



# Striving For Excellence

## 2018 Annual Results

Stock Code: 0576



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

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# Result Highlights



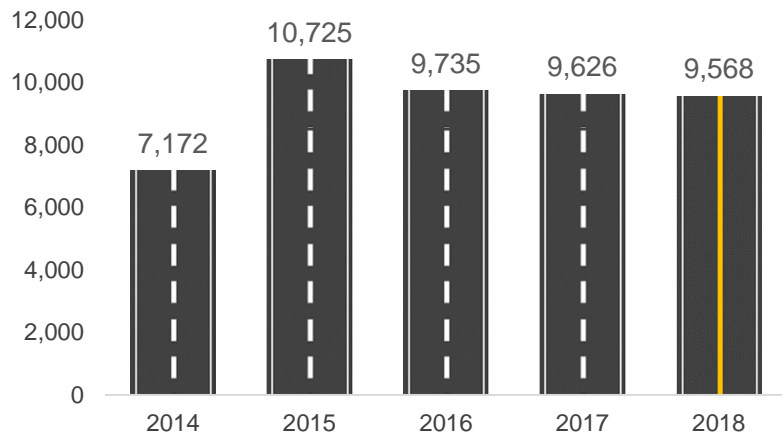
# Result Highlights

<b>Results</b> <i>Rmb '000</i>	<b>2018</b>	<b>2017</b>	<b>Change %</b>
Revenue	9,568,321	9,626,340	-0.6%
Operating costs	(4,684,509)	(4,656,163)	0.6%
<b>Gross profit</b>	<b>4,883,812</b>	<b>4,970,177</b>	<b>-1.7%</b>
Securities investment gains	512,449	774,885	-33.9%
Other income and gains and losses	363,508	103,639	250.7%
Administrative expenses	(99,844)	(98,496)	1.4%
Other expenses	(86,160)	(75,218)	14.5%
Reversal (recognition) of impairment losses, net	47,268	(59,109)	N/A
Share of profit of associates	350,578	161,502	117.1%
Share of profit of a joint venture	30,037	17,668	70.0%
Finance costs	(866,317)	(611,747)	41.6%
<b>Profit before tax</b>	<b>5,135,331</b>	<b>5,183,301</b>	<b>-0.9%</b>
Income tax expense	(1,142,988)	(1,192,269)	-4.1%
<b>Profit for the year</b>	<b>3,992,343</b>	<b>3,991,032</b>	<b>0.03%</b>
--Attributable to owners of the Company	3,480,537	3,202,130	8.7%
--Non-controlling interests	511,806	788,902	-35.1%
EPS (basic) ( <i>Rmb cents</i> )	80.14	73.73	8.7%
EPS (diluted) ( <i>Rmb cents</i> )	75.52	71.36	5.8%

