



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

Striving For Excellence

2022 Annual Results



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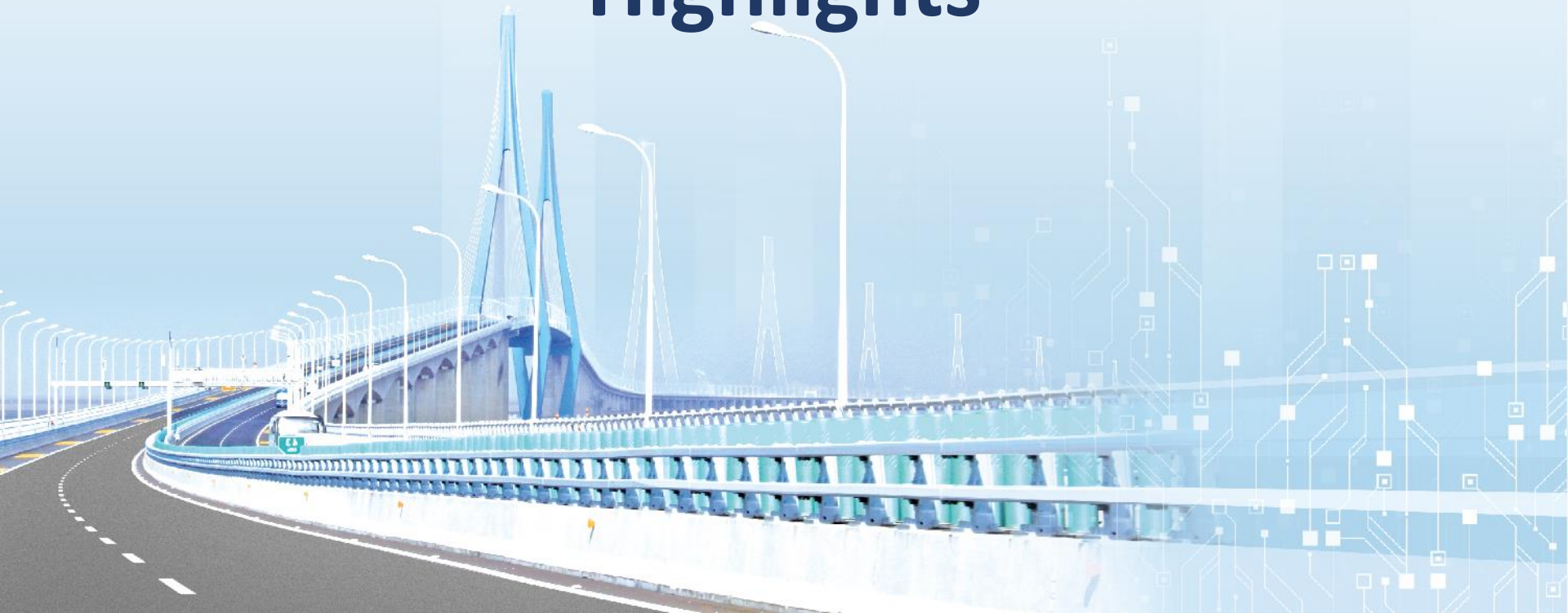
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浙江滬杭甬高速公路股份有限公司
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Result Highlights



