

Striving For Excellence

2022 Interim Results

Stock Code: 0576



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

Result Highlights





Result Highlights



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

Results <i>(unaudited) Rmb '000</i>	1H2022	1H2021	%Change
Revenue	7,028,121	7,696,565	-8.7%
– Including: Interest income	1,174,844	1,000,786	17.4%
Operating costs	(4,216,527)	(4,308,196)	-2.1%
Gross profit	2,811,594	3,388,369	-17.0%
Securities investment gains	370,616	807,624	-54.1%
Other income and gains and losses	41,642	424,707	-90.2%
Administrative expenses	(58,800)	(53,725)	9.4%
Other expenses	(22,966)	(58,694)	-60.9%
Impairment losses under expected credit loss model, net of reversal	(3,861)	4,371	N/A
Share of profit of associates	408,580	510,160	-19.9%
Share of profit of a joint venture	19,573	36,601	-46.5%
Finance costs	(904,990)	(993,060)	-8.9%
Profit before tax	2,661,388	4,066,353	-34.6%
Income tax expense	(614,158)	(904,474)	-32.1%
Profit for the Period	2,047,230	3,161,879	-35.3%
– Attributable to owners of the Company	1,586,274	2,513,676	-36.9%
– Attributable to non-controlling interests	460,956	648,203	-28.9%
EPS (basic) <i>(RMB cents)</i>	36.52	57.88	-36.9%
EPS (diluted) <i>(RMB cents)</i>	36.52	54.81	-33.4%



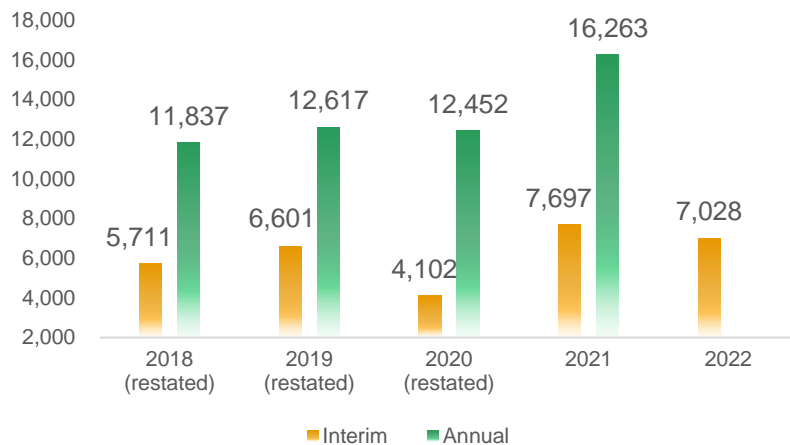
Result Highlights – Revenue



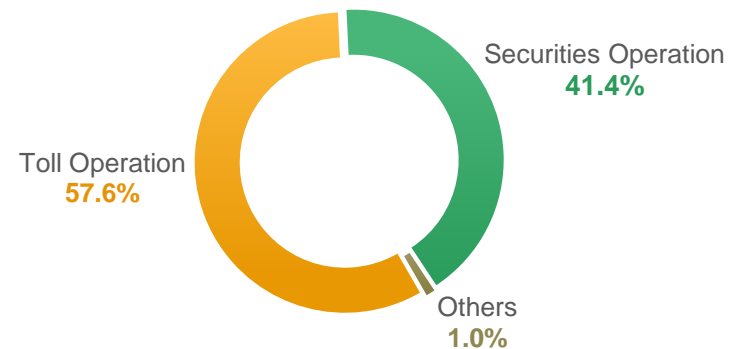
浙江滬杭甬高速公路股份有限公司
ZHEJIANG EXPRESSWAY CO., LTD.

