVES			
Share capital		4,343,115	4,343,115
Reserves		22,884,584	22,807,227
Equity attributable to owners of the Company		27,227,699	27,150,342
Non-controlling interests		18,652,542	17,272,683
		45,880,241	44,423,025

Condensed Consolidated Statement of Changes in Equity

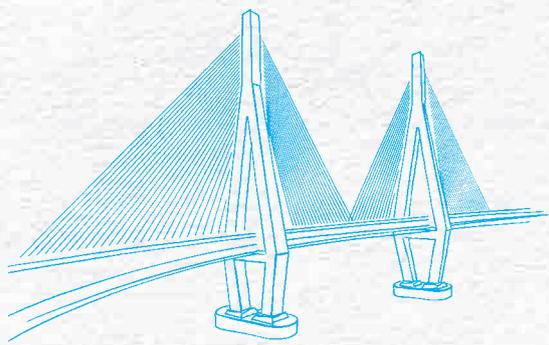
	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital Rmb'000	Share premium Rmb'000	Statutory reserve Rmb'000	Capital reserve Rmb'000	Investment revaluation reserve Rmb'000	Share of differences arising on translation Rmb'000	Dividend reserve Rmb'000	Special reserves Rmb'000	Retained profits Rmb'000	Sub-total Rmb'000	Rmb'000	Rmb'000
At January 1, 2021(Audited)	4,343,115	3,355,621	5,392,584	1,712	(24,160)	509	1,541,806	6,637,942	2,361,111	23,610,240	13,335,753	36,945,993
Profit for the Period	-	-	-	-	-	-	-	-	2,513,676	2,513,676	648,203	3,161,879
Other comprehensive income for the Period	-	-	-	-	6,529	(687)	-	-	-	5,842	(854)	4,988
Total comprehensive income for the Period	-	-	-	-	6,529	(687)	-	-	2,513,676	2,519,518	647,349	3,166,867
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	631,350	631,350
Disposal of a subsidiary and listing of REITs	-	-	-	-	-	-	-	(258,881)	-	(258,881)	(229,747)	(488,628)
Non-public A shares issuance of a subsidiary	-	-	-	-	-	-	-	541,603	-	541,603	2,259,506	2,801,109
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(21,080)	(21,080)
2020 dividend	-	-	-	-	-	-	(1,541,806)	-	-	(1,541,806)	-	(1,541,806)
At June 30, 2021(Unaudited)	4,343,115	3,355,621	5,392,584	1,712	(17,631)	(178)	-	6,920,664	4,874,787	24,870,674	16,623,131	41,493,805

Condensed Consolidated Statement of Changes in Equity

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

Condensed Consolidated Statement of Cash Flows

	For the six months ended June 30,	
	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Net cash generated from operating activities	5,180,711	1,524,684
Net cash generated from (used in) investing activities	120,765	(910,417)
Net cash generated from financing activities	761,323	6,425,697
Net increase in cash and cash equivalents	6,062,799	7,039,964
Cash and cash equivalents at beginning of the Period	17,153,977	8,645,085
Effect of foreign exchange rate changes	10,863	(1,541)
Cash and cash equivalents at end of the Period	23,227,639	15,683,508



Notes to Condensed Consolidated Financial Statements

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. 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, 2022 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2021.

Application of amendments to HKFRSs

In the current interim 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, 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

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

Notes to Condensed Consolidated Financial Statements

3. 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, 2022 (Unaudited)

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

For the six months ended June 30, 2021 (Unaudited)

	Toll road operation Rmb'000	Securities operation Rmb'000	Others Rmb'000	Total Rmb'000
Revenue-external customers	4,660,042	2,937,124	99,399	7,696,565
Segment profit	1,837,145	907,715	417,019	3,161,879

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.

Revenue from major services

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

	For the six months ended June 30,	
	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Toll road operation revenue	4,047,666	4,660,042
Commission and fee income from securities operation	1,738,076	1,936,338
Interest income from securities operation	1,174,844	1,000,786
Hotel and catering revenue	36,908	59,671
PPP revenue	30,627	39,728
Total	7,028,121	7,696,565

Notes to Condensed Consolidated Financial Statements

4. OTHER INCOME AND GAINS AND LOSSES

	For the six months ended June 30,	
	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Interest income on financial institutions	70,353	49,671
Rental income	40,698	44,002
(Loss) gain on change in fair value in respect of the derivative component of Convertible Bonds	(98,548)	11,164
Exchange (loss) gain, net	(43,325)	122,011
(Loss) gain on commodity trading, net	(18,330)	24,389
Management fee income	6,655	4,513
Subsidies	53,724	99,077
Others	30,415	69,880
Total	41,642	424,707

5. FINANCE COSTS

	For the six months ended June 30,	
	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Bank and other borrowings	352,439	426,381
Short-term financing note	74,029	108,780
Bonds payable	414,130	419,005
Convertible bonds	34,414	27,747
Lease liabilities	29,978	11,147
Total	904,990	993,060

6. PROFIT BEFORE TAX

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

	For the six months ended June 30,	
	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Depreciation of property, plant and equipment	265,066	227,177
Amortisation of expressway operating rights	1,335,075	1,244,610
Amortisation of other intangible assets	36,608	28,749
Depreciation of right-of-use assets	63,493	49,193

Notes to Condensed Consolidated Financial Statements

7. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	702,010	1,150,805
Deferred tax	(87,852)	(246,331)
	614,158	904,474

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

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

8. 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,	
	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Profit for the Period attributable to owners of the Company	1,586,274	2,513,676
Earnings for the purpose of basic earnings per share	1,586,274	2,513,676
Effect of dilutive potential ordinary shares arising from convertible bonds	99,593	(8,947)
Earnings for the purpose of diluted earnings per share	1,685,867	2,504,729

Notes to Condensed Consolidated Financial Statements

8. EARNINGS PER SHARE (Continued)

Number of shares:

	For the six months ended June 30,	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)
Number of ordinary shares for the purpose of basic earnings per share	4,343,115	4,343,115
Effect of dilutive potential ordinary shares arising from convertible bonds	263,021	226,766
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,606,136	4,569,881

For the six months ended June 30, 2022, the computation of diluted earnings per share does not assume the conversion of outstanding convertible bonds issued by the Company and Zhejiang Zheshang Securities Co., Ltd ("Zheshang Securities"), since their exercise would result in an increase in earnings per share.