Result Highlights

Results

Rmb '000

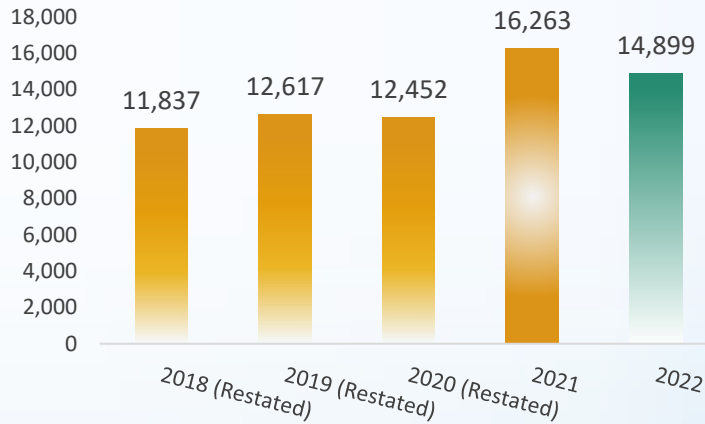
	2022	2021	%Change
Revenue	14,898,730	16,262,601	-8.4%
-- Including: Interest income under effective interest method	2,390,436	2,247,361	6.4%
Operating costs	(8,857,926)	(9,521,482)	-7.0%
Gross profit	6,040,804	6,741,119	-10.4%
Securities investment gains	679,734	1,835,563	-63.0%
Other income and gains and losses	2,093,933	733,071	185.6%
Administrative expenses	(172,616)	(173,447)	-0.5%
Other expenses	(119,701)	(117,363)	2.0%
Impairment losses under expected credit loss model, net of reversal	(11,742)	65,391	NA
Share of profit of associates	752,086	966,075	-22.2%
Share of profit of a joint venture	49,771	56,249	-11.5%
Finance costs	(1,770,008)	(1,942,533)	-8.9%
Profit before tax	7,542,261	8,164,125	-7.6%
Income tax expense	(1,039,051)	(1,873,961)	-44.6%
Profit for the year	6,503,210	6,290,164	3.4%
-- Attributable to owners of the Company	5,378,866	4,762,431	12.9%
-- Attributable to non-controlling interests	1,124,344	1,527,733	-26.4%
EPS (basic) (Rmb cents)	123.85	109.65	12.9%
EPS (diluted) (Rmb cents)	117.62	102.50	14.8%



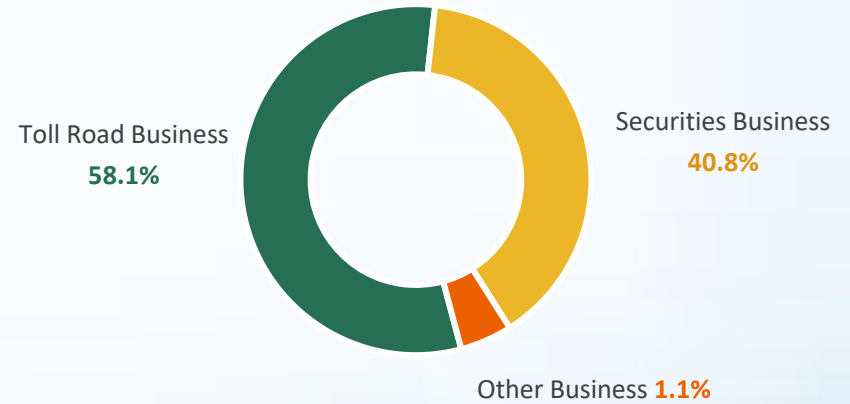
Result Highlights – Revenue

Revenue

Rmb million



Revenue Breakdown

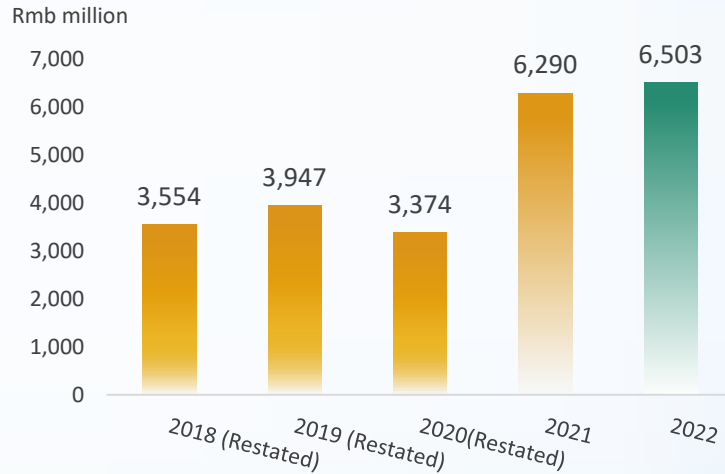


Overall revenue for the Group was Rmb 14,898.73 million, a decrease of 8.4% y-o-y