Revenue

Rmb million



Revenue Breakdown



Overall Revenue for the Group decreased 8.7% y-o-y to Rmb7,028 million





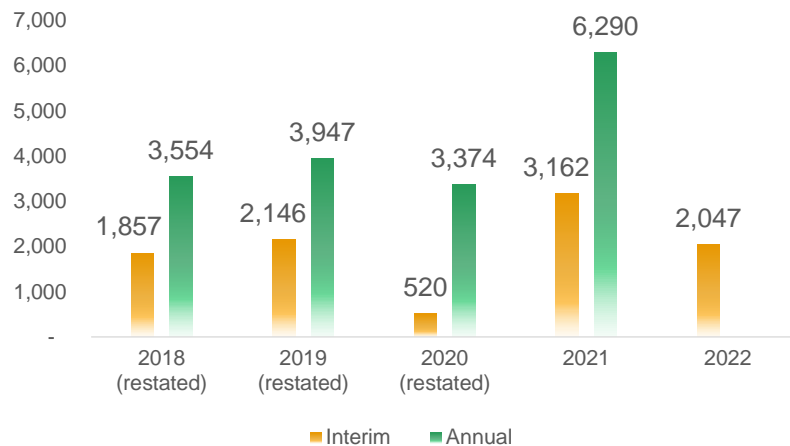
Result Highlights – Net Profit



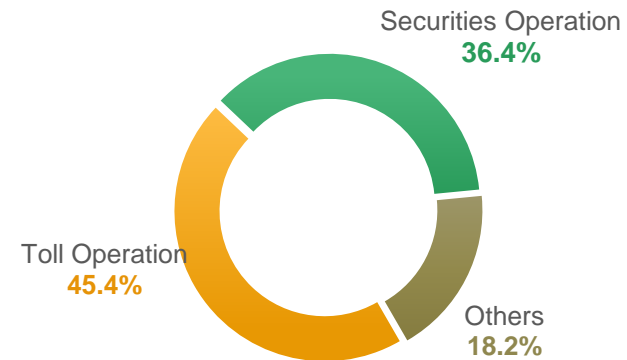
浙江滬杭甬高速公路股份有限公司
ZHEJIANG EXPRESSWAY CO., LTD.

Net Profit

Rmb million



Net Profit Breakdown



1H2022 EPS (basic/diluted): Rmb36.52 cents / Rmb36.52cents



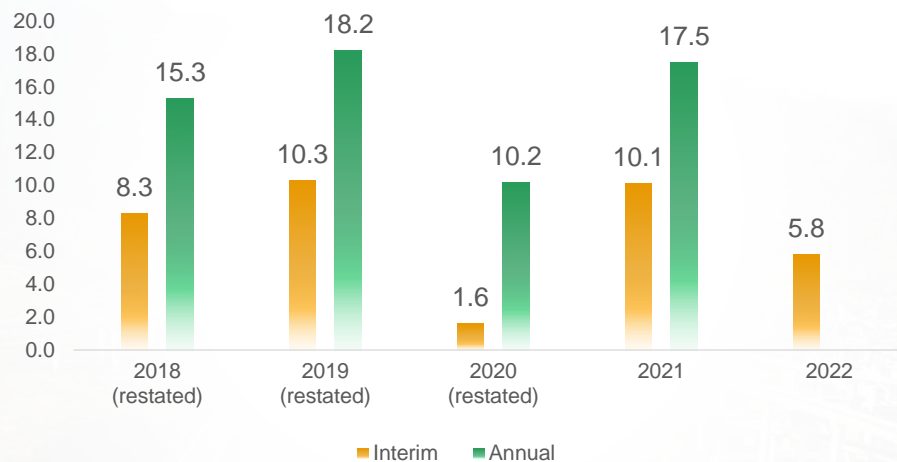


Result Highlights – ROE



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

ROE



To provide shareholders with stable return in the long run





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

Review of Operations





1H2022 Market Review



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



- Global economic growth slowed due to the ongoing Russia-Ukraine conflict and elevated inflation worldwide.
- China GDP: 1H2022 grew 2.5% y-o-y.
- Zhejiang GDP: 1H2022 increased 2.5% y-o-y, the same as the national average as Zhejiang has responded vigorously to difficulties arising from the latest waves of the epidemic, such as disruptions in logistics and blockages in the industry chain and supply chain.

- Affected by the domestic and international economic situation, the domestic capital markets experienced significant volatility, which weighed down the results of securities business.
- In the face of the extraordinary pressure, the securities business aimed to maintain a sustainable and healthy development during market volatility through various business initiatives – restructured business model, and improving the ability to mitigate periodic fluctuations.



