



**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 2016 First Quarterly Results**  
**Profit Attributable to Owners of the Company Reached Rmb661.82 Million**

(Hong Kong, May 18, 2016) – 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 three months ended March 31, 2016 (the “Period”).

During the Period, revenue for the Group was Rmb2,694.36 million, representing an increase of 4.2% compared with the same period of 2015. Profit attributable to owners of the Company was Rmb661.82 million, representing an increase of 4.7% year-on-year. Earnings per share for the Period was Rmb15.24 cents (the same period of 2015 (restated): Rmb14.55 cents).

**Mr. Zhan Xiaozhang, Chairman of the Company** said, “During the Period, as Zhejiang Province’s economy grew, traffic volume on our expressways continued to register decent organic growth. For the securities business, despite weak domestic market sentiment, we continued to proactively develop innovative business and improve income and profit structure to enhance the comprehensive development of all its businesses.”

**Business Review**

During the Period, as Zhejiang Province’s economy grew, traffic volume on the Group’s expressways continued to register decent organic growth. Total income from the Group’s overall operations was Rmb2,793.34 million, of which Rmb1,287.35 million was generated from the four major expressways operated by the Group, representing an increase of 9.8% year-on-year and 46.1% of the total income; Rmb399.66 million was from the Group’s toll road related businesses, representing a decrease of 9.4% year-on-year and 14.3% of the total income; and Rmb1,073.67 million was from the securities business of the Group, representing an increase of 0.3% year-on-year and 38.4% of the total income.

During the Period, the average daily traffic volume in full-trip equivalents along the Group’s Shanghai-Hangzhou-Ningbo Expressway was 49,193, representing an increase of 8.9% 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 47,854, representing an increase of 12.4% year-on-year, and that along the Hangzhou-Ningbo Section was 50,151, representing an increase of 6.7%



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year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsans Expressway was 27,985, representing an increase of 9.5% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 18,039, representing an increase of 5.0% year-on-year. Average daily traffic volume in full-trip equivalents along the Hanghui Expressway was 17,841, representing an increase of 7.8% year-on-year.

Total toll income from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsans Expressway, the 70km Jinhua Section of the Ningbo-Jinhua Expressway and the 122km Hanghui Expressway was Rmb1,287.35 million, representing an increase of 9.8% year-on-year. Among which, toll income from the Shanghai-Hangzhou-Ningbo Expressway was Rmb812.24 million, representing an increase of 10.9% year-on-year; toll income from the Shangsans Expressway was Rmb272.01 million, representing an increase of 10.6% year-on-year; toll income from the Jinhua Section of the Ningbo-Jinhua Expressway was Rmb81.84 million, representing an increase of 7.0% year-on-year; and toll income from the Hanghui Expressway was Rmb121.26 million, representing an increase of 6.0% year-on-year (on the same basis as last year).

For the toll road-related business operations, Zhejiang Province took action in 2014 to remove billboards from along sides of its expressways, which gradually narrowed most of the advertising business of the Group's subsidiary to expressway service areas. As a result, advertising income was substantially reduced within the Period. Additionally, during the Period, the overall income of the toll road-related business operations was adversely affected due to several reductions in retail prices of domestic refined oil products. During the Period, income from toll road-related operations was Rmb399.66 million, representing a decrease of 9.4% year-on-year.

For the securities business, during the Period, due to the weak domestic market sentiment, trading on domestic stock markets was lackluster. Trading volume on the Shanghai and Shenzhen stock markets decreased 20.5% year-on-year in total. On top of this, there was a continued decline in average brokerage commission rate, which caused the brokerage commission income of Zheshang Securities to decrease 25.0% year-on-year during the Period. However, Zheshang Securities' investment banking business and asset management business continued to expand steadily, recording varied levels of income growth. During the Period, Zheshang Securities recorded total operating income of Rmb1,073.67 million, an increase of 0.3% year-on-year. Of which, commission income declined 5.1% year-on-year to Rmb676.95 million, and interest income from the securities business was Rmb396.72 million, representing an increase of 10.9% year-on-year. 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 Rmb45.24 million (the same period of 2015: gains of Rmb74.46 million).



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### **Outlook**

Though strong downward pressure continued to weigh on Chinese economy, major indicators have shown positive signs and overall economic growth remains at a reasonable level. As traffic demand is closely related to macroeconomic development, the Group expects the growth of overall traffic volume for its expressways to remain steady albeit with a slightly slower growth rate in organic traffic volume in 2016.

Although trading volume on the Shanghai and Shenzhen stock markets remained low, the Group believes that its securities business will be able to take advantage of new business opportunities given the government's efforts to actively promote the healthy development of the capital market as well as the upcoming launch of the Shenzhen-Hong Kong Link. Also, it is expected that Zheshang Securities' A-Share listing process on the Shanghai Stock Exchange will progress further as the China Securities Regulatory Commission has allowed A-Share IPOs to resume.

Concurrently, according to the reform program to replace the revenue tax with a value-added tax ("VAT"), starting from May 1, 2016, VAT shall be levied at the rate of 3% for expressway tolls and 6% for financial businesses. The burden of taxation on the Group's expressway business will be slightly less as the new policy levies VAT as tax excluded in price. However, the new policy's impact on the tax burden of the securities business remains unclear.

**Mr. Zhan concluded,** "Facing new and complex domestic and overseas circumstances, the Company will continue to adjust its strategies according to the Company's development needs and external policy changes. The Company will also continue to reinforce its core expressway business and strengthen its securities business. Under the premise of controlling risks, the Company will leverage its investment and financing abilities to seek suitable projects and cultivate managing capabilities on diversified operations in order to achieve sustainable long-term development."

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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 and the Hanghui Expressway for a period of 25 years. The Company and its subsidiaries also



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carry out certain ancillary businesses such as automobile servicing, operation of gas stations and billboard advertising, as well as the securities business.

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