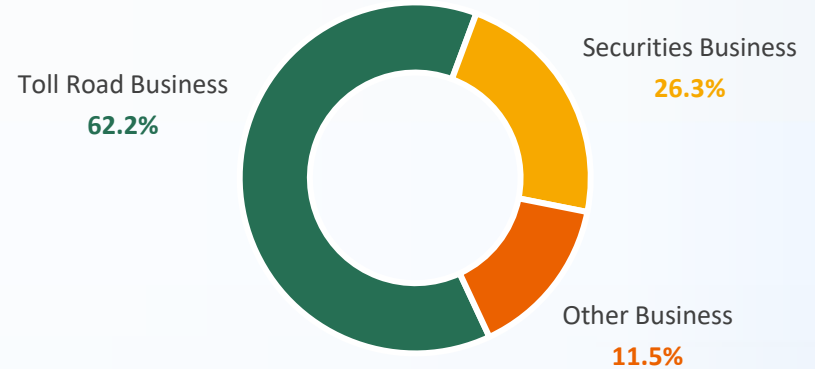


Result Highlights – Net Profit

Net Profit



Net Profit Breakdown

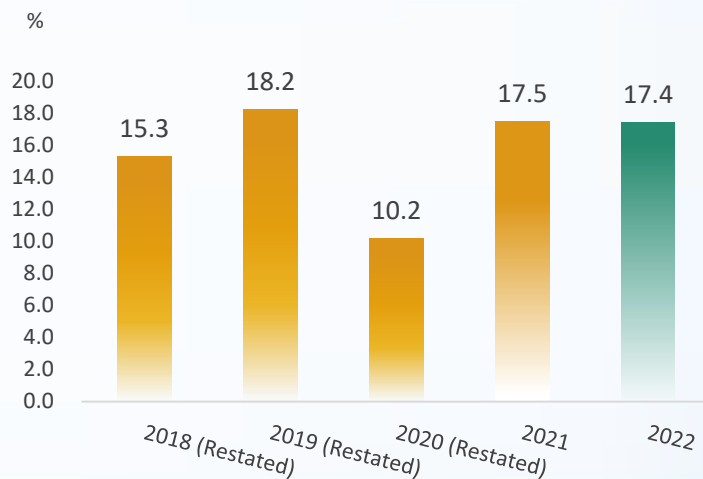


2022 EPS (basic/diluted): Rmb 123.85 cents / Rmb 117.62 cents

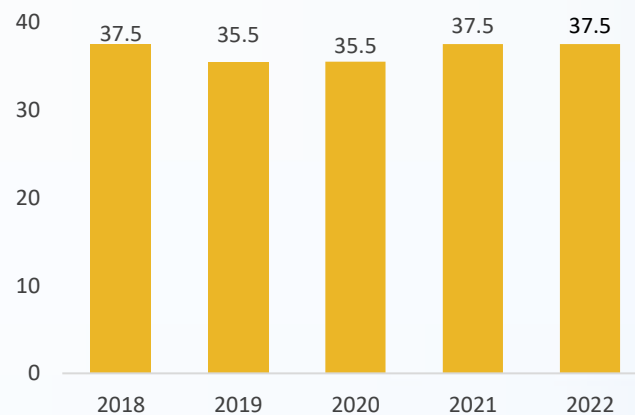


Result Highlights – ROE & Dividend

ROE



Dividend



To provide shareholders with stable return in the long run





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Review of Operations





Economy

- China GDP growth: 3.0%
- Zhejiang GDP growth: 3.1%. Zhejiang Province has implemented a series of policies to help enterprises overcome difficulties, in order to facilitate the economy to stabilize generally

2022 Market Review



Capital Market

- In 2022, the evolving Russia-Ukraine conflict, the subsequent energy crisis in Europe and the continuous interest rate hikes by the US Federal Reserve had a significant impact on the global capital market. China's economy was under downward pressure due to the reoccurrence of the epidemic. Both internal and external factors led to sluggish domestic capital market

Toll Road Business

Various factors affected

Positive factors:

- With policies to pay the tolls by relevant local governments, Class-1 passenger vehicles with ETC registration were able to travel for free on the Jindong Section of the Ningbo-Jinhua Expressway, Tongxiang West to Leidian Section of the Shenzhahuhang Expressway, and the Haining Section of the Shanghai-Hangzhou Expressway, thereby spurring the passenger vehicles traffic volume growth on relevant expressway
- The ban on semi-trailers has been terminated on the East-and West-Route of Hangzhou Ring Expressway, which has contributed to the semi-trailers traffic volume growth on the relevant sections of the Shanghai-Hangzhou-Ningbo Expressway and the Shenzhahuhang Expressway