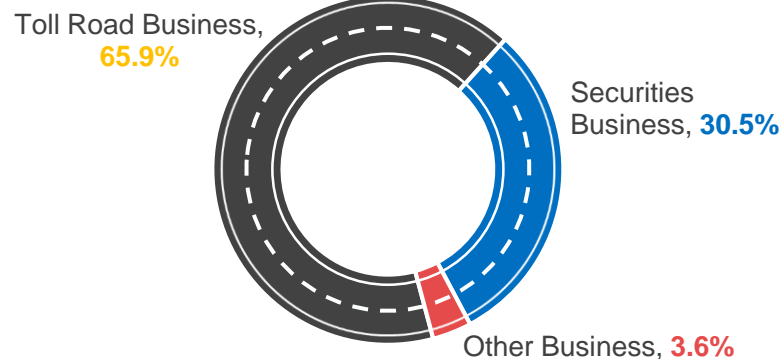
# Result Highlights – Revenue

## Revenue

Rmb million



## Revenue Breakdown



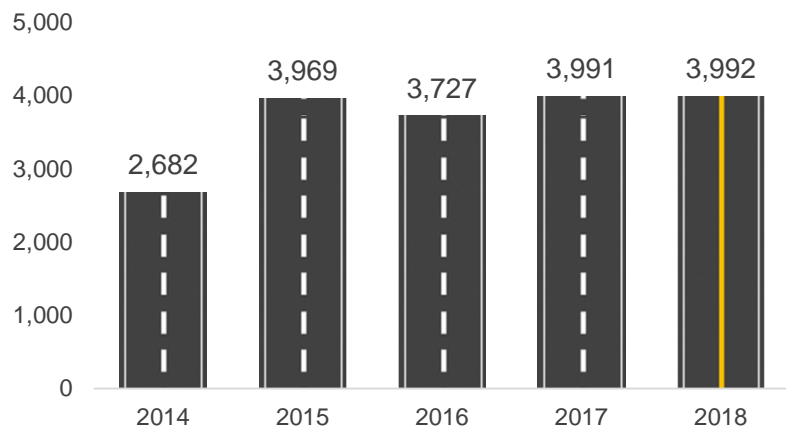
Overall revenue was Rmb9,568 million, largely flat compared with 2017



