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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 0576)

**2015 Third Quarterly Results Announcement
and
Completion of Acquisition of 80.614% Equity Interest in
Zhejiang Hanghui Expressway Co., Ltd**

The directors (the “Directors”) of Zhejiang Expressway Co., Ltd. (the “Company”) are pleased to announce the third quarterly results of the Company and its subsidiaries (together the “Group”) for the nine months ended September 30, 2015 (the “Period”).

The audit committee of the Company has reviewed the quarterly results of the Group for the Period. Set out below are the Group’s unaudited condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position and condensed consolidated statement of cash flows for the Period together with the comparative figures for the corresponding period of 2014:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

		For the nine months ended September 30,	
		2015	2014
	<i>Notes</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>
Revenue	1	9,028,347	6,470,934
Operating costs		<u>(5,160,727)</u>	<u>(4,023,225)</u>
Gross profit		3,867,620	2,447,709
Securities investment gains		433,752	164,533
Other income	2	206,384	190,605
Administrative expenses		(62,035)	(52,192)
Other expenses		(45,420)	(54,180)
Share of profit of associates		41,788	48,524
Share of loss of a joint venture		(21,133)	(23,801)
Finance costs		<u>(321,138)</u>	<u>(57,303)</u>
Profit before tax		4,099,818	2,663,895
Income tax expense		<u>(1,050,251)</u>	<u>(678,719)</u>
Profit for the Period		<u>3,049,567</u>	<u>1,985,176</u>
Other comprehensive (loss) income			
Items that may be reclassified subsequently reclassified to profit or loss:			
Available-for-sale financial assets			
–Fair values (loss) gain during the Period		(4,909)	31,716
–Reclassification adjustments for cumulative gain included in profit or loss upon disposal		(410)	–
Exchange differences on translating foreign operations		197	–
Income tax relating to components of other comprehensive (loss) income		<u>1,330</u>	<u>(7,929)</u>
Other comprehensive (loss) income for the Period (net of tax)		<u>(3,792)</u>	<u>23,787</u>
Total comprehensive income for the Period		<u>3,045,775</u>	<u>2,008,963</u>
Profit for the Period attributable to:			
Owners of the Company		2,271,689	1,661,211
Non-controlling interests		<u>777,878</u>	<u>323,965</u>
		<u>3,049,567</u>	<u>1,985,176</u>
Total comprehensive income for the Period attributable to:			
Owners of the Company		2,269,979	1,673,433
Non-controlling interests		<u>775,796</u>	<u>335,530</u>
		<u>3,045,775</u>	<u>2,008,963</u>
Earnings per share – Basic and diluted	3	<u>52.31 cents</u>	<u>38.25 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at September 30, 2015 <i>Rmb'000</i> (Unaudited)	As at December 31, 2014 <i>Rmb'000</i> (Audited)
Non-current assets	15,739,485	15,609,023
Current assets	53,288,311	35,745,721
Current liabilities	38,128,911	28,680,080
Net current assets	15,159,400	7,065,641
Total assets less current liabilities	30,898,885	22,674,664
Non-current liabilities	7,980,421	1,545,042
	22,918,464	21,129,622
Capital and reserves		
Share capital	4,343,115	4,343,115
Reserves	13,777,765	12,658,711
Equity attributable to owners of the Company	18,120,880	17,001,826
Non-controlling interests	4,797,584	4,127,796
	22,918,464	21,129,622

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the nine months ended September 30,	
	2015	2014
	<i>Rmb'000</i>	<i>Rmb'000</i>
	(Unaudited)	(Unaudited)
	<u> </u>	<u> </u>
Net cash (used in) from operating activities	(3,466,660)	2,591,735
Net cash used in investing activities	(34,197)	(954,118)
Net cash from (used in) financing activities	6,247,881	(1,017,637)
Net increase in cash and cash equivalents	2,747,024	619,980
Cash and cash equivalents at beginning of the Period	3,301,722	1,806,981
Effects of exchange rate changes on the balances of cash held in foreign currencies	197	–
	<u> </u>	<u> </u>
Cash and cash equivalents at end of the Period	<u>6,048,943</u>	<u>2,426,961</u>

