



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 2020 Interim Results

*Striving for high-quality sustainable development and
actively improving the Group's core competitiveness*

Financial Highlights

- Revenue was Rmb3,947.84 million, representing a decrease of 31.0% year-on-year
- Profit attributable to owners of the Company was Rmb687.10 million, representing a decrease of 65.3% year-on-year
- Basic earnings per share was Rmb15.82 cents, and diluted earnings per share was Rmb15.82 cents

(Hong Kong, August 26, 2020) – 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 six months ended June 30, 2020 (the “Period”).

During the Period, revenue for the Group was Rmb3,947.84 million, representing a year-on-year decrease of 31.0%. Profit attributable to owners of the Company was Rmb687.10 million, representing a year-on-year decrease of 65.3%. Basic earnings per share for the Period was Rmb15.82 cents, representing a year-on-year decrease of 65.3%. Diluted earnings per share for the Period was Rmb15.82 cents, representing a year-on-year decrease of 64.4%.

Ms. Luo Jianhu, General Manager of the Company, said, “In the first half of 2020, the global economy experienced a downturn due to the novel coronavirus (“Covid-19”) epidemic. With the effective containment of the epidemic in China and the resumption of work, production, commercial and market activities, China’s economy gradually started to recover. Although toll revenue of the Group’s expressway decreased significantly due to the Covid-19 epidemic and the toll-free policy during the epidemic, the securities business recorded a relatively high increase in revenue, benefiting from reforms in the domestic capital markets, and helped to effectively mitigate the decline in the toll road sector. During the Period, the Company effectively coped with the severe situation caused by the epidemic and made steady strides in the operations and development of the Company. At the same time, we strived to refine our service processes and systems and focused on high-quality development, with the aim to continuously improve our core competitiveness.”



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Business Review

In the first half of 2020, affected by the Covid-19 epidemic, the toll-free policy and other policy adjustments, organic growth in traffic volume on the Group's expressways slowed, and toll revenue decreased significantly year-on-year. However, the securities business recorded a relatively high increase in revenue, benefiting from reforms in the domestic capital markets, and helped to effectively mitigate the decline in the toll road sector.

For the toll road business, performance of the Group's expressways was affected by various factors. In response to the epidemic, Zhejiang Province activated first-level public health emergency response between January 23 and March 2, 2020 that reduced vehicle traffic and passenger flow significantly. In addition, the Ministry of Transport of the People's Republic of China announced a toll-free policy that would extend the Spring Festival toll-free period for small passenger vehicles to February 8, 2020 (originally from January 24 to January 30, 2020), and for all vehicles from February 17 to May 5, 2020. At the same time, other policy adjustments and traffic diversions caused by neighboring roadways of certain sections of the Group's expressways, also caused certain impacts on toll revenue and traffic volume.

Although a number of factors caused a major shock to the Group's toll road operations in the short term, as the epidemic was contained in China, toll collections resumed on May 6, 2020, and toll road operations gradually stabilized. Toll revenue of the Group recorded a year-on-year increase since the resumption of toll collections. At the same time, government subsidies partially offset the decrease in toll revenue during the Period.

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 and the 46km Zhoushan Bay Bridge was Rmb1,773.45 million, representing 44.9% of the Group's total revenue.

For the securities business, despite periodic volatility due to the Covid-19 shock, the domestic capital markets started to stabilize and rebound after a variety of policy changes, such as the implementation of a registration-based IPO system and new refinancing regulations for listed companies. Zheshang Securities took advantage of market opportunities to optimize its business structure and improve the core competencies of its key businesses. During the Period, the Group's securities business recorded favorable results. Zheshang Securities recorded total revenue of Rmb2,091.91 million, representing an increase of 27.5% year-on-year and 53.0% of the Group's total revenue, of which,



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commission and fee income increased 51.7% year-on-year to Rmb1,295.06 million, and interest income from the securities business was Rmb796.85 million, an increase of 1.2% 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 Rmb1,034.71 million, an increase of 69.8% year-on-year.

Outlook

In the first half of 2020, China's economy experienced a short-term shock due to the Covid-19 epidemic. However, in the second half of 2020, driven by a new economic focus on the domestic front, production and supply will continue to recover and market demands will gradually rebound, which will help China's economy to recover and stabilize. Nevertheless, uncertainties remain in the recovery of China's economy due to the continuous spread of epidemic overseas and complicated external environment. While continuing to promote regular epidemic containment, the Group will also push through high-quality sustainable development of the Company. In addition, the Group will continue to improve core competitiveness of its core toll road business and actively elevate brand influence of its securities business.

Ms. Luo concluded, "In the first half of 2020, Covid-19 has negatively impacted the economy and people's livelihoods around the world, international economic risks and uncertainties increased. However, as China's economy started to stabilize and recover, we will accelerate the promotion and implementation of different projects, and consolidate the operation and development of each business. In the second half of the year, the Group will leverage its advantages in resources, continue to enhance its core toll road business, and optimize its securities business. In addition, we will continue to monitor changes in government policies and the external environment, and explore market-oriented merger and acquisition opportunities with manageable risks, in an effort to further enhance the effective use of capital, expand the core toll road business, and actively explore related businesses to promote high-quality sustainable development for the Company."

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About Zhejiang Expressway Co., Ltd.

Established in 1997, Zhejiang Expressway Co., Ltd. (HKEx code: 576; LSE code: ZHEH) is an infrastructure company principally engaged in investing in, developing and operating high-grade roads. The expressway operating rights of the Company and its subsidiaries were granted by Zhejiang Provincial Government and Anhui Provincial Government for a period ranging from 25 to 30 years. In 2019, the Company has completed the acquisition of the Huzhou and Lianhang sections of Shenjiahuhang Expressway and the Zhoushan Bay Bridge, as well as the Zhejiang Grand Hotel. The Company also carries 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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