Negative factors:

- The sporadic outbreaks of the epidemic in Shanghai, Zhejiang Province and surrounding region since March 2022 had a serious impact on the traffic volume of the Group's expressways, as relevant epidemic prevention authorities have further intensified the control of the epidemic
- The traffic volume of Shanghai-Hangzhou Expressway, Zhajiasu Expressway and Shenzhahuhang Expressway saw a substantial year-on-year decrease as the above expressways are located in epidemic-affected areas such as Shanghai and Jiaxing, since the public was less keen on travel under the epidemic, the traffic volume of Zhoushan Bay Bridge and Huihang Expressway had a considerable year-on-year decrease
- The changes in road network and adjustment of tolling 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, and the Hangzhou-Shaoxing-Taizhou Expressway fully opened to traffic on February 11, 2022, leading to a substantial diversion of traffic volume on Shangsang 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
- Since the fourth quarter of 2022, in addition to continuing to implement the existing toll reduction policies for toll roads nationwide, truck tolls have been uniformly reduced by another 10% across the board, which had a negative impact on the toll revenue of the Group to some extent

	Daily traffic volume (full-trip equivalent)	y-o-y change	Toll revenue (Rmb million)	y-o-y change
Shanghai-Hangzhou-Ningbo Expressway	67,314	-8.94%	3,971.71	-7.4%
Shangsang Expressway	27,383	-19.14%	984.74	-19.6%
Ningbo-Jinhua Expressway (Jinhua Section)	26,698	-13.58%	466.33	-14.0%
Hanghui Expressway	23,152	-4.18%	593.92	-7.4%
Huihang Expressway	8,629	-7.12%	134.51	-11.1%
Shenzhahuhang Expressway	29,958	-13.23%	619.17	-20.4%
Zhoushan Bay Bridge	20,349	-8.26%	827.69	-11.4%
LongLiLiLong Expressways	12,947	-8.02%	672.65	-6.4%
Zhajiasu Expressway	31,470	-16.99%	389.62	18.6%

Revenue from toll operation decreased 9.9% to Rmb 8,660.33 million



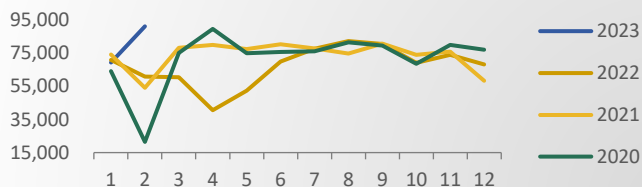
Toll Road Business

– Daily Traffic Volume

8.94%

Shanghai-Hangzhou-Ningbo Expressway

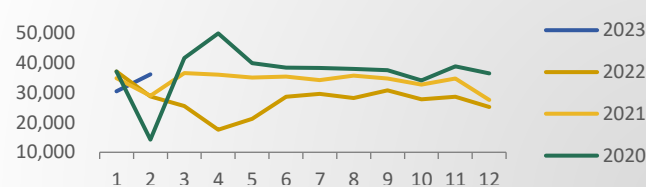
Average Full-trip Equivalents/day: **67,314**



19.14%

Shangsan Expressway

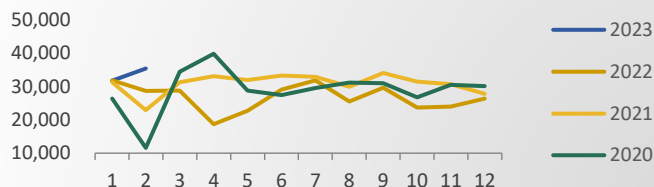
Average Full-trip Equivalents/day: **27,383**



13.58%

Ningbo-Jinhua Expressway (Jinhua Section)

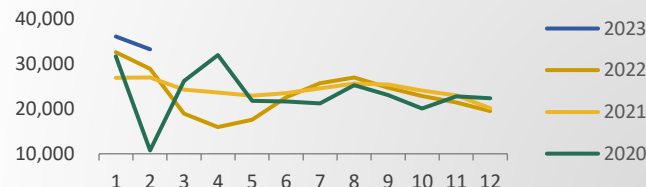
Average Full-trip Equivalents/day: **26,698**