9. TRADE RECEIVABLES

	As at June 30, 2022 Rmb'000 (Unaudited)	As at December 31, 2021 Rmb'000 (Audited)
Trade receivables comprise:		
–contracts with customers	623,182	473,691
Less: Allowance for credit losses	(4,945)	(5,799)
	618,237	467,892
Trade receivables (before allowance for credit losses) comprise:		
Fellow subsidiaries	8,258	19,996
Third parties	614,924	453,695
Total trade receivables	623,182	473,691

Notes to Condensed Consolidated Financial Statements

9. TRADE RECEIVABLES (Continued)

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 centres of Zhejiang Province and Anhui Province, Transportation Bureau of Linping County of Hangzhou, Transportation Bureau of Yiwu, Transportation Bureau of Linan of Hangzhou, Transportation Bureau of Huzhou, Transportation Bureau of Jiaxing, which are normally settled within 3 months. All of these trade receivables were not past due in both periods.

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

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

	As at June 30, 2022 Rmb'000 (Unaudited)	As at December 31, 2021 Rmb'000 (Audited)
Within 3 months	477,355	335,308
3 months to 1 year	131,403	121,753
1 to 2 years	5,612	7,554
Over 2 years	3,867	3,277
Total	618,237	467,892

Notes to Condensed Consolidated Financial Statements

10. LOANS TO CUSTOMERS ARISING FROM MARGIN FINANCING BUSINESS

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

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

As at June 30, 2022, loans to customers under the margin financing and securities lending activities carried out in the PRC were secured by the customers' stock securities, bonds, funds and cash collaterals. The undiscounted market value of the stock securities, bonds and funds collaterals were amounted to Rmb52,766,878,000 (December 31, 2021: Rmb58,393,758,000). Cash collateral of Rmb3,227,035,000 (December 31, 2021: Rmb2,359,943,000) received from clients was included in accounts payable to customers arising from securities business.

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

11. OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2022 Rmb'000 (Unaudited)	As at December 31, 2021 Rmb'000 (Audited)
Non-current:		
Entrusted loan	180,000	180,000
Receivables from government cooperation projects	917,221	1,036,289
Current:		
Prepayments	526,483	147,104
Trading deposits	943,993	876,744
Settlement receivables	134,084	-
Receivables from government cooperation projects	152,805	152,805
Value added tax credit	41,333	11,725
Others	218,199	190,727
Total	3,114,118	2,595,394

Notes to Condensed Consolidated Financial Statements

12. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at June 30, 2022 Rmb'000 (Unaudited)	As at December 31, 2021 Rmb'000 (Audited)
Analysed by collateral type:		
Bonds	3,738,384	4,517,740
Stock securities	3,341,915	2,690,394
Less: Impairment allowance	(124,607)	(119,928)
	6,955,692	7,088,206
Analysed by market:		
Inter-bank market	650,584	508,802
Shanghai/Shenzhen Stock Exchange	6,429,715	6,699,332
Less: Impairment allowance	(124,607)	(119,928)
	6,955,692	7,088,206
Analysed by liquidity:		
Current	6,955,692	7,078,206
Non-current	-	10,000
	6,955,692	7,088,206

The collaterals include both equity and debt securities listed in the PRC. As at June 30, 2022, the fair value of equity and debt securities as collaterals was Rmb10,805,221,000 (December 31, 2021: Rmb9,460,073,000) and Rmb3,817,655,000 (December 31, 2021: Rmb4,626,964,000), respectively.

13. TRADE PAYABLES

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

	As at June 30, 2022 Rmb'000 (Unaudited)	As at December 31, 2021 Rmb'000 (Audited)
Within 3 months	401,556	875,632
3 months to 1 year	472,799	114,352
1 to 2 years	167,206	87,079
2 to 3 years	85,890	62,461
Over 3 years	219,827	248,009
Total	1,347,278	1,387,533

Notes to Condensed Consolidated Financial Statements

14. OTHER PAYABLES AND ACCRUALS

	As at June 30, 2022 Rmb'000 (Unaudited)	As at December 31, 2021 Rmb'000 (Audited)
Accrued payroll and welfare	1,718,857	1,441,632
Advances	40,411	41,712
Advance payments for settlement from securities business	–	132,296
Advance payment of futures insurance	10,000	7,196
Trading deposit and settlement	3,154,478	2,577,793
Deposit received for disposal of an associate	207,000	207,000
Retention payable	105,172	120,027
Pledge deposit for warehouse receipt	86,414	164,438
Compensations for highway crossing	53,758	58,509
Clearing funds payables	344,772	372,137
Toll collected on behalf of other toll roads	5,133	3,866
Futures risk reserve	150,671	142,853
Government subsidies from removal of expressway toll station on provincial borders	80,107	93,374
Deferred income	78,492	80,628
Notes payable	41,500	192,400
Balance payable of share purchase	27,500	27,500
Others	229,944	208,705
Total	6,334,209	5,872,066

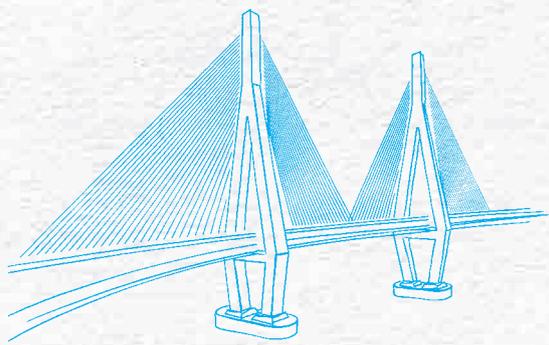
Notes to Condensed Consolidated Financial Statements

15. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at June 30, 2022 Rmb'000 (Unaudited)	As at December 31, 2021 Rmb'000 (Audited)
Analysed by collateral type:		
Bonds	19,633,599	25,250,426
Analysed by market:		
Shanghai/Shenzhen Stock Exchange	5,943,713	6,679,719
Inter-bank market	13,689,886	18,570,707
	19,633,599	25,250,426

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

As at June 30, 2022, the Group entered into repurchase agreements with certain counterparties. The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred securities during the term of the arrangement.