# Result Highlights – Net Profit

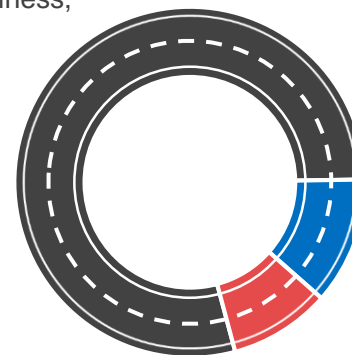
## Net Profit

Rmb million



## Net Profit Breakdown

Toll Road Business, **78.9%**



Securities Business, **11.7%**

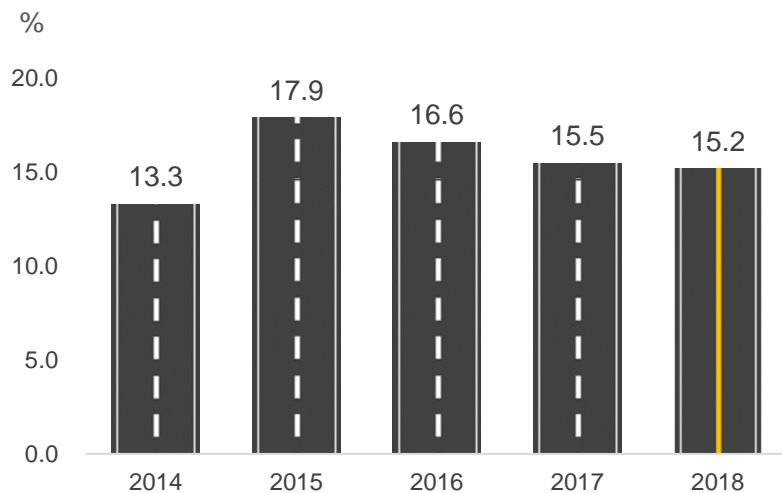
Other Business, **9.4%**

**2018 EPS (basic/diluted): Rmb80.14 cents / Rmb75.52 cents**

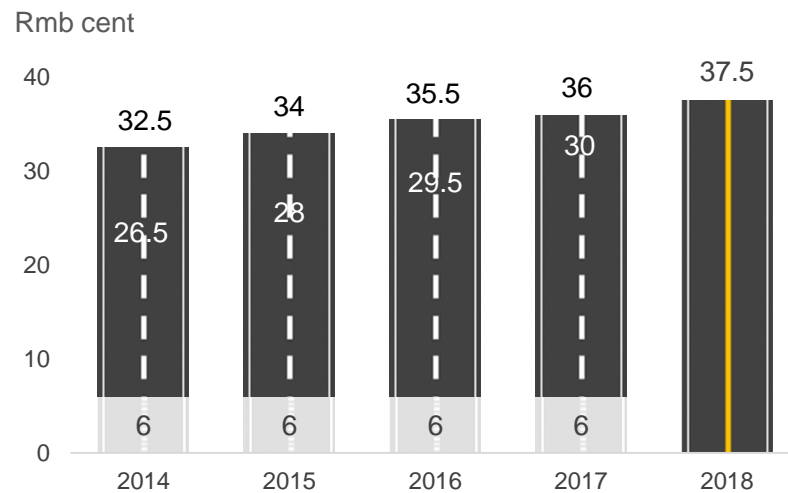


# Result Highlights – Dividend

## ROE



## Dividend Breakdown



To provide shareholders with stable return in the long run



# Review of Operations





# 2018 Market Review



## —Economy

- China GDP growth: 6.6%
- Zhejiang GDP growth: 7.1%, mainly due to stable increases in services, international trade and consumer demand

## —Capital Market

- Remained lackluster
- Trading volume of Shenzhen and Shanghai stock markets decreased 17.5% y-o-y
- Negative impact on Zhesang Securities

## Varied levels of growth on different expressways

### Positive factors:

- Zhejiang Province's service industry maintained stable growth and domestic demand also rose
- County-level city of Lin'an was converted into a district of Hangzhou, which benefited Hanghui Expressway
- Restriction of truck traffic in the urban area of Dongyang City has driven trucks to Ningbo-Jinhua Expressway
- Yiwu government pays the toll for passenger vehicles, which benefited Ningbo-Jinhua Expressway

### Negative factors:

- Ningbo-Taizhou-Wenzhou Expressway which connected to Shangshan Expressway had intermittent cut-off constructions
- Zhangzhen toll station on National Highway G104 parallel to Shangsan Expressway suspended toll collection
- Dongyang-Yiwu Provincial Highway opened on June 30, 2017, which led to a decline in short-distance traffic on Jinhua Section of the Ningbo-Jinhua Expressway

	Daily traffic volume (full-trip equivalent)	y-o-y change	Toll income (RMB million)	y-o-y change
Shanghai-Hangzhou-Ningbo Expressway	61,898	8.1%	4,018.60	6.5%
Shangsan Expressway	30,769	1.8%	1,232.41	-1.0%
Ningbo-Jinhua Expressway (Jinhua Section)	21,116	7.1%	386.72	6.7%
Hanghui Expressway	19,320	10.4%	527.18	10.4%
Huihang Expressway	7,788	7.6%	137.46	6.5%

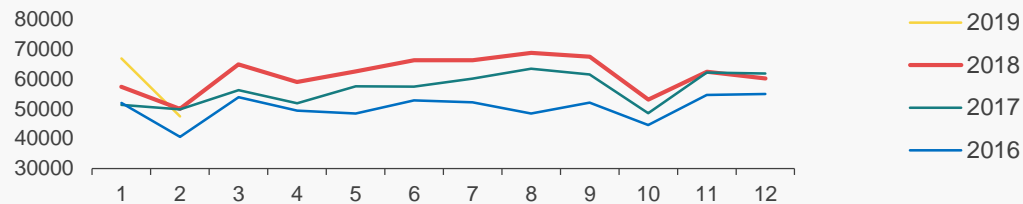
**Revenue from toll operation increased 5.3% to Rmb6,302.37 million**

# Toll Road Business— Daily Traffic Volume

## Shanghai-Hangzhou-Ningbo Expressway

8.1% 

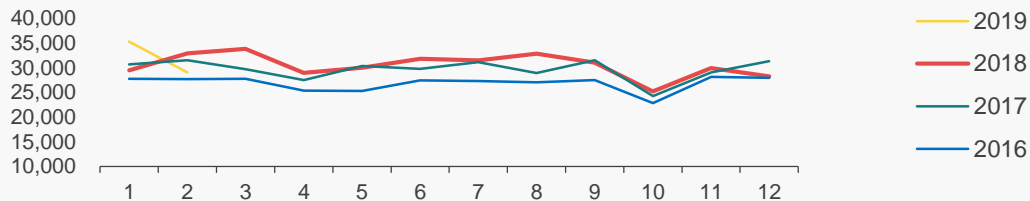
Average Full-trip Equivalents/day: 61,898



