



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 Annual Results

*Accelerating high-quality sustainable development and
further enhancing core toll road operations business*

Financial Highlights

- Revenue was Rmb11,942.78 million, representing a decrease of 0.1% year-on-year
- Profit attributable to owners of the Company was Rmb2,997.34 million, representing a decrease of 19.2% year-on-year
- Basic earnings per share was Rmb69.01 cents, and diluted earnings per share was Rmb68.32 cents
- A dividend of Rmb35.50 cents per share was recommended

(Hong Kong, March 23, 2021) – 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, 2020 (the “Period”).

During the Period, revenue for the Group was Rmb11,942.78 million, representing a decrease of 0.1% over 2019. Profit attributable to owners of the Company was Rmb2,997.34 million, representing a decrease of 19.2% year-on-year. Basic earnings per share for the Period was Rmb69.01 cents (2019: Rmb85.45 cents), and diluted earnings per share for the Period was Rmb68.32 cents (2019: Rmb82.37 cents). The Board of Directors recommended a dividend of Rmb35.50 cents per share, subject to shareholders’ approval at the Company’s 2020 annual general meeting.

Ms. Luo Jianhu, General Manager of the Company, said, “In 2020, the Chinese economy faced tremendous pressure and challenges due to the sudden outbreak of novel coronavirus (“Covid-19”) epidemic. However, as the epidemic was effectively controlled in China, both work and production resumed at an orderly pace. While toll revenue of the Group’s toll road operations business decreased significantly in 2020 due to the epidemic and toll-free policy, the securities business recorded significant revenue growth driven by the active capital markets, which positively enhanced the Group’s overall performance. During the Period, the Group effectively responded to the impacts brought about by the macro environment, pursued high-quality sustainable development steadily and provided stable shareholder returns.”



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Business Review

In 2020, toll revenue of the Group's expressways decreased significantly as affected by the epidemic and subsequent implementation of a toll-free policy. Nevertheless, revenue from the Group's securities business recorded substantial growth, as the Chinese capital markets picked up again and Zheshang Securities fully took advantage of market opportunities.

For the toll road business, performance of the Group's expressways was affected by various factors. In order to effectively control the epidemic in early 2020, the Ministry of Transport of the People's Republic of China extended the toll-free period for small passenger vehicles travelling on the nation's toll roads, and announced an additional toll-free policy for all vehicles. Meanwhile, to encourage the resumption of work and production for enterprises, Zhejiang Province expanded the scope of discounts on tolls, which negatively impacted the Group's toll revenue during the Period. Furthermore, traffic volume on certain sections of the Group's expressways in different regions was variously impacted by changes in local government policies in the regions, changes in the neighboring competitive or synergistic road networks, the development of other modes of transportation and other factors.

Even though the epidemic and toll-free policy caused relatively significant short-term shocks to the Group's toll road operations business, the Group adhered to the government's epidemic prevention and control plans, implemented the toll-free policy without sacrificing service, comprehensively elevated toll collection service quality, made all efforts to ensure safe and smooth traffic flow, and significantly improved traffic efficiency of different road sections. Since toll collection resumed on May 6, 2020, the Group's toll road operations business has gradually stabilized, with toll revenue and traffic volume both maintaining steady growth.

In addition, while the Group continued to focus on strengthening its core toll road operations business, it also proactively pursued investment and M&A projects. The Group announced in December that it successfully acquired a 30% equity interest in HangNing Co and 100% equity interest in LongLiLiLong Co., further strengthening the scale and competitiveness of its core toll road operations business.

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 Rmb6,379.59



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million, representing 53.4% of the Group's total revenue.

For the securities business, trading volumes on the domestic capital markets remained high as benefited from the effective epidemic containment in China, steady economic recovery, as well as policy reforms such as the registration-based IPO system. During the Period, Zheshang Securities fully took advantage of market opportunities, strengthened its risk management capabilities, optimized and adjusted its business structure, and completed the strategic acquisition of 9 securities business branches of China Development Bank Securities, further optimizing its service network. During the Period, the Group's securities business achieved strong results. Zheshang Securities recorded total revenue of Rmb5,087.34 million, representing an increase of 54.1% year-on-year and 42.6% of the Group's total revenue, of which, commission and fee income increased 89.1% year-on-year to Rmb3,266.81 million, and interest income from the securities business was Rmb1,820.53 million, an increase of 15.7% year-on-year. In addition, securities investment gains of Zheshang Securities included in the consolidated statement of profit or loss and other comprehensive income of the Group was Rmb1,483.02 million.

Outlook

Looking forward to 2021, uncertainties remain in the global epidemic and macro environment, however, with the implementation of the 14th Five-Year Plan, China will accelerate positive interplay between domestic circulation and international circulation, and fully open up a new chapter of high-quality and sustainable development. The Group will actively take advantage of the opportunities brought by the 14th Five-Year Plan, solidly strive for the project goals of all businesses and explore new business and profit growth drivers. Meanwhile, the Group will continue to build a renowned brand for expressway operations and services, steadily pave the way to becoming a top-tier securities company in China, and accelerate its pace towards "striving for excellence".

Ms. Luo concluded, "Looking ahead, the adverse impact of the epidemic on the global economy may gradually reduce. But at the same time, uncertainty about virus mutations and imbalances in the vaccine rollout could cause an unstable and unbalanced global economic recovery. The Group will leverage its competitive advantages, continue to enhance its core toll road operations business, and optimize its securities business, amid the complex and rapidly-changing economic situation at home and abroad. We will also continue to monitor changes in government policies and the external environment to appropriately adjust the Company's operating strategy according to its development needs, constantly strengthen its operating capabilities, and consistently expand the scale of core toll road business through investments and M&As with manageable risk to



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accelerate 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 January 2021, the Company completed the acquisition of 30% equity interest in HangNing Co and 100% equity interest in LongLiLiLong Co. The Company and its subsidiaries also carry out securities business. Its subsidiary Zheshang Securities Co., Ltd. has been listed on the Shanghai Stock Exchange since June 2017 (SSE code: 601878).

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