Toll Road Business



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

Various factors affected

Positive factors:

- With the effective control of epidemic and continuous resumption of work and production, the toll road business has gradually stabilized since May 2022.
- The Jinhua City government agreed to pay the tolls for Class-1 passenger vehicles with ETC registrations travelling on the Jindong Section of the Ningbo-Jinhua Expressway from Mar 26, 2021 to Dec 31, 2022.
- The Deqing County government agreed to pay the tolls for local Class-1 passenger vehicles with ETC registrations travelling on the expressways within Deqing County from Sept 1, 2021 to Dec 31, 2022.

Negative factors:

- The Traffic volume of Shanghai-Hangzhou Expressway, Zhajiasu Expressway, and Shenjiahuhang Expressway decreased significantly y-o-y as the above expressways are located in epidemic-affected areas
- The public was less keen on travel, the traffic volume of Zhoushan Bay Bridge and Huihang Expressway dropped y-o-y
- The Hangzhou-Taizhou High-speed Railway led to a certain diversion of passenger vehicles on Shangsang Expressway.
- The Hangzhou-Shaoxing-Taizhou Expressway led to a certain diversion of traffic volume on Shaoxing Section of the Hangzhou-Ningbo Expressway and Shangsang Expressway.
- Semi-trailers were banned on the East and West Route of the Hangzhou Ring Expressway had a negative impact on the traffic volume of semi-trailers on the Shanghai-Hangzhou-Ningbo Expressway and Shenjiahuhang Expressway
- The 15% discount rate of toll for trucks from Zhejiang with ETC registrations travelling on the Zhajiasu Expressway has adversely affected toll revenue.

	Daily traffic volume (full-trip equivalent)	y-o-y change	Toll income (Rmb million)	y-o-y change
Shanghai-Hangzhou-Ningbo Expressway	59,227	-20.3%	1,809.9	-14.2%
Shangsang Expressway	26,446	-23.4%	484.6	-20.0%
Ningbo-Jinhua Expressway (Jinhua Section)	26,600	-13.3%	232.4	-11.6%
Hanghui Expressway	22,634	-8.0%	285.7	-8.8%
Huihang Expressway	9,431	-7.9%	71.5	-9.8%
Shenjiahuhang Expressway	26,242	-24.1%	305.5	-19.3%
Zhoushan Bay Bridge	16,389	-26.8%	340.1	-26.4%
Longli Lilong Expressway	13,403	-5.8%	341.6	-5.8%
Zhajiasu Expressway	27,200	-28.8%	176.4	105.3%

Revenue from toll operation decreased 13.1% to Rmb4,048 million

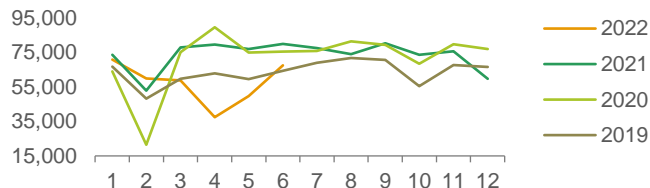


Toll Road Business – Daily Traffic Volume

-20.3%

Shanghai-Hangzhou-Ningbo Expressway

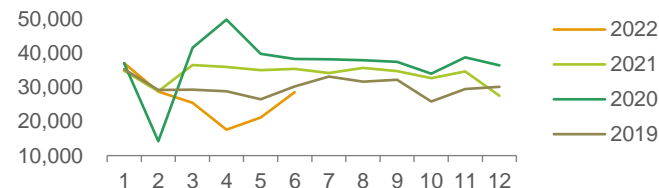
Average Full-trip Equivalents/day: **59,227**



-23.4%

Shangsan Expressway

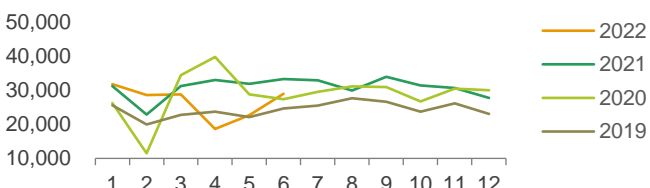
Average Full-trip Equivalents/day: **26,446**



-13.3%

Ningbo-Jinhua Expressway (Jinhua Section)