Notes:

1. REVENUE

An analysis of the Group's revenue, net of discounts and taxes, for the Period is as followed:

	For the nine months ended September 30,	
	2015	2014
	<i>Rmb'000</i>	<i>Rmb'000</i>
	(Unaudited)	(Unaudited)
	<u> </u>	<u> </u>
Toll operation revenue	3,367,844	3,174,879
Service area businesses revenue (mainly sales of goods)	1,315,567	1,703,467
Advertising business revenue	32,988	66,350
Commission income from securities operation	2,867,356	1,026,556
Interest income from securities operation	1,368,860	463,383
Others	75,732	36,299
	<u> </u>	<u> </u>
Total	<u>9,028,347</u>	<u>6,470,934</u>

2. OTHER INCOME

	For the nine months ended September 30,	
	2015 <i>Rmb'000</i> (Unaudited)	2014 <i>Rmb'000</i> (Unaudited)
Interest income on bank balances, entrusted loan receivables and financial products investment	45,413	47,197
Rental income	85,944	82,496
Gain on disposal of a subsidiary/an associate	879	24,490
Handling fee income	2,042	1,821
Towing income	6,263	7,215
Exchange (loss) gain, net	(5,537)	854
Others	71,380	26,532
Total	206,384	190,605

3. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on profit for the Period attributable to owners of the Company of Rmb2,271,689,000 (corresponding period of 2014: Rmb1,661,211,000) and the 4,343,114,500 (2014: 4,343,114,500) ordinary shares in issue during the Period.

Diluted earnings per share presented is the same as basic earnings per share since there were no potential ordinary shares outstanding during both periods.

BUSINESS REVIEW

In the third quarter of 2015, a complex combination of domestic and international factors intensified the downward pressure on China's economy, leading to a slight decrease in the economic growth rate. Despite this, China's economy remained stable with gross domestic product ("GDP") up 6.9% year-on-year for the first three quarters of the year. Zhejiang Province outperformed the national GDP figure for the first three quarters of the year, recording a growth of 8.0% compared with the same period last year, exceeding the national GDP growth by 1.1 percentage point. This was mainly attributable to solid growth in exports and tertiary industries in Zhejiang Province.

As Zhejiang Province's economy steadily improved during the Period, traffic volume on the Group's expressways continued to maintain solid organic growth. In addition, trading activities on the domestic stock markets were robust. As a result, income from the Group's overall operations increased 40.8% year-on-year to Rmb9,387.43 million, of which Rmb3,484.15 million was generated by the three major expressways operated by the Group, representing an increase of 6.1% year-on-year and 37.1% of the total income. Income from the Group's toll road-related businesses was Rmb1,412.43 million, representing a decrease of 22.2% year-on-year and 15.0% of the total income. The Group's securities business contributed income of Rmb4,468.80 million, representing an increase of 184.8% year-on-year and 47.6% of the total income.

Toll Road Operations

Driven by Zhejiang Province's steady economic development in the first three quarters, traffic volume on the Group's expressways maintained solid growth. The organic traffic volume growth rates for the Group's three expressways, namely the Shanghai-Hangzhou-Ningbo Expressway, the Shangsang Expressway and the Jinhua Section of the Ningbo-Jinhua Expressway, were of 6.9%, 8.1% and 8.5%, respectively.

During the Period, construction on the neighbouring Hangzhou Airport Road started on April 15, 2014, resulting in a truck traffic restriction for the 23.7 km section of the Group's Shanghai-Hangzhou-Ningbo Expressway. To reduce its negative impact, the Group managed to reduce the restriction time by 2 hours per day in late August, leading to a marginal recovery in truck traffic volume.

