



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

[FOR IMMEDIATE RELEASE]

Zhejiang Expressway Announces 2018 Annual Results

Building a renowned brand for expressway operations and service in China

Financial Highlights

- Revenue was Rmb9,568.32 million, representing a decrease of 0.6% year-on-year
- Profit attributable to owners of the Company was Rmb3,480.54 million, representing an increase of 8.7% year-on-year
- Basic earnings per share was Rmb80.14 cents, and diluted earnings per share was Rmb75.52 cents
- A dividend of Rmb37.5 cents per share was recommended

(Hong Kong, March 18, 2019) – Zhejiang Expressway Co., Ltd. (“Zhejiang Expressway” or the “Company”) (HKEx code: 576; LSE code: ZHEH) today announced the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended December 31, 2018 (the “Period”).

During the Period, revenue for the Group was Rmb9,568.32 million, representing a decrease of 0.6% over 2017. Profit attributable to owners of the Company was Rmb3,480.54 million, representing an increase of 8.7% year-on-year. Basic earnings per share for the Period was Rmb80.14 cents (2017: Rmb73.73 cents), and diluted earnings per share for the Period was Rmb75.52 cents (2017: Rmb71.36 cents). The Directors recommended a dividend of Rmb37.5 cents per share (2017: final dividend Rmb30.0 cents). The dividend is subject to shareholder approval at the Company’s 2018 annual general meeting.

In the total revenue, Rmb6,302.37 million was generated by the five major expressways operated by the Group, representing an increase of 5.3% year-on-year and 65.9% of the total revenue. The revenue generated by the securities business was Rmb2,921.27 million, representing a decrease of 16.3% year-on-year and 30.5% of the total revenue.

Ms. Luo Jianhu, General Manager of the Company, said, “During the year of 2018, the Chinese economy maintained a steady level of growth with positive trends. Traffic volume on the Group’s expressways continued to maintain decent growth, benefiting from the stable and rapid growth of Zhejiang Province’s economy during the Period. However, revenue from Zheshang Securities fell



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due to the pull-back in the equity markets in China. During the year, we have set our goal of building a renowned brand for expressway operations and service in China. We will proactively work to improve our overall branding and service in the future.”

Business Review

During the Period, traffic volume on the Group’s expressways registered steady growth due to a number of positive factors. Zhejiang Province’s service industry maintained stable growth and domestic demand also rose. The growth rates for total retail sales of consumer goods, imports, and exports reached 9.0%, 19.0% and 9.0% respectively, which helped the Group to achieve varied levels of growth in both traffic volume and toll revenue on different expressways. On August 11, 2017, the Zhejiang Provincial government converted the county-level city of Lin’an into a district of Hangzhou. As a result, the economy of the region around Lin’an, which is located along the Hanghui Expressway, experienced rapid development, which was beneficial for the growth in the traffic volume along the Hangzhou-Lin’an section of the Hanghui Expressway. In addition, the restriction of truck traffic in the urban area of Dongyang City since December 1, 2017 has driven trucks to the Ningbo-Jinhua Expressway. Moreover, the Yiwu City government reset toll collection rules for vehicles travelling on expressways within the border of Yiwu. Under the new rules, for a two-year period from September 15, 2018 on which the new rules became into effect, the Yiwu government will pay the toll for all passenger vehicles that have ETC registration. Both local policies have boosted traffic volume along the Yiwu Section of the Ningbo-Jinhua Expressway.

During the Period, the following factors had negative impact on the traffic volume and toll revenue on the Group’s expressways: the Ningbo-Taizhou-Wenzhou Expressway which connected to the Shangsans Expressway had intermittent cut-off constructions and the Zhangzhen toll station on National Highway G104 parallel to the Shangsans Expressway suspended toll collection on June 1, 2018, both of which negatively affected traffic volume on the Shangsans Expressway. In addition, the Dongyang-Yiwu Provincial Highway opened on June 30, 2017, which led to a decline in short-distance traffic on the Jinhua Section of the Ningbo-Jinhua Expressway.

During the Period, total toll revenue from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsans Expressway, the 70km Jinhua Section of the Ningbo-Jinhua Expressway, the 122km Hanghui Expressway and the 82km Huihang Expressway was Rmb6,302.37 million.

For the securities business, conditions in the domestic equity markets remained lackluster during the Period. Trading volumes on the Shanghai and Shenzhen stock markets decreased 17.5% year-on-year in aggregate. As a result, revenue from various business segments of Zheshang Securities



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experienced varied levels of declines on a year-on-year basis, including securities brokerage, margin financing and securities lending, investment banking and asset management. During the Period, Zheshang Securities recorded total revenue of Rmb2,921.27 million, a decrease of 16.3% year-on-year.

Outlook

Looking ahead to 2019, the performance of the overall economy in China is expected to remain positive, which will provide a stable external environment for the Group's development. The overall traffic volume on the expressways operated by the Group is expected to maintain steady growth in 2019.

Ms. Luo concluded, "In order to adapt to new economic developments in 2019, the Group will leverage its competitive advantages, continue to expand and enhance its core toll road operation business, and strengthen and optimize its securities business. Management will continue to monitor government policies and the external environment to appropriately adjust the Group's operating strategy in a timely manner, take advantage of merge and acquisition opportunities to strengthen the Group's operating capabilities, and proactively yet prudently explore suitable investment projects. The Group will also stay focused on maintaining effective risk controls in order to promote high-quality and sustainable development."

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About Zhejiang Expressway Co., Ltd

Established in 1997, Zhejiang Expressway Co., Ltd. (HKEx code: 576; LSE code: ZHEH) established a corporate vision that calls for it to be "an international investment holdings company with a primary focus on expressway infrastructure investment and operation". The Company and its subsidiaries have concession rights to operate the Shanghai-Hangzhou-Ningbo Expressway, the Shangsang Expressway and the Huihang Expressway for a period of 30 years, as well as the Jinhua Section of the Ningbo-Jinhua Expressway and the Hanghui Expressway for a period of 25 years. The Company is also in the process to acquire the Huhang and Lianhang sections of Shenjiahuhang Expressway and equity stake in the Zhoushan Bridge, and minority shareholders have approved the related resolution. The Company and its subsidiaries also carry out securities business. Its subsidiary Zheshang Securities Co., Ltd. is listed on the Shanghai Stock Exchange since June 2017 (SSE code: 601878).



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