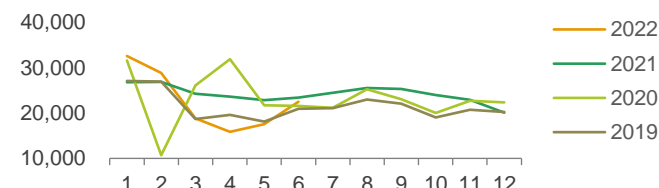
Average Full-trip Equivalents/day: **26,600**



-8.0%

Hanghui Expressway

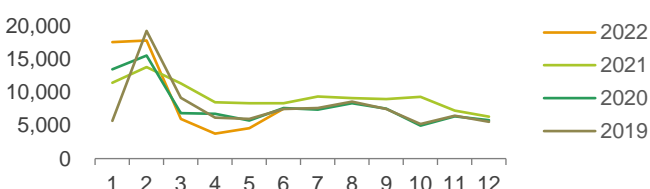
Average Full-trip Equivalents/day: **22,634**



-7.9%

Huihang Expressway

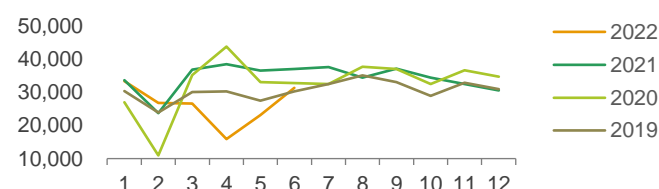
Average Full-trip Equivalents/day: **9,431**



-24.1%

Shenjiahuhang Expressway

Average Full-trip Equivalents/day: **26,242**



Note: 1. Traffic volume during the same period in 2020 included traffic volume during the toll-free period (from February 17, 2020 to May 5, 2020).
2. Traffic volume and toll revenue of Zhajiasu Expressway in 2021 referred to the figures from May to December 2021.

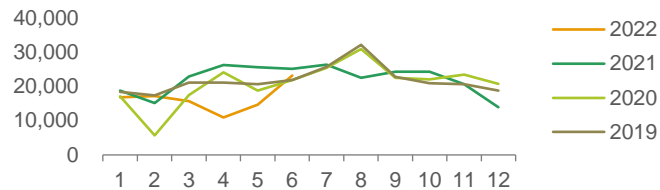


Toll Road Business – *Daily Traffic Volume (Cont.)*

-26.8%

Zhoushan Bay Bridge

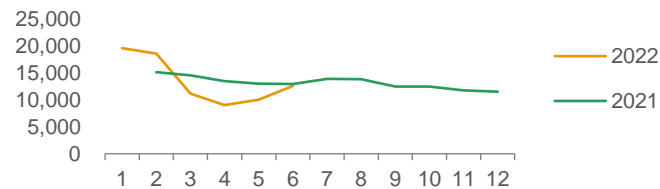
Average Full-trip Equivalents/day: **16,389**



