



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 2014 Third Quarterly Results
Profit Attributable to Owners of the Company Increased 16.9% to Rmb1,661.21 Million

(Hong Kong, Nov 11, 2014) – Zhejiang Expressway Co., Ltd. (“Zhejiang Expressway” or the “Company”) (HKEx code: 576; LSE code: ZHEH; ADR code: ZHEXY) today announced the unaudited consolidated operating results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended September 30, 2014 (the “Period”).

During the Period, revenue of the Group increased 13.4% year-on-year to Rmb6,470.93 million. Profit attributable to owners of the Company amounted to Rmb1,661.21 million, representing an increase of 16.9%. Basic and diluted earnings per share were Rmb38.25 cents (the corresponding period in 2013: Rmb32.72 cents).

Mr. Zhan Xiaozhang, Chairman of Zhejiang Expressway said, “We are delighted to see the Group recorded a moderate increase in income in the past three quarters. Due to steady economic growth in Zhejiang Province in the past three quarters as well as a gradual recovery in the organic growth of traffic volume and in the domestic financial markets, the Group’s three major businesses have all recorded a growth.”

Business Review

During the Period, the Group’s total income of the Group increased by 13.3% year-on-year to Rmb6,669.26 million. Income from the three major expressways increased by 6.6% year-on-year to Rmb3,284.62 million and accounted for 49.3% of total income. Income from toll road-related businesses increased by 15.7% year-on-year to Rmb1,815.79 million and accounted for 27.2% of total income. Income from the securities business increased by 27.0% year-on-year to Rmb1,568.85 million and accounted for 23.5% of total income.

In respect of the toll road operations, during the Period exports from Zhejiang Province grew at a strong pace and the Group saw a relatively significant recovery in organic traffic volume on its three expressways. As a result, the overall organic traffic volume growth for the first three quarters was better than anticipated. The traffic volume on the Group’s three expressways experienced varying levels of organic growth corresponding to the regions in which they are located. Organic traffic volume growth rates for the Shanghai-Hangzhou-Ningbo Expressway, Shangsang Expressway and the Jinhua Section of Ningbo-Jinhua Expressway were 7.0%, 7.5% and 12.2%, respectively. The growth rates were all higher than the corresponding Period of last year.

The opening of the Jiaxing-Shaoxing Bridge (not operated by the Group) in July, 2013, caused a certain amount of traffic to divert from the Group’s Shanghai-Hangzhou-Ningbo Expressway, but it had a more positive effect on the Shangsang Expressway. Meanwhile, the Jinhua Section of the Ningbo-Jinhua Expressway saw a relatively high organic growth in traffic volume as a result of the continued high pace of economic development in Yiwu and nearby regions, as well as a speedy increase in small truck ownership in Yiwu. Construction work on roads surrounding the Ningbo-Jinhua Expressway and the Company’s ongoing promotions to attract more traffic also had a positive impact on toll income.

Container trucks traveling along the Jinhua Section of the Ningbo-Jinhua Expressway also posted a notable increase in miles driven.

During the Period, total toll income from the 248 km Shanghai-Hangzhou-Ningbo Expressway, the 142 km Shangsang Expressway and the 70 km Jinhua Section of the Ningbo-Jinhua Expressway was Rmb 3,284.62 million during the Period, representing an increase of 6.6% year-on-year. Toll income from the Shanghai-Hangzhou-Ningbo Expressway was Rmb2,324.70 million, representing a decrease of 0.1% year-on-year; toll income from the Shangsang Expressway was Rmb731.27 million, representing an increase of 31.2% year-on-year. Toll income from the Jinhua Section of the Ningbo-Jinhua Expressway was Rmb228.65 million, representing an increase of 16.4% year-on-year.