4.18%

Hanghui Expressway

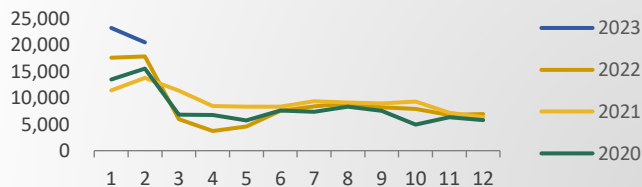
Average Full-trip Equivalents/day: **23,152**



7.12%

Huihang Expressway

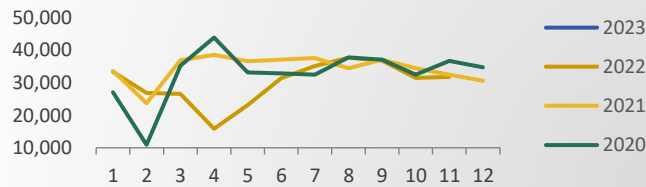
Average Full-trip Equivalents/day: **8,629**



13.23%

Shenjiahuhang Expressway

Average Full-trip Equivalents/day: **29,958**



Toll Road Business

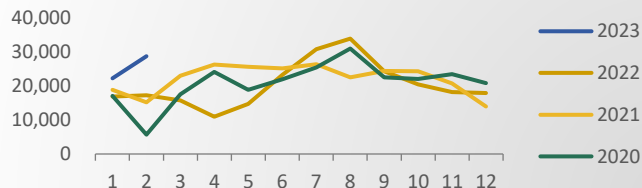
– Daily Traffic Volume(Cont.)

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8.26%

Zhoushan Bay Bridge

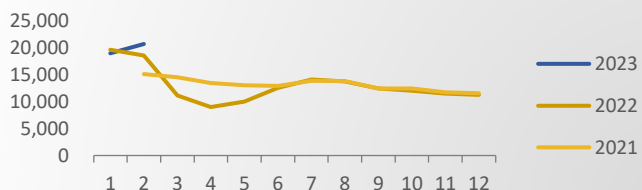
Average Full-trip Equivalents/day: **20,349**



8.02%

LongLiLiLong Expressways

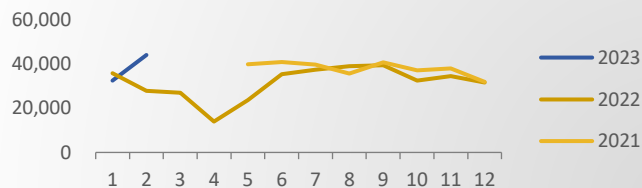
Average Full-trip Equivalents/day: **12,947**



16.99%

Zhajiasu Expressway

Average Full-trip Equivalents/day: **31,470**





Toll Road Business

- The Group completed the intelligent transformation of Shanghai-Hangzhou-Ningbo Expressway
- Intensified the construction of intelligent toll stations, remediated congestions and integrated construction
- Promoted differentiated toll collection solutions, "Expressway + Tourism" and other marketing programs to continuously enhance the measures to attract more traffic onto the Group's expressways

Operation & Management

Investment & Financing

- The Group implemented the preliminary work to ensure that the reconstruction and expansion of its expressways are methodically advanced
- Successfully issued RMB6.317 billion private REITs in respect of Shenjiahuhang Expressway to further realize its asset inventories
- Successfully issued RMB3 billion medium-term notes to continuously utilize financing channels at low costs



Securities Business



- During the Period, Zhesang Securities achieved certain objectives in capital operation. The mixed ownership reform plan of Zhesang 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 effectively support the development of capital-driven business
- Zhesang Securities recorded total revenue of Rmb6,080.38 million, a decrease of 5% year-on-year, of which, commission and fee income decreased 11.2% year-on-year to Rmb3,689.95 million, and interest income from the securities business was Rmb2,390.44 million, an increase of 6.4% year-on-year

(Rmb million)	2022	2021	%Change
Commission & fee income	3,689.95	4,155.66	-11.2%
Interest income	2,390.43	2,247.36	6.4%
Securities investment gains	679.73	1,835.56	-63.0%



Revenue from securities business decreased 5% to Rmb 6,080.38 million



Other Business



Hotel Operations Revenue

- Zhejiang Grand Hotel: Rmb 23.49 million
- Grand New Century Hotel: Rmb 64.66 million

Long-term Investments

Zhejiang Shaoxing Shengxin Expressway Co., Ltd.