## Shangsang Expressway

1.8% 

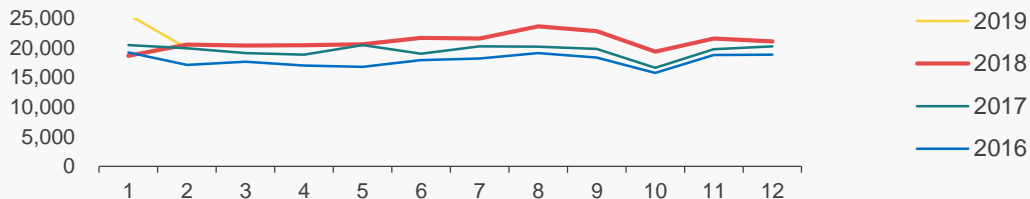
Average Full-trip Equivalents/day: 30,769



## Ningbo-Jinhua Expressway(Jinhua Section)

7.1% 

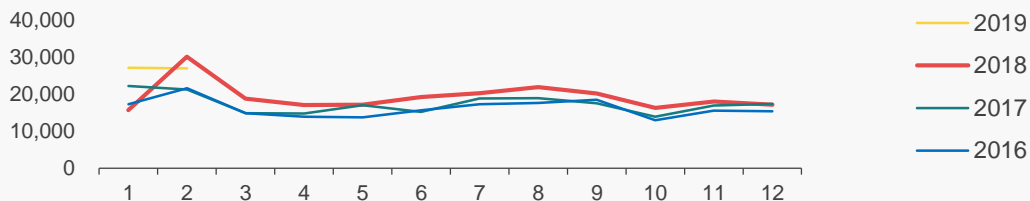
Average Full-trip Equivalents/day: 21,116



## Hanghui Expressway

10.4% 

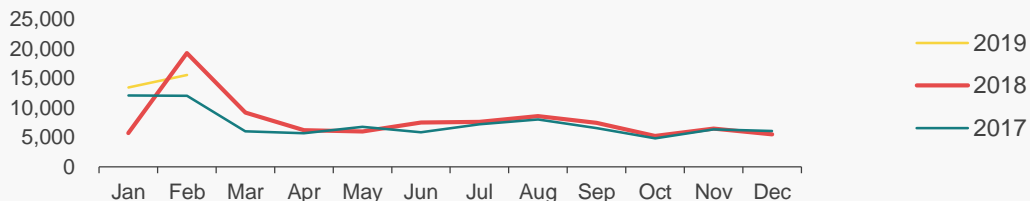
Average Full-trip Equivalents/day: 19,320



## Huihang Expressway

7.6% 

Average Full-trip Equivalents/day: 7,788



# Securities Business



- Trading volume of stock markets in China decreased 17.5% y-o-y in aggregate
- Revenue from various business segments of Zhesang Securities experienced varied levels of declines, including securities brokerage, margin financing and securities lending, investment banking and asset management

(Rmb million)	2018	2017	Change %
Commission & fee income	1,462.80	2,088.31	-30.0%
Interest income	1,458.47	1,402.94	4.0%
Securities investment gains	512.45	778.80	-34.2%



**Revenue from securities business decreased 16.3% to Rmb2,921.27 million**

# Other Business

## Hotel Operations

Grand New Century Hotel recorded revenue of RMB106.10 million

## Construction Operations

Deqing County De'an Highway Construction Co., Ltd, recorded revenue of RMB238.58 million



# Long-term Investments

## — Zhejiang Shaoxing Shengxin Expressway Co., Ltd.

- Operates Shaoxing Section of Ningbo-Jinhua Expressway. Daily traffic volume increased by 7.64% y-o-y to 20,678 in full-trip equivalents
- Recorded toll revenue of RMB417.38 million
- Recorded net profit of RMB60.07 million



## — Zhejiang Communications Investment Group Finance Co., Ltd.

- Derived income mainly from interest, fees and commissions for providing financial services
- Recorded net profit of RMB409.80 million