Notes to Condensed Consolidated Financial Statements

16. 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 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. As at June 30, 2022, the conversion price was HK\$8.32 per H share.

Notes to Condensed Consolidated Financial Statements

16. CONVERTIBLE BONDS (Continued)

Convertible Bond 2021 (Continued)

(2) Redemption

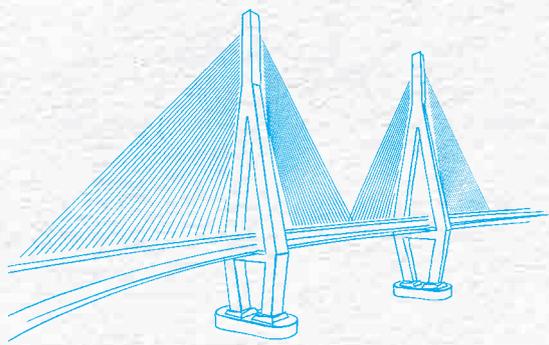
(i) Redemption at maturity

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

(ii) Redemption at the option of the Company

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

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



Notes to Condensed Consolidated Financial Statements

16. CONVERTIBLE BONDS (Continued)

Convertible Bond 2021 (Continued)

(2) Redemption (Continued)

(iii) Redemption at the option of the Bondholders 2021

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

The Convertible Bond 2021 comprises two components:

- (a) Debt component was initially measured at fair value amounted to approximately Euro183,297,000 (equivalent to Rmb1,443,009,000). It is subsequently measured at amortised cost by applying effective interest rate method after considering the effect of the transaction costs. The effective interest rate used is 4.74%.
- (b) Derivative component comprises conversion right of the Bondholders 2021, redemption option of the Company, and redemption option of the Bondholders 2021.

Transaction costs totalling Rmb8,427,515 that relate to the issue of the Convertible Bond 2021 are allocated to the components (including conversion right and redemption options) in proportion to their respective fair values.

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

Notes to Condensed Consolidated Financial Statements

16. CONVERTIBLE BONDS (Continued)

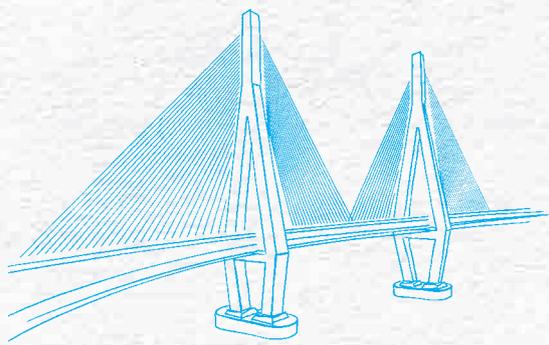
Convertible Bond 2021 (Continued)

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, 2022 is set out as below:

	Debt component at amortised cost		Derivative components at FVTPL		Total	
	Euro'000	Rmb'000	Euro'000	Rmb'000	Euro'000	Rmb'000
Issuance on January 20, 2021	183,297	1,443,009	46,703	367,666	230,000	1,810,675
Issue cost	(853)	(6,716)	-	-	(853)	(6,716)
Exchange realignment	-	(119,100)	-	-	-	(119,100)
Interest charge	7,930	57,252	-	-	7,930	57,252
Gain on changes in fair value	-	-	421	(27,449)	421	(27,449)
On December 31, 2021(Audited)	190,374	1,374,445	47,124	340,217	237,498	1,714,662
Exchange realignment	-	(38,550)	-	-	-	(38,550)
Interest charge	4,514	29,957	-	-	4,514	29,957
Loss on change in fair value	-	-	15,482	98,548	15,482	98,548
On June 30, 2022 (Unaudited)	194,888	1,365,852	62,606	438,765	257,494	1,804,617

No conversion or redemption of the Convertible Bond 2021 has occurred up to June 30, 2022.



Notes to Condensed Consolidated Financial Statements

16. CONVERTIBLE BONDS (Continued)

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 Shangsans Expressway Co., Ltd. (“Shangsans Co”), another subsidiary of the Group.

On June 15, 2022, Shangsans Co entered into separate Agreements with Zhejiang Communications Investment Group Finance Co., Ltd and Zhejiang Zheshang Financial Holding Co., Ltd, respectively, in relation to the transfer of the Convertible Bond 2022 in the aggregate principal amount of Rmb1,100,000,000 at the aggregate consideration of not more than Rmb1,200,000,000. Completion will take place within 40 trading days from the first trading day upon the lapse of the Lock-up Period (a six-months’ lock-up period commencing from the initial registration of the Convertible Bonds during which Shangsans Co, being the controlling shareholder of Zheshang Securities, is not allowed to transfer, assign or otherwise dispose of the Convertible Bonds) ,both dates inclusive.

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

Notes to Condensed Consolidated Financial Statements

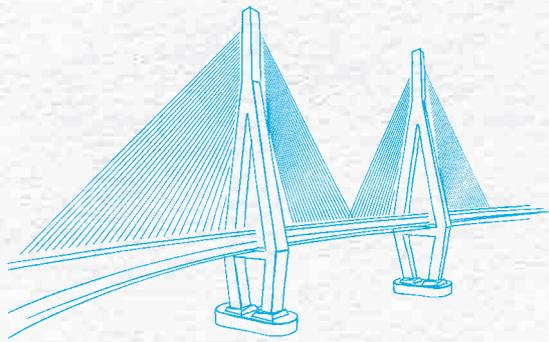
16. CONVERTIBLE BONDS (Continued)

Convertible Bond 2022 (Continued)

(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, 2022, the Conversion Price 2022 was Rmb10.49 per share.



Notes to Condensed Consolidated Financial Statements

16. CONVERTIBLE BONDS (Continued)

Convertible Bond 2022 (Continued)

(2) Redemption

(i) Redemption at maturity

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

(ii) Redemption on conditions

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

- (a) During the conversion period of the Convertible Bond 2022, for any 15 business days within a period of 30 consecutive business days, the closing share price of Zheshang Securities is not less than 130 percent (including 130 percent) of the Conversion Price 2022 ;
- (b) When the aggregate principal amount of the outstanding Convertible Bond 2022 is less than Rmb30,000,000.