Joint Venture

- Daily traffic volume: decreased 9.03% y-o-y to 24,654 in full-trip equivalents
- Toll revenue: Rmb 469.88 million
- Net profit: Rmb 99.54 million

50%

Zhejiang Communications Investment Group Finance Co., Ltd.

Associate

- Derives income mainly from interest, fees and commissions for providing financial services
- Net profit: Rmb 850.88 million

20.08%

Shanghai Rural Commercial Bank Co., Ltd.

Associate

- Listed on the Shanghai Stock Exchange on August 19, 2022
- This associate has not announced its 2022 annual results.

4.86%

Zhejiang HangNing Expressway Co., Ltd.

Associate

- Owns the 99km HangNing Expressway
- Net profit : Rmb 207.84 million

30%

Yangtze United Financial Leasing Co., Ltd.

Associate

- Primarily engaged in finance leasing, transferring and receiving financial leasing assets, fixed-income securities investment businesses, and other businesses approved by the CBRC
- Net profit: Rmb 579.46 million

10.61%

Zhejiang Zheshang Transformation and Upgrading Master Fund Partnership (Limited Partnership)

Associate

- Primarily engaged in equity investments, investment management and investment consultation
- Net loss of the associate attributable to the Company: Rmb 40.99 million

24.99%



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Outlook & Growth Strategies





Market Outlook



Zhejiang Expressway

- With the improving epidemic prevention and control policies in China, the impact of the epidemic on Chinese economy will be significantly reduced, and the production and living order will resume at a faster pace. In addition, as the policy to stabilize growth continues to take effect, Chinese economy is expected to recover steadily in 2023
- The overall traffic volume and toll revenue of expressways of the Group are expected to achieve a higher growth rate due to general improvement in economy and low base effect



Market situation

- Looking forward to 2023, the Russia-Ukraine conflict is not expected to end soon, and it is uncertain whether China-US relations can develop stably. The state of global trade is becoming grimmer, with rising stagflation risk for the world economy
- Chinese economy will continue to face external uncertainties and instability. As the policy to stabilize growth continues to take effect, Chinese economy is expected to recover steadily in 2023

The Chinese economy is expected to recover steadily

Growth Strategies



Focus more on the market-oriented operation

- Strengthen the management of the congestion on road sections with heavy traffic flows
- Focus on deepening the road condition improvement and environment management of commuting roads for the Hangzhou Asian Games
- Constantly improve its expertise to ensure safe and smooth traffic flow
- Explore differentiated toll collection models, and exploit various “Expressway+” marketing projects
- Build a digital-based platform of “Super Intelligent-Zhejiang Expressway”



Strengthen securities business

- Speed up the cultivation and recruiting of investment banking professionals and teams
- Advance the transformation and development of traditional brokerage business
- Further diversify investment types and innovate investment methods, to fully improve the stable profitability of securities investment business
- It will construct a coordinated business development system at a faster pace, to facilitate the company to steadily enter top tier in the industry



Seek suitable investment

- Explore new methods of market-based mergers and acquisitions of expressways to continuously expand its core business
- Intensify the development and utilization of resources along expressways to steadily promote the expansion of related industries
- Make every effort to advance the reconstruction and expansion of expressways, facilitating the sustainable development of its core expressway business

Facilitate the sustainable development of core expressway business



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Q&A





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Appendices





Appendix I

– Statement of Financial Position

(Rmb million)

As at the end of the year

Bank balances, clearing settlement fund, deposits and cash

Financial assets at fair value through profit or loss

Total assets

Total liabilities

Total debt

Debt to equity (%)

Total liabilities to total assets (%)