During the Period, the Huangtuling Tunnel on the neighboring Ningbo-Taizhou-Wenzhou Expressway was closed due to construction in August, resulting in a slightly adverse impact on traffic volume on the Shangsang Expressway in the third quarter. Despite this, overall traffic volume on the Shangsang Expressway during the Period still recorded steady growth.

During the Period, the Jinhua Section of the Ningbo-Jinhua Expressway continued to maintain decent growth in traffic volume thanks to strong economic growth in Yiwu, as well as the booming development of e-commerce, foreign trade and exports in the surrounding areas. In addition, since the neighbouring Hangzhou-Jinhua-Quzhou Expressway has been closed since June 6, 2015 due to construction, the diverted traffic has led to a substantial increase in traffic volume on the Jinhua Section of the Ningbo-Jinhua Expressway.

Due to the factors above, during the Period, the average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 47,967, representing an increase of 5.8% 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 46,016, representing an increase of 5.4% year-on-year, and that along the Hangzhou-Ningbo Section was 49,486, representing an increase of 6.3% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsans Expressway was 25,183, representing an increase of 9.6% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 19,520, representing an increase of 22.9% year-on-year.

During the Period, total toll income from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsans Expressway and the 70km Jinhua Section of the Ningbo-Jinhua Expressway was Rmb3,484.15 million, representing an increase of 6.1% year-on-year. Toll income from the Shanghai-Hangzhou-Ningbo Expressway was Rmb2,423.43 million, representing an increase of 4.2% year-on-year. Toll income from the Shangsans Expressway was Rmb786.22 million, representing an increase of 7.5% year-on-year. Toll income from the Jinhua Section of the Ningbo-Jinhua Expressway was Rmb274.50 million, representing an increase of 20.1% year-on-year.

Toll Road-Related Business Operations

The Company also operates certain toll road-related businesses along its expressways through its subsidiaries and associated companies, including gas stations, restaurants and shops in service areas, as well as advertising at expressway interchanges and external road maintenance works.

During the Period, affected by the temporary closure of the service area to the north of the Hangzhou Bay Bridge for renovation and the competition from surrounding new service areas, the Group's product sales income from service areas along the expressway (excluding gas stations) recorded only a slight increase year-on-year.

In addition, Zhejiang Province took action to remove billboards along the expressway, which gradually narrowed the advertising business of the Group's subsidiary to expressway service areas only. As a result, advertising income substantially decreased within the Period.

During the Period, total income from toll road-related operations was adversely affected by several reductions to the retail price of domestic refined oil. During the Period, overall income from toll road-related operations was Rmb1,412.43 million, representing a decrease of 22.2% year-on-year.

Securities Business

The Shanghai and Shenzhen stock markets have been volatile since mid-June, 2015. However, trading activities remained strong and the total trading volume of the Shanghai and Shenzhen stock markets increased 389.8% from the same period of last year. Despite a continuous decline in average brokerage commission rate, the brokerage business of Zheshang Securities recorded substantial growth in trading volume and posted a year-on-year increase of 228.1% in brokerage commission income during the Period.

In addition, while accelerating the comprehensive development of each of its business segment, Zheshang Securities has been actively developing innovative businesses, and constantly working to improve its income and profit structure. During the Period, even though income from its investment banking business slightly decreased, interest income from Zheshang Securities' margin financing and securities lending, as well as income from asset management businesses recorded significant year-on-year increases of 283.7% and 173.1%, respectively.

After Zheshang Securities' IPO application to the Shanghai Stock Exchange was accepted by the China Securities Regulatory Commission in May, 2013, it remains on the waiting list for an IPO.

During the Period, Zheshang Securities' total operating income was Rmb4,468.80 million, an increase of 184.8% year-on-year. Of which, brokerage commission income rose 180.4% year-on-year to Rmb3,099.94 million, and interest income from the securities business was Rmb1,368.86 million, an increase of 195.4%. Moreover, during the Period, securities investment gains of Zheshang Securities included in the condensed consolidated statement of profit or loss and other comprehensive income of the Group was Rmb423.77 million (the corresponding period of 2014: gains of Rmb151.97 million).