Notes to Condensed Consolidated Financial Statements

16. CONVERTIBLE BONDS (Continued)

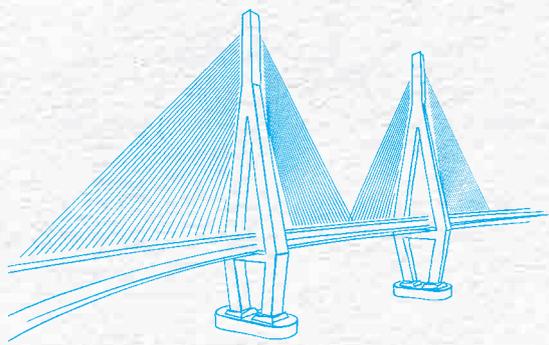
Convertible Bond 2022 (Continued)

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 since the issuance of Convertible Bond 2022 to June 30, 2022 are set out as below:

	Liability component Rmb'000	Equity component Rmb'000
Issuance on June 14, 2022	2,856,082	310,733
Issue cost	(12,782)	(1,387)
Interest charge	4,457	-
As at June 30, 2022 (Unaudited)	2,847,757	309,346

No conversion or redemption of the Convertible Bond 2022 has occurred up to June 30, 2022.



Notes to Condensed Consolidated Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES

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

(1) Transactions and balances with Communications Group and government related parties

Details of significant transactions with Communications Group are summarised below:

Borrowings

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

Pursuant to the entrusted loan contract entered into between the Company and Zhejiang Highway Logistic Company Limited ("Logistic Co"), a wholly-owned subsidiary of the Communications Group, on July 22, 2021, Logistic Co agreed to provide the Company with an entrusted loan amounting to Rmb56,172,594 at a fixed interest rate of 3.0% per annum, maturing on July 22, 2022.

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

Notes to Condensed Consolidated Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

Borrowings (Continued)

Pursuant to the entrusted loan contracts entered into between Zhejiang LongLiLiLong Expressway Co., Ltd. ("Longlililong Co") and Communications Group on March 13 and July 1, 2020, Communications Group agreed to provide Longlililong Co with loans amounting to Rmb50,000,000 and Rmb150,000,000 at fixed interest rates of 3.4% and 2.5% per annum, respectively. The loans were repaid on February 5, 2021 and June 29, 2021.

	For the six months ended June 30,	
	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Interest expenses incurred	7,001	2,651

Management and Administrative Services

The Company has entered into agreements with the Communications Group and its subsidiaries, pursuant to which, the Company would provide the management and administrative services for eight toll roads, including Shensuzhewan Expressway, South Line of Qianjiang Channel, Ningbo Yongtaiwen Expressway, Hangning Expressway, Hangrao Expressway, Zhoushan Northward Channel, Jiaxing 320 National Road and North Line of Qianjiang Channel. According to such agreements, the Company would charge the Communications Group and its subsidiaries management fee on actual cost basis. During the Period, a total management fee of Rmb6,655,000 (corresponding period of 2021: Rmb4,513,000) has been charged.

Longlililong Co has entered into an entrusted management agreement with Zhejiang Communications Operating Company ("Zhejiang Operating Co", a subsidiary of Communications Group), pursuant to which, Zhejiang Operating Co would provide the management and administrative services for Longlililong Expressways, and would charge Longlililong Co management fee on actual cost basis. A total management fee of Rmb3,820,000 (corresponding period of 2021: Rmb3,700,000) has been charged.

Notes to Condensed Consolidated Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

Sale of convertible bonds

On June 15, 2022, Shangsai Co entered into separate Agreements with Zhejiang Communications Investment Group Finance Co., Ltd and Zhejiang Zheshang Financial Holding Co., Ltd, respectively, in relation to the transfer of the Convertible Bond 2022 in the aggregate principal amount of Rmb1,100,000,000 at the aggregate consideration of not more than Rmb1,200,000,000. Completion will take place within 40 trading days from the first trading day upon the lapse of the Lock-up Period (both dates inclusive).

Other transactions

	For the six months ended June 30,	
	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Toll road service area leasing income earned (Note i)	10,224	10,829
Toll road service area management fee paid (Note i)	5,265	4,550
Property leasing income earned	1,776	143
Road maintenance service expenses incurred (Note ii)	217,886	176,897
Construction cost incurred (Note iii)	-	105,746
Information system services expenses incurred	84	409
Financial advisory service income earned	-	1,107

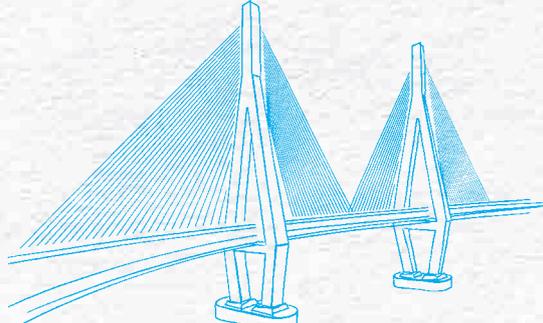
Notes to Condensed Consolidated Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

Other transactions (Continued)

- Note i: Pursuant to the leasing and operation agreement entered into between Zhejiang Jinhua Yongjin Expressway Co., Ltd. ("Jinhua Co", a wholly-owned subsidiary of the Company), Zhejiang Hanghui Expressway Co., Ltd. ("Hanghui Co", a non-wholly-owned subsidiary of the Company), Zhejiang Shenjiahuhang Expressway Co., Ltd. ("Shenjiahuhang Co", a wholly-owned subsidiary of the Company), Zhejiang Zhoushan Bay Bridge Co., Ltd. ("Zhoushan Co", a non-wholly-owned subsidiary of the Company), Longlililong Co (a wholly-owned subsidiary of the Company), and Zhejiang Commercial Group Co., Ltd. ("Zhejiang Commercial Group", a fellow subsidiary of Communications Group), the toll road service area were leased to Zhejiang Commercial Group, and Zhejiang Commercial Group managed the operation of the service area in respect of the toll road service area. Such businesses began from January 1, 2011, and will be expired at the same time with the operating rights.
- Note ii: Pursuant to the daily and specific road maintenance agreements entered into between the Company and the relevant subsidiaries of the Company and the subsidiaries of Communications Group, the subsidiaries of Communications Group agreed to provide the daily and specific road maintenance service to the Group's expressways, namely: the Shanghai-Hangzhou-Ningbo Expressway, the Shangsang Expressway, Jinhua section, Ningbo-Jinhua Expressway, the Hanghui Expressway, the Huihang Expressway, the Shenjiahuhang Expressway, the Zhoushan Bay Bridge, the LongLiLiLong Expressways, and the Zhajiasu Expressway.
- Note iii: In 2018, Deqing County De'an Highway Construction Co., Ltd.. ("De'an Co", a non-wholly owned subsidiary of the Company) and Zhoushan Co, entered into construction agreements with Zhejiang Hongtu Transportation Construction Co., Ltd. ("Zhejiang Hongtu") and Zhejiang Hangzhou-Ningbo Alternative Line Phase I Expressway Co., Ltd. ("Zhejiang HNAL Co"), respectively. Pursuant to the agreements, high grade road and expressway construction services will be provided to De'an Co and Zhoushan Co. Zhejiang Hongtu is the non-controlling shareholder of De'an Co and is also an indirect non-wholly owned subsidiary of Communications Group. Zhejiang HNAL Co is a non-wholly owned subsidiary of Communications Group.