## — Yangtze United Financial Leasing Co., Ltd.

- Primarily engaged in finance leasing business, which includes the transferring and receiving of financial leasing assets, fixed-income securities investment businesses, and other businesses approved by CBIRC
- Recorded net profit of RMB271.92 million



## — Shanghai Rural Commercial Bank Co., Ltd.

- Primarily engaged in commercial banking business, including deposits, short-, medium-, and long-term loans, domestic and overseas settlements and other businesses that are approved by CBIRC
- New investment in 2018



# Review of Transactions and Financing Activities



# Shenjiahuhang Expressway and Zhoushan Bridge

## Discloseable and Connected Transaction

- In December 2018, the board announced the acquisition of Shenjiahuhang Expressway and 51% stake in Zhoushan Bridge from the parent company Zhejiang Communications Investment Group
- On 4 March 2019, EGM was held and the related resolution was approved
- Transaction is expected to be settled in April 2019



- One of the five major passages from Zhejiang to Shanghai in the Yangtze River Delta Economic Zone which is one of the most developed regions in China



- An important economic connection between the Zhoushan Islands and the continent

**Total length of expressways will increase from 663km to 803km**



# RMB3 Billion Mid-term Notes

## Proposed Offering Information



Issuer	Zhejiang Expressway Co. Ltd.
Issue size	Not more than RMB3 billion
Term	Not more than 5 years
Manner of issue	One tranche or multiple tranches
Interest rate	Estimated to be 4%

## Proposed Use of Proceeds

- RMB1.7 billion will be applied to payment for the Shenjiahuhang Expressway and Zhoushan Bridge acquisition
- Project investment
- Repayment of borrowings
- Replenish working capital

# Outlook & Growth Strategies



# New Vision for the Company

改革创新，争做一流  
*Striving for Excellence*



- For our core toll road operations businesses, we will continue to try to build a renowned brand for expressway operations and service in China, and drive our industry forward with intelligent solutions



- For our securities business, we aim to build a unique brand and become a top-tier player in the country. We are setting up a number of systems and procedures to help us achieve these ambitious long-term goals

# Growth Strategies in 2019

## A stable external environment for the Company's development



### Expand core expressway business

- Upgrade new software and hardware for toll collection systems
- Implement intelligent applications to Shanghai-Hangzhou-Ningbo Expressway
- Improve overall service and enhance public image
- Improve overall branding across all expressway sections



### Strengthen securities business

- Actively respond to market demands, comply with regulatory changes and industry trends
- Fully leverage market opportunities, optimize and adjust business structure
- Improve service capabilities in investment and financing, and continuously improve profitability and competitiveness



### Seek suitable investments

- Proactively yet prudently explore suitable investment projects
- Stay focused on maintaining effective risk controls