2022

2021

%Change

24,191.05

17,699.91

36.7%

43,999.38

45,809.59

-4.0%

186,405.52

176,296.68

5.7%

136,195.86

131,873.66

3.3%

123,115.72

118,334.06

4.0%

245.2%

266.4%

-7.9%

73.1%

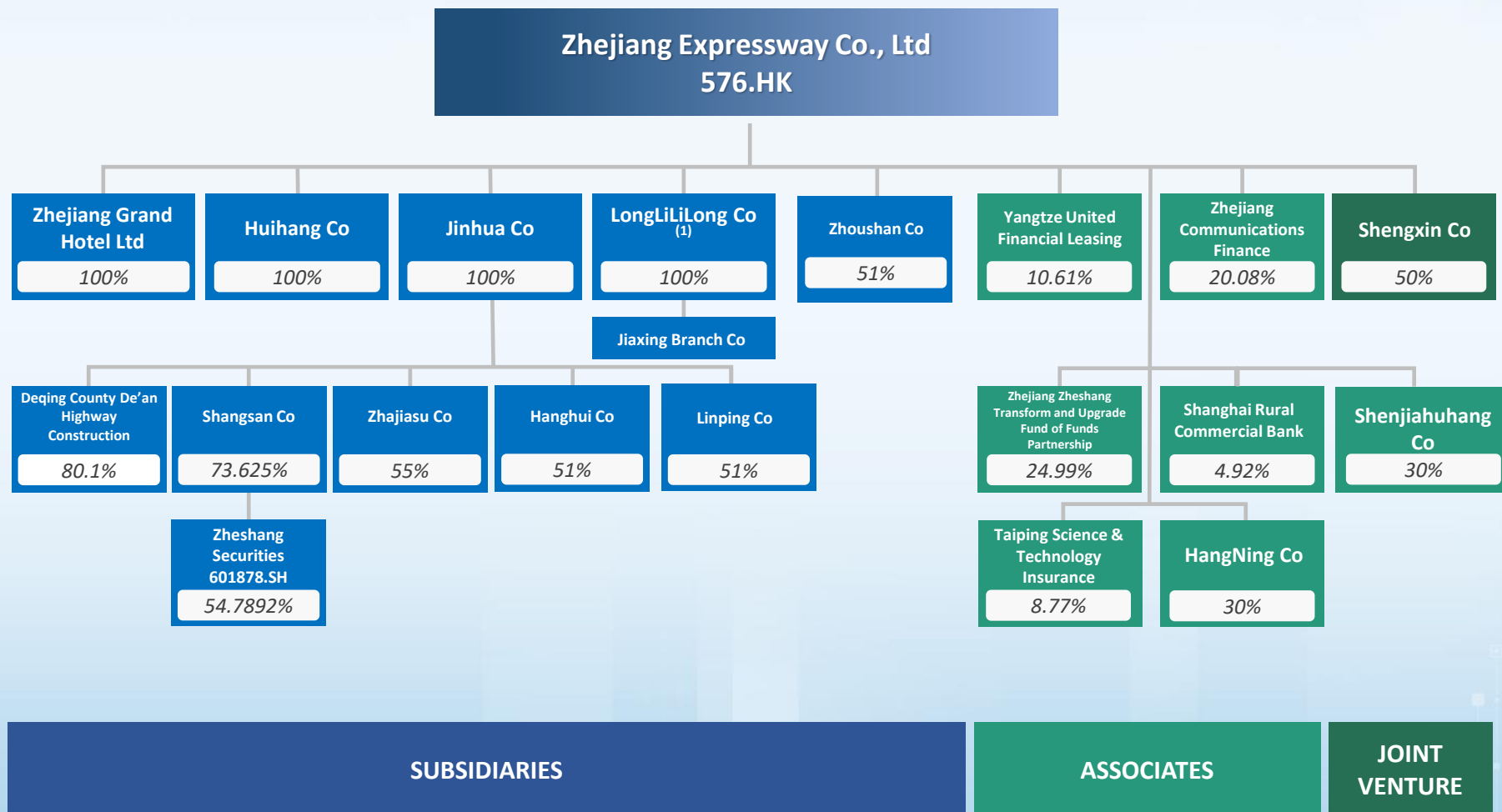
74.8%

-2.3%

Appendix II

– Organization Chart

As of 27 March 2023



Note: 1. On January 20, 2022, changing in the industrial and commercial registration for the absorption and merger of Zhejiang Jiaxing Expressway Co. Ltd. ("Jiaxing Company") by LongLiLiLong Company was completed and the principal assets and business of Jiaxing Company were transferred to the "Jiaxing Branch of Zhejiang LongLiLiLong Expressway Co. Ltd." for the continuation of the company.

Appendix III



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

– Expressway Map of Zhejiang Province

