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## Zhejiang Expressway Announces 2015 Interim Results

*Deepen Reform, Achieve Steady Growth*

### Financial Highlights

- Revenue amounted to Rmb5,959.48 million, representing an increase of 44.6% year-on-year
- Profit attributable to owners of the Company amounted to Rmb1,514.45 million, representing an increase of 42.4% year-on-year
- Earnings per share was Rmb34.87 cents
- An interim dividend of Rmb6 cents per share is recommended

(Hong Kong, August 23, 2015) – 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 period ended June 30, 2015 (the “Period”).

During the Period, revenue for the Group was Rmb5,959.48 million, representing an increase of 44.6% over the same period in 2014. Profit attributable to owners of the Company was Rmb1,514.45 million, representing an increase of 42.4% year-on-year. Earnings per share for the Period was Rmb34.87 cents (same period in 2014: Rmb24.49 cents). The Directors have recommended to pay an interim dividend of Rmb6 cents per share (same period in 2014: Rmb6 cents).

**Mr. Zhan Xiaozhang, Chairman of the Company** said, “Benefiting from a series of policies on ensuring steady growth in the first half of 2015, China’s economy is currently in a steady phase. Driven by the macro and regional economic effects, the Group’s expressways’ traffic volume maintained solid organic growth. Our security business, Zheshang Securities, has been actively developing innovative businesses, and constantly working to improve its income and profit structure while accelerating the comprehensive development of each business segment. Income from margin financing and securities lending, and asset management businesses recorded significant year-on-year increases.”

### Business Review

During the Period, total toll income from the Group’s three expressways, the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsan Expressway and the 70km Jinhua Section of the Ningbo-Jinhua Expressway, was Rmb2,230.83 million, representing an increase of 5.7% over the same period in 2014. Of this, toll income from the Shanghai-Hangzhou-Ningbo was Rmb1,552.03 million, an



increase of 3.7% year-on-year; income from the Shangshan Expressway was Rmb513.39 million, an increase of 9.0% year-on-year; toll income from the Jinhua Section of the Ningbo-Jinhua Expressway was Rmb165.41 million, representing an increase of 14.3% over the same period in 2014.

During the Period, the average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 46,449, representing an increase of 6.1% year-on-year. In particular, the average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou section of the Shanghai-Hangzhou-Ningbo Expressway was 44,251, representing an increase of 4.8% year-on-year, and that along the Hangzhou-Ningbo Section was 48,021, representing an increase of 7.0% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 25,081, representing an increase of 11.8% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 17,852, representing an increase of 17.7% year-on-year.

As for the toll-related business, affected by the temporary closure of the Bei'an Service Area to the north of the Hangzhou Bay Bridge for renovation and the competition from surrounding new service areas, the Group's income from service areas along the expressway (excluding gas stations) recorded only a slight increase year-on-year. External road maintenance projects were solidly profitable. However, total income from toll road-related operations was adversely affected by several reductions to retail price of domestic refined oil. During the Period, income from toll road-related operations was Rmb940.00 million, representing a decrease of 22.2% year-on-year.

In the aspect of securities business, Zheshang Securities' average brokerage commission rate continued to decline due to intensified competition in the securities industry and the gradual relaxation of controls on commissions. Benefiting from a revival of activity in the domestic securities market, the total trading volume of the Shanghai and Shenzhen stock markets increased 545.8% from the same period of last year. As a result, even though the Shanghai and Shenzhen stock markets were significantly volatile in June, the brokerage business of Zheshang Securities achieved a substantial increase in trading volume. During the Period, Zheshang Securities' total operating income was Rmb3,025.10 million, an increase of 227.3% year-on-year. Of this, brokerage commission income rose 232.3% year-on-year to Rmb2,132.77 million, and interest income from the securities business was Rmb892.33 million, an increase of 216.0%.

## **Outlook**

Since the global economy is recovering slowly and China's economy is facing downward pressure, the economy of Zhejiang province also continues to encounter headwinds in the "new normal" phase. Due to both macro and regional economic factors affecting the Group's toll road business, overall traffic volume growth in



2015 will remain steady, although slower than the growth seen in 2014.

The Dongyang-Yongkang Expressway that was opened to traffic in July, 2015 is expected to have a slight diversion impact on traffic for the Jinhua Section of the Ningbo-Jinhua Expressway. To address this negative effect caused by the surrounding new road networks, the Group will continue to attract more traffic to the Group's expressways by closely monitoring the roads and conducting timely research and analysis, thereby minimizing the loss caused by traffic diversions from new road networks.

The Group expects that proactive financial policies, an accommodative monetary policy, and other moves that promote the development of the capital markets will be enacted in the second half of the year, and that these will bring new opportunities for the Group's securities business. Zheshang Securities will further reinforce its risk and cost controls, closely monitor new market policies, as well as seek new profit drivers by continuously innovating its business. In terms of the ongoing public offering process, Zheshang Securities' IPO may be delayed due to the IPO suspension imposed by the China Securities Regulatory Commission.

Commenting on the Group's future development strategies, **Mr. Zhan concluded**, "Looking ahead to the second half of 2015, the economic transformation and optimization of the industry structure in Zhejiang Province will bring new opportunities for the Group to grow and evolve. We will analyze both internal and external environment and strengthen its strategic development research. The Group will focus on enhancing its core toll road business by prudently investing in and acquiring high-quality road assets. The Group will also optimize its securities business and seek suitable investment projects via a wide variety of channels so as to further expand the asset size of its core business and enhance profitability in the future."

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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.



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

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