Notes to Condensed Consolidated Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

Sales of asset management schemes and derivative contract business

During the period, Zhejiang Zheshang Securities Asset Management Co., Ltd. (“Asset Management”, an indirect subsidiary of the Company) did not sell any unit (corresponding period of 2021: 58,657,000 units, equivalent to Rmb58,657,000) of the asset management schemes to Zhejiang Zheshang Financial Holdings, Co., Ltd. (“Zheshang Financial Holdings”, a wholly-owned subsidiary of Communications Group), and the management fee income of Rmb182,000 (corresponding period of 2021: Rmb268,000) was generated from the existing asset management schemes.

During the period, Asset Management did not sell any unit (corresponding period of 2021: 106,829,000 units, equivalent to Rmb106,829,000) of the asset management schemes to Zheshang Property and Casualty Insurance Company Limited (a non-wholly-owned subsidiary of Communications Group), and redeemed 80,000,000 units, equivalent to Rmb80,000,000 (corresponding period of 2021: nil) of the asset management schemes. Management fee income of Rmb17,000 (corresponding period of 2021: Rmb542,000) was generated from these asset management schemes.

Other transactions with government related parties

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

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

Notes to Condensed Consolidated Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Transactions and balances with associates and other non-government related parties

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

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

Loans advanced from Zhejiang Communications Finance

During the Period, Zhejiang Communications Finance provided the Company with additional short-term loans in the aggregate principal amount of Rmb600,000,000 at a fixed interest rate of 3.5% per annum.

Zhejiang Communications Finance provided Shangsang Co with short-term loans in the aggregate principal amount of Rmb500,000,000 at a fixed interest rate of 3.5% per annum.

Zhejiang Communications Finance provided Zhejiang Grand Hotel with additional short-term loans in the aggregate principal amount of Rmb50,000,000 at a fixed interest rate of 3.7% per annum.

Zhejiang Communications Finance provided Hanghui Co with additional short-term loans in the aggregate principal amount of Rmb200,000,000 at a fixed interest rate of 3.4% per annum. Short-term loans in the aggregate principal amount of Rmb700,000,000 were repaid during the Period.

Zhejiang Communications Finance provided Longlilong Co with additional short-term loans in the aggregate principal amount of Rmb100,000,000 and additional long-term loans in the aggregate principal amount of Rmb100,000,000, both at a fixed interest rate of 4.13% per annum. Short-term loans in the aggregate principal amount of Rmb62,096,000 were repaid during the Period.

Zhejiang Communications Finance provided Zhoushan Co with short-term loans in the aggregate principal amount of Rmb100,000,000 at a fixed interest rate of 3.75% per annum.

Notes to Condensed Consolidated Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Transactions and balances with associates and other non-government related parties (Continued)

Loans advanced from Zhejiang Communications Finance (Continued)

	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Audited)
Outstanding loan payable balances:		
Within one year	1,763,773	904,780
Two to five years	709,064	625,280
Over five years	568,708	622,510
	3,041,545	2,152,570
	For the six months ended June 30,	2021
	2022	2021
	Rmb'000	Rmb'000
	(Unaudited)	(Unaudited)
Interest expenses incurred	46,678	125,372

Notes to Condensed Consolidated Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Transactions and balances with associates and other non-government related parties (Continued)

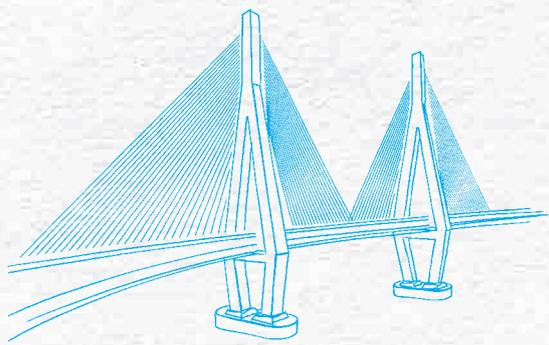
Deposits to Zhejiang Communications Finance

	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Audited)
Bank balances and cash – Cash and cash equivalents	1,152,381	2,460,550

	For the six months ended June 30,	
	2022 Rmb'000 (Unaudited)	2021 Rmb'000 (Unaudited)
Interest income earned	13,845	16,114

Sales of asset management schemes to Zhejiang Communications Finance

During the Period, Asset Management sold 202,100,950 units, equivalent to Rmb210,000,000, (corresponding period of 2021: 457,818,000 units, equivalent to Rmb457,818,000) of the asset management schemes to Zhejiang Communications Finance ; none (corresponding period of 2021: 822,000,000 units, equivalent to Rmb822,000,000) of the asset management schemes were redeemed, and management fee income of Rmb1,996,000 (corresponding period of 2021: Rmb1,444,000) was generated from the asset management schemes.



Notes to Condensed Consolidated Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Transactions and balances with associates and other non-government related parties (Continued)

Purchase/Sales of inventory from/to and derivatives contract business with Zheshang Development Group Co., Ltd. and its subsidiaries (collectively referred to as “Zheshang Development Group”)

During the Period, Zhejiang Zheqi Industrial Co., Ltd. (“Zhejiang Zheqi”) purchased and sold inventories of Rmb37,258,000 (corresponding period of 2021: Rmb22,191,000) and Rmb6,790,000 (corresponding period of 2021: Rmb109,434,000) respectively from and to Zheshang Development Group.