Hotel Business

Grand New Century Hotel, owned and operated by Zhejiang Yuhang Expressway Co., Ltd. (a 51% owned subsidiary of the Company), began operating on April 28, 2015 and realized income (before sales tax and additional tax) of Rmb22.05 million as of September 30, 2015.

Long-Term Investments

Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associate company of the Company), was negatively affected by the continuous reduction in prices of domestic refined oil products, and recorded income of Rmb3,851.74 million, a decrease of 21.7% from last year. During the Period, net profit of the associate company was Rmb12.85 million (corresponding period of 2014: net profit of Rmb20.36 million).

Zhejiang Shaoxing Shengxin Expressway Co., Ltd. (a 50% owned joint venture of the Company) operates the 73.4 km long Shaoxing Section of the Ningbo-Jinhua Expressway. During the Period, the average daily traffic volume in full-trip equivalents was 15,259, representing an increase of 7.4% year-on-year. Toll income during the Period was Rmb248.38 million. However, due to increased road maintenance expenses and its relatively heavy financial burden, the joint venture reported a loss of Rmb42.27 million during the Period (corresponding period of 2014: loss of Rmb47.60 million).

During the Period, Zhejiang Communications Investment Group Finance Co., Ltd. (a 35% owned associate company of the Company), derived income mainly from interest, fees and commission for providing financial services, including arranging loans and receiving deposits, for the subsidiaries of Zhejiang Communications Investment Group Co., Ltd., the controlling shareholder of the Company. During the Period, this associate company realized a net profit of Rmb126.06 million (corresponding period of 2014: net profit of Rmb113.42 million).

FINANCIAL ANALYSIS

Liquidity and financial resources

As at September 30, 2015, current assets of the Group amounted to Rmb53,288.31 million in aggregate (December 31, 2014: Rmb35,745.72 million), of which bank balances and cash accounted for 11.9% (December 31, 2014: 11.4%), bank balances held on behalf of customers accounted for 52.2% (December 31, 2014: 46.4%), held for trading investments accounted for 11.8% (December 31, 2014: 5.9%) and loans to customers arising from margin financing business accounted for 14.0% (December 31, 2014: 23.9%). Current ratio (current assets over current liabilities) of the Group as at September 30, 2015 was 1.4 (December 31, 2014: 1.2). Excluding the effect of the customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less bank balances held on behalf of customers over current liabilities less balance of accounts payable to customers arising from securities business) was 2.5 (December 31, 2014: 1.6).

The amount of held for trading investments of the Group as at September 30, 2015 was Rmb6,282.56 million (December 31, 2014: Rmb 2,124.74 million), of which 95.2% was invested in bonds, 2.6% was invested in stocks, and the rest was invested in open-end equity funds.

During the Period, net cash used in the Group's operating activities amounted to Rmb3,466.66 million, net cash generated from the Company's operating activities amounted to Rmb1,592.14 million.

The Directors do not expect the Company to experience any problems with liquidity and financial resources in the foreseeable future.

Borrowings and solvency

As at September 30, 2015, total liabilities of the Group amounted to Rmb46,109.33 million (December 31, 2014: Rmb30,225.12 million), of which 0.7% was bank borrowings, 1.7% was short-term loan note, 18.9% was bonds payable, 9.2% was financial assets sold under repurchase agreements, 0.8% was placements from other financial institutions and 60.3% was accounts payable to customers arising from securities business.

As at September 30, 2015, total interest-bearing borrowings of the Group amounted to Rmb9,809.50 million, representing an increase of 303.1% compared to that as at December 31, 2014. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb309.50 million, beneficial certificates of Rmb800.00 million, subordinated bonds of Rmb7.20 billion and corporate bonds of Rmb1.50 billion. Of the interest-bearing borrowings, 80.0% was not payable within one year.