-5.8%

Longli Lilong Expressway

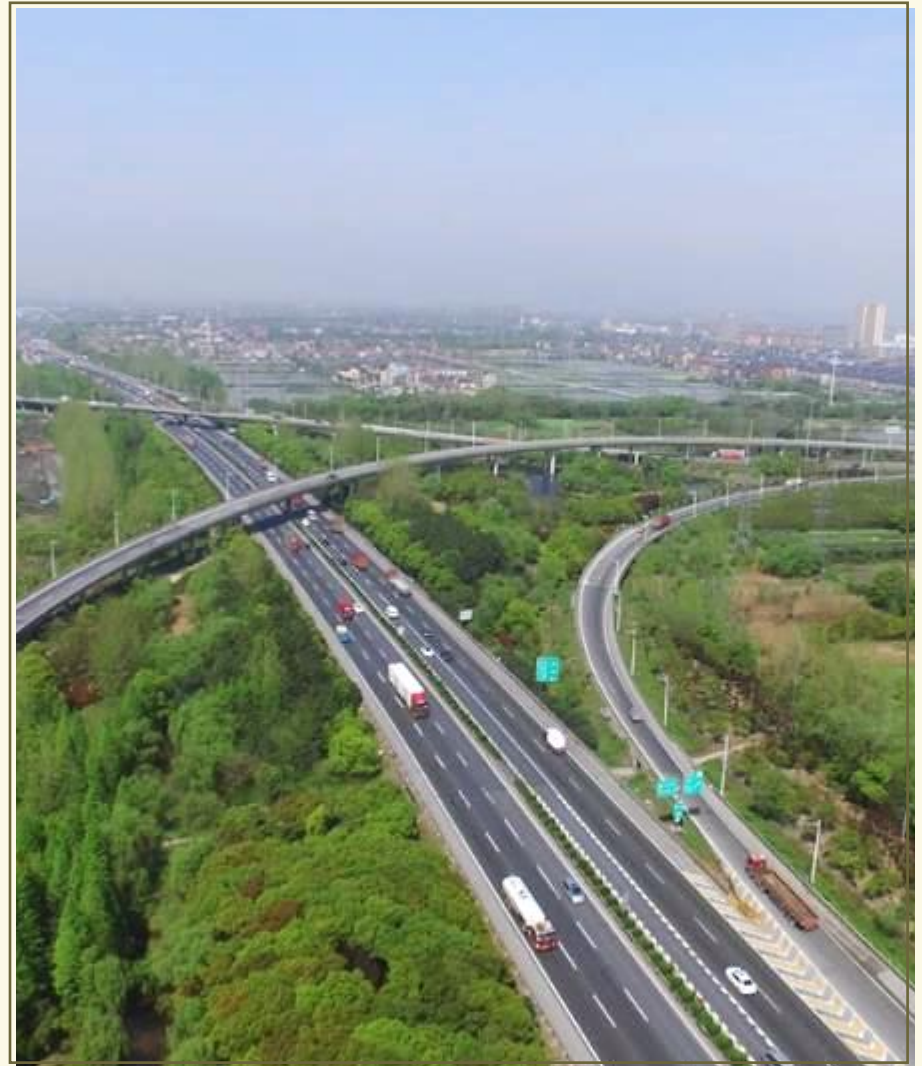
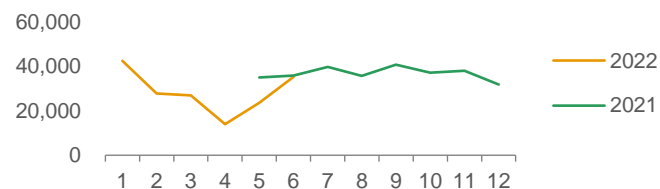
Average Full-trip Equivalents/day: **13,403**



-28.8%

Zhajiasu Expressway

Average Full-trip Equivalents/day: **27,200**



- Note:
1. Traffic volume during the same period in 2020 included traffic volume during the toll-free period (from February 17, 2020 to May 5, 2020).
 2. Traffic volume and toll revenue of Zhajiasu Expressway in 2021 referred to the figures from May to December 2021.



Securities Business



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



- Zhesang Securities made new breakthroughs in capital structure. It completed the mixed-ownership reform plan of Zhesang Futures, raising a total of Rmb1.73bn. It also issued convertible bonds of Rmb7.0bn.
- It has actively adjusted its business layout, effectively integrated its advantageous resources and continuously strengthened its risk management. Brokerage business, asset management business as well as securities margin trading business maintained contrarian growth, contributing to the operating results outperforming the overall market level.



(Rmb million)	1H2022	1H2021	%Change
Commission & fee income	1,738.1	1,936.3	-10.2%
Interest income	1,174.8	1,000.8	17.4%
Securities investment gains	370.6	812.4	-54.4%