As at June 30, 2022, Zhejiang Zheqi received deposits of Rmb13,265,000 (December 31, 2021: Rmb67,154,000) from Zheshang Development Group.

During the Period, Zhejiang Zheqi carried out derivatives contract business with Zheshang Development Group, and the investment loss was Rmb59,236,000 (corresponding period of 2021: loss of Rmb6,827,000) in total.

Jiaxing Zhajiasu Expressway Co., Ltd. (“Zhajiasu Co”, a subsidiary of the Company) provides China Merchants Expressway Network & Technology Holdings Co. Ltd. (“China Merchants Expressway”, another shareholder of Zhajiasu Co) with an entrusted loan

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

Notes to Condensed Consolidated Financial Statements

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

	Financial assets	Classified as	Fair value as at June 30, 2022 Rmb'000 (Unaudited)	Fair value as at December 31, 2021 Rmb'000 (Audited)	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
(1)	Equity investments listed in stock exchange	Financial assets at FVTPL	1,470,715	2,853,872	Level 1	Quoted bid prices in an active market	N/A	N/A
(2)	Equity securities traded in inactive market	Financial assets at FVTPL	21,108	8,377	Level 2	Recent transaction prices	N/A	N/A
		Financial assets at FVTPL	1,031,015	575,544	Level 3	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability	Discounted for lack of marketability	The higher the discount rate, the lower the fair value
(3)	Unlisted equity investment	Financial assets at FVTPL	112,503	11,200	Level 3	Calculated based on pricing/yield such as price-to-earning (P/E) of comparable companies with an adjustment of discount for lack of marketability	P/E multiples, P/B multiples, P/S multiples, and discounted for lack of marketability	The higher the discount rate, the lower the fair value. The higher the multiples, the higher the fair value.
(4)	Investment funds	Financial assets at FVTPL	1,323,358	278,633	Level 1	Quoted bid prices in an active market	N/A	N/A
		Financial assets at FVTPL	4,472,592	5,420,668	Level 2	Based on the net asset values of the equity investment, with reference to observable market price	N/A	N/A

Notes to Condensed Consolidated Financial Statements

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

	Financial assets	Classified as	Fair value as at June 30, 2022 Rmb'000 (Unaudited)	Fair value as at December 31, 2021 Rmb'000 (Audited)	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
(5)	Debt investments listed in stock exchange and debt investments in interbank market	Financial assets at FVTPL	5,178,527	5,007,228	Level 1	Quoted bid prices in an active market	N/A	N/A
			23,599,352	30,026,702	Level 2	Discounted cash flow. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter	N/A	N/A
			1,494,833	134,790	Level 3	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability	Discount rate	The higher the discount rate, the lower the fair value.
(6)	Investment in structured products	Financial assets at FVTPL	832,653	1,234,138	Level 2	The fair value was based on the net value of the underlying assets. The net asset value of the products was calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expenses	N/A	N/A
(7)	Investments in trust products	Financial assets at FVTPL	158,403	258,437	Level 3	The fair value was based on the net value of the underlying assets. The net asset value of the products may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments	Future cash flows and discount rate	The higher the future cash flows, the higher the fair value. The higher the discounted rate, the lower the fair value.

Notes to Condensed Consolidated Financial Statements

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

	Financial assets	Classified as	Fair value as at June 30, 2022 Rmb'000 (Unaudited)	Fair value as at December 31, 2021 Rmb'000 (Audited)	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
(8)	Derivative instruments	Derivative financial assets	797,918	494,961	Level 2	The fair value was determined based on option pricing model with market observable inputs, such as quoted market price, dividend yield, volatility as key parameters	N/A	N/A
			32,266	118,757	Level 3	An option pricing model was used, which was calculated based on the option exercise price, the price of the underlying equity instrument considering the volatility, the timing of the option exercise and the risk-free rate	Volatility of the underlying equity instrument	The higher the volatility of the underlying equity instrument, the higher the fair value

Notes to Condensed Consolidated Financial Statements

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

	Financial liabilities	Classified as	Fair value as at June 30, 2022 Rmb '000 (Unaudited)	Fair value as at December 31, 2021 Rmb '000 (Audited)	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
(1)	Securities	Financial liabilities at FVTPL	1,046,446	1,048,381	Level 1	Quoted bid prices in an active market	N/A	N/A
			18,321	8,789	Level 2	Discounted cash flow. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter	N/A	N/A
(2)	Funds	Financial liabilities at FVTPL	-	146,017	Level 2	Based on the net asset values of the equity investment with reference to observable market prices	N/A	N/A
(3)	Other investor's interest in consolidation of structured entities	Financial liabilities at FVTPL	1,853,374	1,722,186	Level 2	Shares of the net assets of the products, determined with reference to the net asset value of the products, calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expense	N/A	N/A
			-	18	Level 3	Shares of the net value of the structured entities, determined with reference to the net asset value of the structured entities, calculated based on pricing/yield of comparable companies with an adjustment of discount for lack of marketability of underlying investment portfolio and adjustments of related expenses	P/E multiples Discounted for lack of marketability	The higher the multiples, the higher the fair value. The higher the discount rate, the lower the fair value

Notes to Condensed Consolidated Financial Statements

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

	Financial liabilities	Classified as	Fair value as at June 30, 2022 Rmb'000 (Unaudited)	Fair value as at December 31, 2021 Rmb'000 (Audited)	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
(4)	Derivative component of Convertible Bond	Derivative component of Convertible Bond	438,765	340,217	Level 3	Binomial option pricing model	Expected volatility of 29.30%, taking into account the actual historical share price of the Company over the corresponding period as the Convertible Bond's remaining time to maturity	The higher the expected volatility, the higher the fair value
(5)	Derivative instruments	Derivative financial liabilities	689,974	327,692	Level 2	The fair value was determined based on binomial option pricing model. Key parameters used in the binomial option pricing model include the underlying yield curve, exchange rate and volatility levels	N/A	N/A
(6)	Derivative instruments	Derivative financial liabilities	70,343	123,676	Level 3	An option pricing model was used, which was calculated based on the option exercise price, the price of the underlying equity instrument considering the volatility, the timing of the option exercise and the risk-free rate	Volatility of the underlying equity instrument	The higher the volatility of the underlying equity instrument, the higher the fair value

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

Notes to Condensed Consolidated Financial Statements

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

The following table represents the changes in level 3 financial instruments during the year ended December 31, 2021 and the period ended June 30, 2022.