Total interest expenses for the Period amounted to Rmb324.39 million, of which capitalized interest amounted to Rmb3.25 million, while profit before interest and tax amounted to Rmb4,420.96 million. The interest cover ratio (profit before interest and tax over interest expenses) stood at 13.6 (corresponding period of 2014: 43.6) times.

As at September 30, 2015, the asset-liability ratio (total liabilities over total assets) of the Group was 66.8% (December 31, 2014: 58.9%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of accounts payable to customers arising from securities business over total assets less bank balances held on behalf of customers) of the Group was 44.5% (December 31, 2014: 39.3%).

Capital structure

As at September 30, 2015, the Group had Rmb22,918.46 million in total equity, Rmb41,878.42 million in fixed-rate liabilities, Rmb300.00 million in floating-rate liabilities, and Rmb3,930.92 million in interest-free liabilities, representing 33.2%, 60.7%, 0.4% and 5.7% of the Group's total capital, respectively. The gearing ratio, which is computed by dividing the total liabilities less accounts payable to customers arising from the securities business by total equity, was 79.9% as at September 30, 2015 (December 31, 2014: 64.7%).

OUTLOOK

The global economy remains on a path of weak recovery, and China's economic transformation and restructuring has entered its most critical phase; as a result, China's economy is facing significant downward pressure. Despite this, the Group expects that its toll road business, which is closely tied to macro-economic development, will continue to see steady growth in overall traffic volume in 2015.

In addition, the Dongyang-Yongkang Expressway, which opened to traffic in July, 2015, will continue to have a slight diversion impact on traffic for the Jinhua Section of the Ningbo-Jinhua Expressway. Since the neighbouring Hangzhou-Jinhua-Quzhou Expressway has been closed since June 6, 2015 for construction, the diverted traffic has led to a substantial growth in traffic volume in the Jinhua Section of the Ningbo-Jinhua Expressway. However, as construction was completed at the end of September, traffic growth is expected to drop back to normal levels in the fourth quarter of this year. The Group will not only continue to closely monitor the new road networks and conduct research and analysis on traffic diversions, but will also increase promotion efforts to attract more traffic to the Group's expressways, thereby minimizing the loss caused by traffic diversions.

Although indexes at the Shanghai and Shenzhen stock markets have fallen amid fluctuations since mid-June, it is expected that, alongside the deepening of reforms, a series of favorable policies will be launched to promote the development of the capital markets in China, which should present new opportunities for the Group's securities business. At the same time, Zheshang Securities will closely monitor new market policies, seek new profit drivers through continuously innovating its business, as well as reinforce cost and risk control to promote sustainable and healthy development.

To increase its market share and improve its competitive advantage, the Group expanded its existing network of expressways by completing the acquisition of an 80.614% equity interest in Zhejiang Hanghui Expressway Co., Ltd. The acquisition was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held in October 2015 and was subsequently completed on 10 November 2015.

The Company is actively promoting its strategic transformation plan. Facing China's new economic development, the Company's management will pay close attention to changes in the business environment and relevant policies to adjust its business strategies in a timely manner based on the Company's development needs. In addition, the Company will continue to strengthen its core expressways business and optimize its securities and finance business. Furthermore, the Group will strive to identify suitable investment projects with manageable risks and foster diversified management skills to support the long-term and sustainable development of the Company and create value for its shareholders.

By Order of the Board
ZHAN Xiaozhang
Chairman

Hangzhou, the PRC, November 12, 2015

As at the date of this announcement, the executive directors of the Company are: Mr. ZHAN Xiaozhang, Mr. CHENG Tao and Ms. LUO Jianhu; the non-executive directors of the Company are: Mr. WANG Dongjie, Mr. DAI Benmeng, and Mr. ZHOU Jianping; and the independent non-executive directors of the Company are: Mr. ZHOU Jun, Mr. PEI Ker-Wei and Ms. LEE Wai Tsang, Rosa.