Revenue from securities business decreased 0.8% to Rmb2,913 million



Other Business



Revenue: RMB28.4 million

Grand New Century Hotel



Zhejiang Grand Hotel

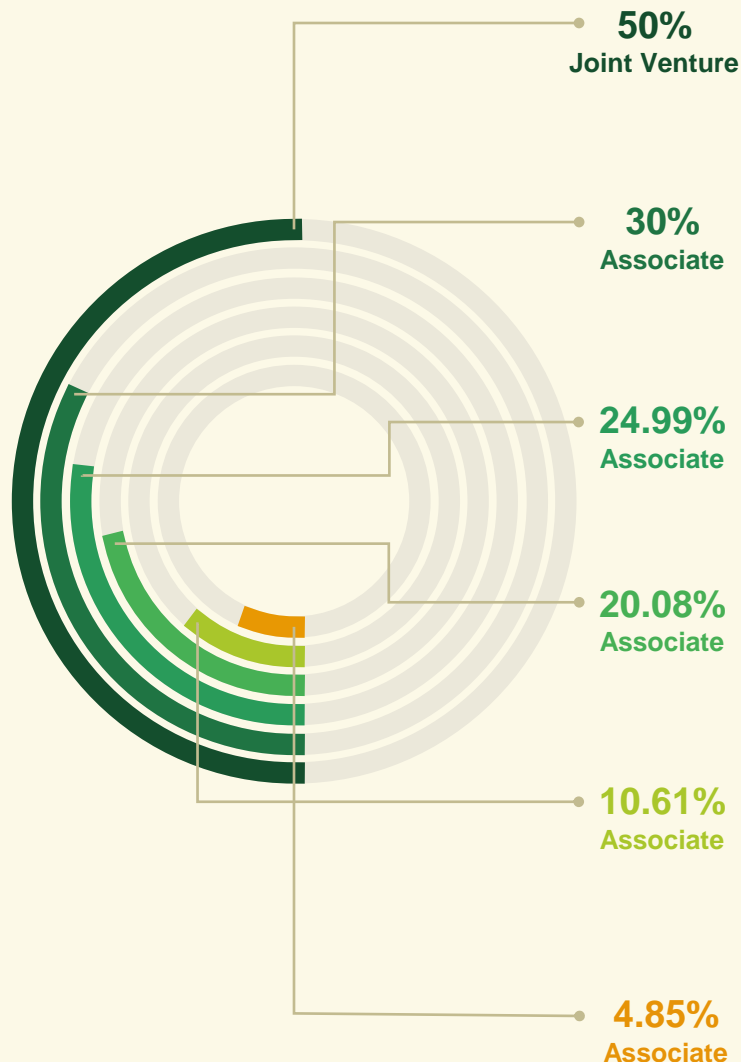
Revenue: RMB8.56 million



Long-term Investments



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



Zhejiang Shaoxing Shengxin Expressway Co., Ltd.

- Daily traffic volume: decreased 13.8% y-o-y to 24,034 in full-trip equivalents
- Toll revenue: Rmb231.4million, decreased 7.8% y-o-y
- Net profit: Rmb39.2 million, decreased 46.5% y-o-y

Zhejiang HangNing Expressway Co., Ltd.

- Operates the 99km HangNing Expressway
- Net profit: Rmb 88.8 million, decreased 65.7% as compared to the period from February to June 2021

Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership)

- Primarily engaged in equity investments, investment management and investment advisory
- The share of profit attributable to the Company: Rmb10.0 million, decreased 60.0% y-o-y

Zhejiang Communications Investment Group Finance Co., Ltd.

- Derives income mainly from interest, fees and commissions for providing financial services
- Net profit: Rmb282.0million, decreased 47.6% y-o-y

Yangtze United Financial Leasing Co., Ltd.

- Primarily engaged in finance leasing, transferring, and receiving financial leasing assets, fixed-income securities investment businesses, and other businesses approved by the CBIRC
- Net profit: Rmb271.2 million, increased 17.0% y-o-y

Shanghai Rural Commercial Bank Co., Ltd.

- Engaged in the commercial banking business
- Net profit attributable to the owners: Rmb5,847.4 million, increased 14.3% y-o-y



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ZHEJIANG EXPRESSWAY CO., LTD.

Outlook and Growth Strategies





2H2022 Market Outlook and Growth Strategies

2H2022 Outlook

- The international situation is becoming more complex and severe, and the stagflation risk of the global economy is on the rise.
- The effective implementation of policies and measures to stabilize the economy of China will continuously lay a solid foundation for economic recovery. It is expected that China's economy will gradually recover and maintain a stable growth in 2H2022.

Market Outlook & Growth Strategies

- Focus on high-quality development, constantly deepen innovation and reform in toll road business, while sustainably developing the securities business.