	Trust products Rmb'000	Restricted shares Rmb'000	Unlisted Equity investments Rmb'000	Debts Rmb'000	Total Rmb'000
As at January 1, 2021	356,417	120,389	80,323	13,500	570,629
Additions	242,653	196,300	-	225,913	664,866
Disposal	(293,006)	-	(69,123)	-	(362,129)
Recognized in fair value changes	(47,627)	258,855	-	(104,623)	106,605
As at December 31, 2021	258,437	575,544	11,200	134,790	979,971
Additions	74,700	710,591	101,303	1,490,333	2,376,927
Disposal	(174,734)	(154,555)	-	(225,914)	(555,203)
Recognized in fair value changes	-	(100,565)	-	95,624	(4,941)
As at June 30, 2022	158,403	1,031,015	112,503	1,494,833	2,796,754

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

	As at June 30, 2022		As at December 31, 2021	
	Carrying amount Rmb'000 (Unaudited)	Fair value Rmb'000 (Unaudited)	Carrying amount Rmb'000 (Audited)	Fair value Rmb'000 (Audited)
Debt component of Convertible Bond 2021	1,365,852	1,334,113	1,374,445	1,714,661
Debt component of Convertible Bond 2022	2,847,757	2,847,757	-	-

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

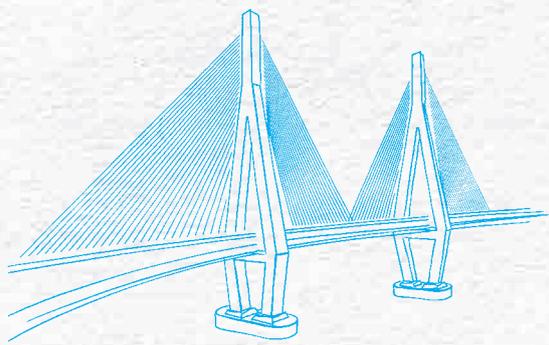
Notes to Condensed Consolidated Financial Statements

19. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

	As at June 30, 2022 Rmb'000 (Unaudited)	As at December 31, 2021 Rmb'000 (Audited)
Interests in subsidiaries	13,045,033	13,045,033
Amounts due from subsidiaries	2,767,877	2,798,289
Other assets	18,600,734	15,680,061
	34,413,644	31,523,383
Total liabilities	15,848,423	13,331,325
Capital and reserves		
Share capital	4,343,115	4,343,115
Reserves	14,222,106	13,848,943
Total	18,565,221	18,192,058

20. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on August 24, 2022.



Corporate Information

CHAIRMAN

YU Zhihong

EXECUTIVE DIRECTORS

CHEN Ninghui

YUAN Yingjie

NON-EXECUTIVE DIRECTORS

JIN Chaoyang

FAN Ye

HUANG Jianzhang

INDEPENDENT NON-EXECUTIVE DIRECTORS

PEI Ker-Wei

LEE Wai Tsang, Rosa

CHEN Bin

SUPERVISORS

ZHENG Ruchun

HE Meiyun

WU Qingwang

LU Xinghai

WANG Yubing

COMPANY SECRETARY

Tony ZHENG

AUTHORIZED REPRESENTATIVES

YU Zhihong

YUAN Yingjie

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Shanghai Pudong Development Bank,
Hangzhou Branch

H SHARE REGISTRAR AND TRANSFER OFFICE

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

H SHARES LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Code: 0576

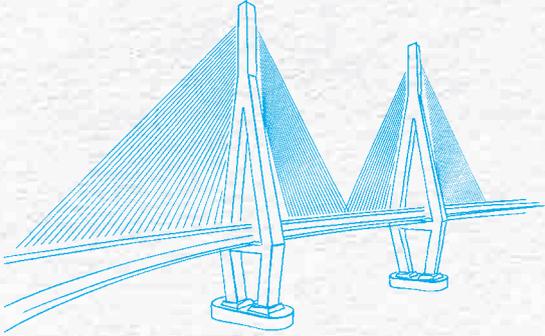
London Stock Exchange plc
Code: ZEH

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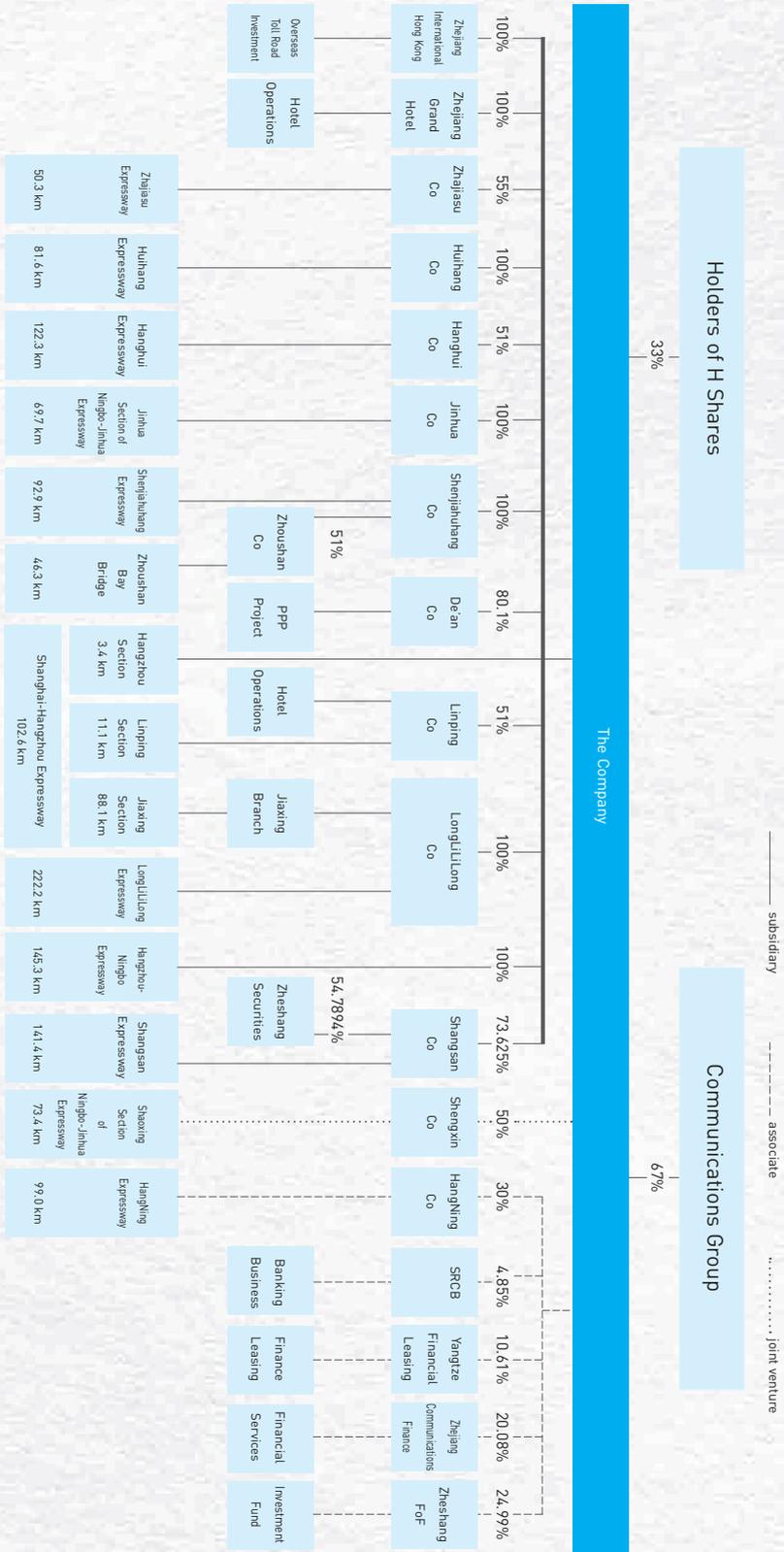
www.zjec.com.cn