## Achieving high-quality and sustainable development

# Q&A



# Appendices

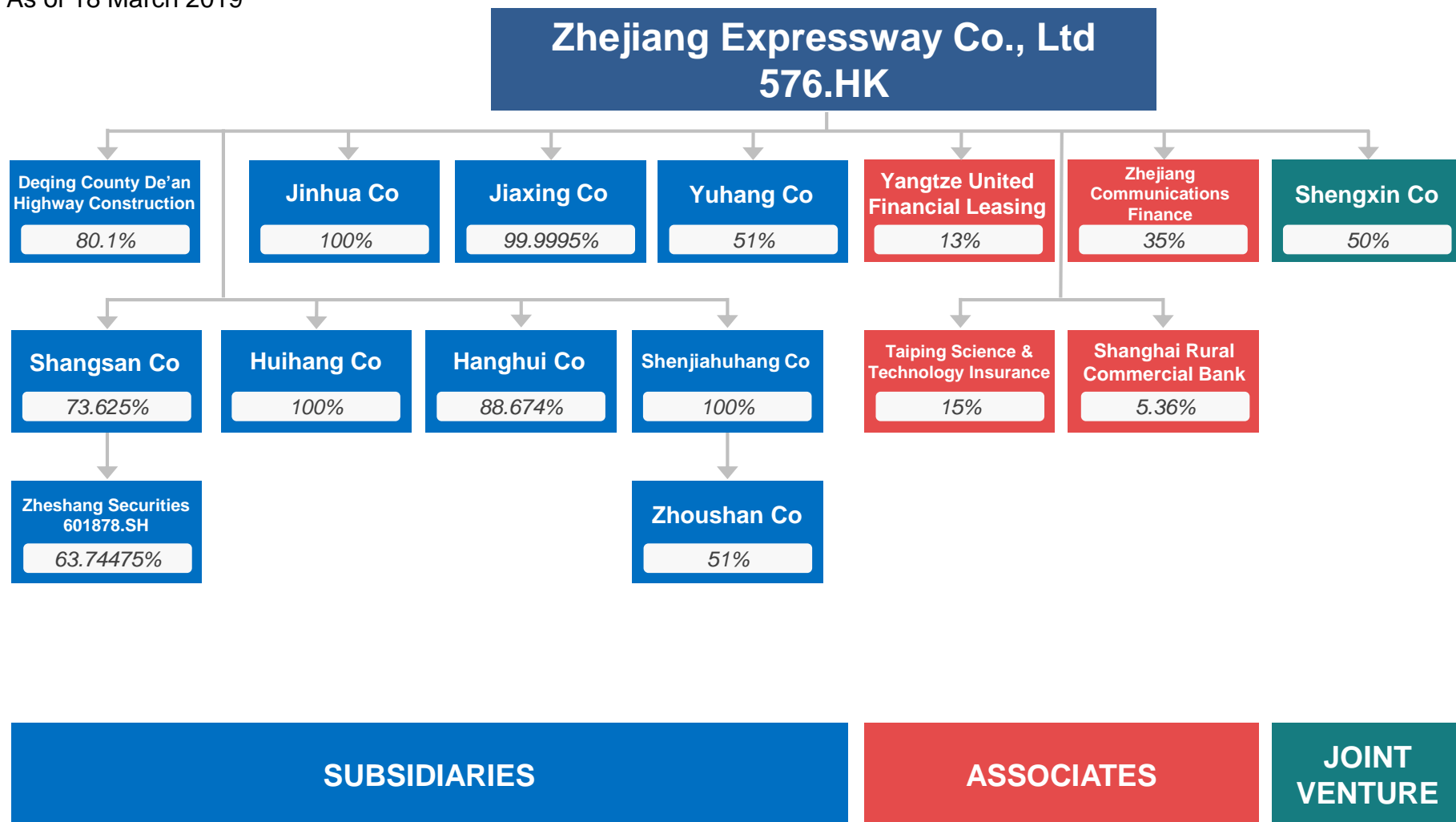


# Appendix I – Statement of Financial Position

<i>(Rmb million)</i> <i>As at the end of the year</i>	2018	2017	Change %
<b>Bank balances, clearing settlement fund, deposits and cash</b>	<b>6,759</b>	5,609	20.5%
<b>Financial assets at fair value through profit or loss</b>	<b>21,559</b>	-	N/A
<b>Held for trading investments</b>	-	12,569	N/A
<b>Available-for-sale financial assets</b>	-	1,801	N/A
<b>Total assets</b>	<b>79,513</b>	73,651	8.0%
<b>Total liabilities</b>	<b>47,809</b>	44,446	7.6%
<b>Total debt</b>	<b>44,329</b>	39,571	12.0%
<b>Debt to equity (%)</b>	<b>139.8%</b>	135.5%	3.2%
<b>Total liabilities to total assets (%)</b>	<b>60.1%</b>	60.3%	-0.3%

# Appendix II – Organization Chart

As of 18 March 2019



**SUBSIDIARIES**

**ASSOCIATES**

**JOINT VENTURE**



# Appendix III – Expressway Map of Zhejiang Province