Overall Strategy



**Enhance core
expressway business**



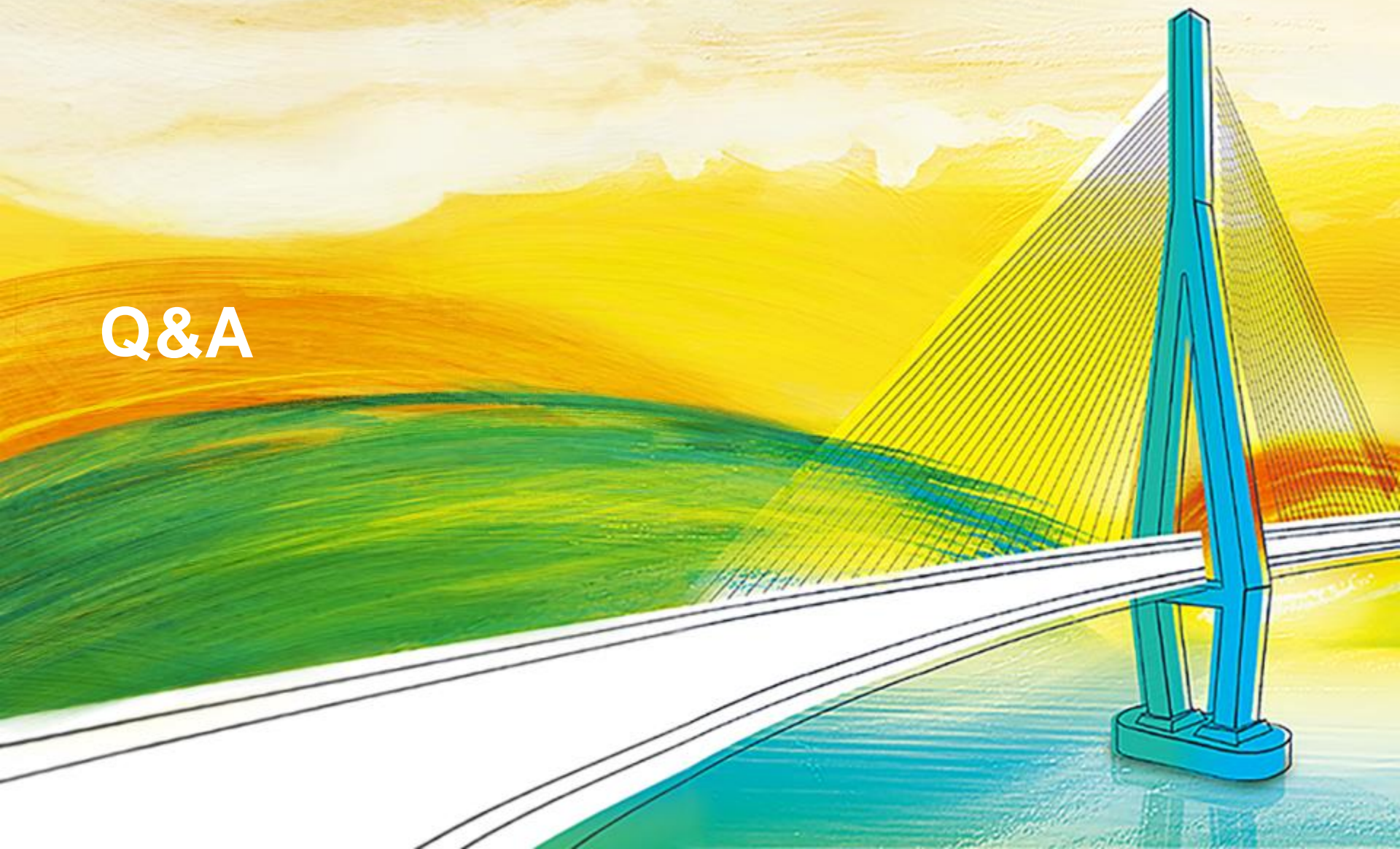
**Optimize
securities business**



**Seek
suitable investments**

To scale businesses and increase profitability

Q&A





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

Appendices





Appendix I – Statement of Financial Position

<i>(RMB million)</i>	As at 06/30/2022	As at 12/31/2021	%Change
Bank balances, clearing settlement fund, deposits and cash	23,611	17,700	33.4%
Financial assets at fair value through profit or loss	39,695	45,810	-13.3%
Total assets	176,672	176,297	0.2%
Total liabilities	130,792	131,874	-0.8%
Total debt	116,081	118,334	1.9%
Debt to equity (%)	253.0%	266.4%	5.0%
Total liabilities to total assets (%)	74.0%	74.8%	-0.8 ppts



Appendix II – Organization Chart



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

As of 24 August 2022



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 – Expressway Map of Zhejiang Province