As for the toll road-related business operations, as the opening of the Jiaying-Shaoxing Bridge helped to increase the traffic volume along the Shangsang Expressway, the service areas along the Shangsang Expressway also saw a significant growth in income. However, the decrease in traffic volume on the Shanghai-Hangzhou-Ningbo Expressway due to the diversion of Jiaying-Shaoxing Bridge adversely affected income from service areas along the expressway. Given that these service areas make a relatively large contribution to income from service areas, overall income from service areas slightly declined. The Zhejiang Provincial Government recently launched a specific rectification action on billboard advertising along expressways in the province which restricted the advertising business carried out by Zhejiang Expressway Investment Development Co., Ltd. to expressway interchanges, toll plazas and service areas. Therefore the revenue from the advertising business was greatly reduced. However, due to a solid increase in sales of refined oil products and additional income from external road maintenance projects, the Group's toll road-related businesses achieved a solid increase in overall income. Income from toll road-related businesses was Rmb1,815.79 million for the Period, representing an increase of 15.7% year-on-year.

With regard to the securities business, during the Period, the average commission rate of the Company's subsidiary Zheshang Securities Co., Ltd. ("Zheshang Securities") declined from 0.08% to 0.07% due to intensified competition in the securities industry and the gradual relaxation of controls on commissions. As a result, Zheshang Securities saw an increase in trading volume and market share, leading to a year-on-year rise in income from Zheshang Securities' brokerage business. During the Period, Zheshang Securities' total operating income was Rmb1,568.85 million, an increase of 27.0% year-on-year. Brokerage commission income was Rmb1,105.47 million, a year-on-year increase of 17.9%. Interest income from the securities business was Rmb463.38 million, a year-on-year increase of 55.7%.

Outlook

During the first three quarters in 2014, the scale of exports from Zhejiang Province continued to reach new highs as the region's economy has been making steady progress. Benefiting from this, the Group experienced an improvement in traffic volume on its expressways. Since the GDP growth rate for Zhejiang Province in the fourth quarter is expected to keep rising on a quarterly basis, the traffic volume on the Group's expressways is also expected to grow healthily.

The anticipated recovery of the Chinese stock market and a series of policies carried out by the Chinese government to reform China's stock markets, which include the establishment of the Shanghai-Hong Kong Stock Connect, are expected to present new opportunities for Zheshang Securities. Zheshang Securities will accelerate the development of innovative businesses and further push forward its A-share listing process while strengthening cost and risk controls to facilitate the sustainable development of its businesses.

Chairman Zhan concluded, “Currently, the Company is actively developing its strategic transformation plan. As the management team, we will continue to strengthen its main expressway business by further increasing income from its main businesses and enhancing service quality of its operations while paying close attention to changes in the external environment and adjusting managerial strategies accordingly. In addition to continuing to strengthen its securities businesses, the Group will look for suitable investment projects while nurturing management capabilities in diversified operations to improve profitability and achieve sustainable development over the long term.”

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About Zhejiang Expressway Co., Ltd

Established in 1997, Zhejiang Expressway Co., Ltd. (HKEx code: 576; LSE code: ZHEH; ADR code: ZHEXY) is regarded by the Zhejiang Provincial Government as its main enterprise for investment, development, operation, maintenance and management of high-grade roads in Zhejiang Province. The Company and its subsidiaries have concession rights to operate the Shanghai-Hangzhou-Ningbo Expressway and the Shangsang Expressway for a period of 30 years, as well as the Jinhua Section of the Ningbo-Jinhua Expressway for a period of 25 years. The Company and its subsidiaries also carry out certain ancillary businesses such as automobile servicing, operation of gas stations and billboard advertising along expressways, as well as the securities business.

Zhejiang Expressway Co., Ltd.

Mr. Tony Zheng / Ms. Helen Wu

Tel : (86571) 8798 7700

Fax : (86571) 8795 0329

PR Concepts

Jung Chang

Tel : (852) 9226 6258

Email : jchang@christensenir.com

Ricky Tan

Tel : (852) 6605 9808

Email : rtan@christensenir.com