2022 INTERIM REPORT

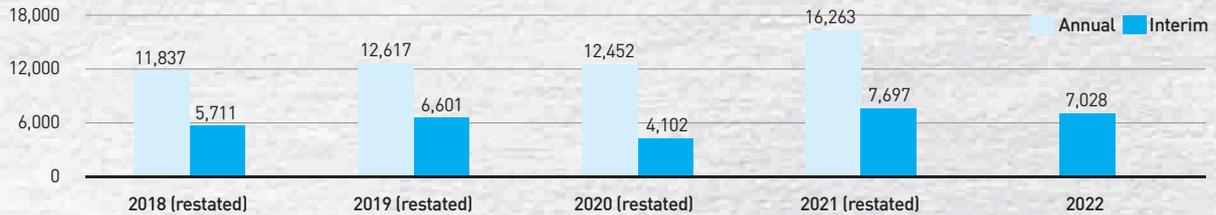
Corporate Structure of the Group

Set out below is the corporate and business structure of the Group as at August 31, 2022:

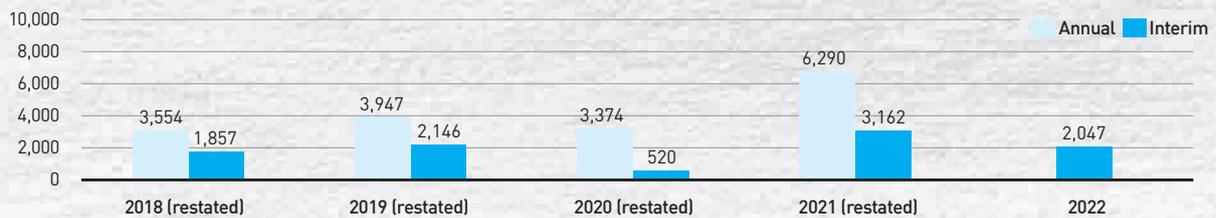


Financial Highlights

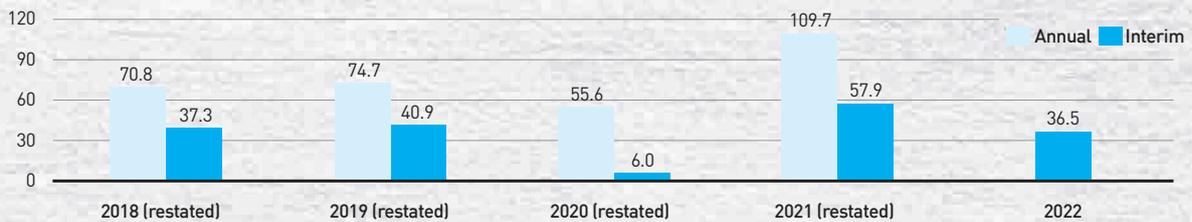
Revenue/Rmb Million



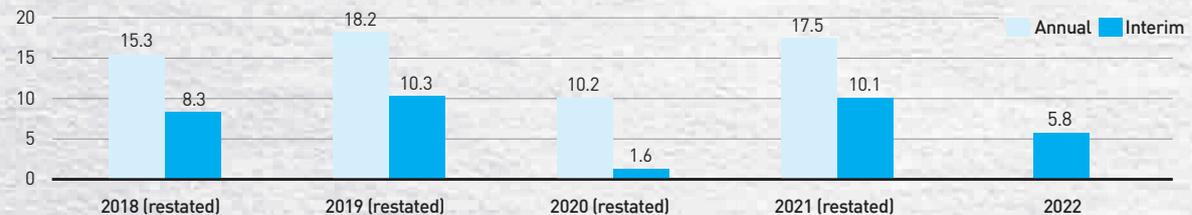
Net Profit/Rmb Million

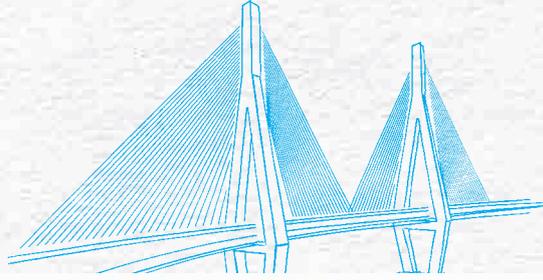


Basic EPS/Rmb Cents



ROE (%)





2022 INTERIM REPORT

