



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 Interim Results
Deepen Reform, Achieve Steady Growth

Financial Highlights

- Revenue amounted to Rmb5,337.12 million, representing a decrease of 13.7% year-on-year
- Profit attributable to owners of the Company amounted to Rmb1,368.21 million representing a decrease of 8.5% year-on-year
- Earnings per share was Rmb31.5 cents
- An interim dividend of Rmb6 cents per share is recommended

(Hong Kong, August 22, 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 six months ended June 30, 2016 (the “Period”).

During the Period, revenue for the Group was Rmb5,337.12 million, representing a decrease of 13.7% over the same period in 2015. Profit for the Period attributable to owners of the Company was Rmb1,368.21 million, representing a decrease of 8.5% year-on-year. Earnings per share for the Period was Rmb31.5 cents (corresponding period in 2015 (restated): Rmb34.43 cents). The Directors have recommended to pay an interim dividend of Rmb6 cents per share (corresponding period in 2015: Rmb6 cents).

Mr. Zhan Xiaozhang, Chairman of the Company said, “During the first half of 2016, as Zhejiang Province’s economy steadily improved, traffic volume on the Group’s expressways continued to register healthy organic growth. As a result, toll revenue steadily increased 6.6% year-on-year. However, due to weak domestic market sentiment, trading on domestic stock markets was lackluster. Though our Zheshang Securities’ investment banking business experienced significant growth, other business segments of Zheshang Securities recorded varied levels of income decrease year-on-year. However, Zheshang Securities’ overall business outperformed the market in general as trading volume on the Shanghai and Shenzhen stock markets recorded an even larger decline. In aggregate, despite the slight profit decline affected by macro conditions, the Company still remained its core competitiveness in all business segments.”



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

Business Review

As Zhejiang Province's economy steadily improved during the Period, traffic volume on the Group's expressways continued to register healthy organic growth. Revenue from the Group's overall operations decreased 13.7% year-on-year to Rmb5,337.12 million, of which Rmb2,537.81 million was generated by the four major expressways operated by the Group, representing an increase of 6.6% year-on-year and 47.6% of the total revenue. Revenue from the Group's toll road-related businesses was Rmb532.11 million, representing a decrease of 43.2% year-on-year and 10.0% of the total income. The Group's securities business contributed revenue of Rmb2,152.38 million, representing a decrease of 24.8% year-on-year and 40.3% of the total revenue.

During the Period, driven by Zhejiang Province's notable economic developments in the tertiary services industry and decent growth in fixed asset investment, Zhejiang Province's economy maintained its growth momentum and traffic volume on the Group's expressways registered solid organic growth. The organic traffic volume growth for the Group's four expressways, namely the Shanghai-Hangzhou-Ningbo Expressway, the Shangsang Expressway, the Jinhua Section of the Ningbo-Jinhua Expressway and the Hanghui Expressway, were 8.3%, 8.6%, 8.8% and 5.7%, respectively, with the varied rates of growth due to the different regions where the four expressways are located.

During the Period, the average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 49,807, representing an increase of 6.8% 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 48,987, representing an increase of 10.7% year-on-year, and that along the Hangzhou-Ningbo Section was 50,392 representing an increase of 4.9% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsang Expressway was 27,131, representing an increase of 8.2% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 17,661, representing a decrease of 1.1% year-on-year. Average daily traffic volume in full-trip equivalents along the Hanghui Expressway was 16,134, representing an increase of 4.2% year-on-year.

In terms of 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



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

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 the retail prices of domestic refined oil products. During the Period, revenue from toll road-related operations was Rmb532.11 million, representing a decrease of 43.2% year-on-year.

In terms of securities business, during the Period, due to weak domestic market sentiment, trading on domestic stock markets was lackluster. Trading volume on the Shanghai and Shenzhen stock markets decreased 52.9% year-on-year in total. During the Period, Zheshang Securities recorded total operating revenue of Rmb2,152.38 million, a decrease of 24.8% year-on-year. Of which, commission revenue declined 30.5% year-on-year to Rmb1,407.45 million, and interest revenue from the securities business was Rmb744.93 million, representing a decrease 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 Rmb107.99 million (corresponding period of 2015: gains of Rmb324.65 million). Though Zheshang Securities' investment banking business experienced significant growth, other business segments of Zheshang Securities recorded varied levels of income decrease year-on-year. However, Zheshang Securities' overall business outperformed the broader market as the revenue decline was smaller than the total year-on-year decrease in trading volume on the Shanghai and Shenzhen stock markets. Zheshang Securities continued to develop all its businesses steadily, as its asset management business further expanded in scale while its investment banking business reported a new high in income amidst weak market sentiment. In addition, Zheshang Securities' IPO application to the Shanghai Stock Exchange was accepted by the China Securities Regulatory Commission in May, 2013, and it remains on the wait list for an IPO.

Outlook

As economic uncertainty has increased globally, downward pressure on China's economy is expected to continue. Under the "new normal", Zhejiang Province, a region with an above average growth outlook across China, will also face relatively more intense economic pressure. The Group expects that the Group's toll road business will maintain steady growth in 2016 given the macro and regional economic outlook, albeit with a slightly slower growth rate in organic traffic volume compared with 2015.

Currently, the business environment for the toll road industry is becoming increasingly complex.



浙江滬杭甬高速公路股份有限公司

ZHEJIANG EXPRESSWAY CO., LTD.

As more and more expressways within Zhejiang Province are launched for traffic, there will be a positive network effect but will also cause diversion impact. The Dongyang-Yongkang Expressway, which opened to traffic in July 2015, is expected to continue to have a slight diversion impact on traffic on the Jinhua Section of the Ningbo-Jinhua Expressway but the impact has been stabilized. The Group will endeavor to strengthen the monitoring and analysis of the transportation network as well as researching the traffic trends of the Group's expressways and the factors involved. The Group will adopt specific promotional and marketing measures to direct and attract more vehicles to use the expressways operated by the Group to minimize the diversion impact.

China's securities market is still in the process of deleveraging, and the Chinese government has released a series of measures to promote the healthy development of its capital market, a signal to show the government's confidence in the security sector's sustainable development in the long term, which may bring new opportunities to the Group's securities business. At the same time, the Group will continue to push for Zheshang Securities' A-Share listing application on the Shanghai Stock Exchange. Moreover, Zheshang Securities will expand into innovative businesses and seek new profit drivers while strengthening its cost control and risk management.

Commenting on the Group's future development strategies, **Mr. Zhan concluded**, "Looking ahead into the second half of 2016, although China might still see continued downward economic pressure, we believe that the supply-side reform and various economic transformation measures initiated by Zhejiang Province will create a favorable development environment for all of the Group's businesses. In response to the dynamic change of internal and external environment, the Company's management will closely monitor the latest financial policy developments as well as evolving market trends to better formulate future strategic development plans. The Group will look to expand its core expressway business by investing in and acquiring quality toll road assets to further enhance its core competencies while strengthening its securities business and seeking suitable investments and development projects in order to enlarge the asset scale of its core businesses and increase future profitability."

- End -

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



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

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 carry out certain ancillary businesses such as restaurants and shops within service areas and billboard advertising within interchanges, as well as the securities business.

For further information, please contact:

Zhejiang Expressway Co., Ltd.

Mr. Tony Zheng / Ms. Helen Wu

Tel: (86571) 8798 7700

Fax: (86571) 8795 0329

PR Concepts

Ms. Gina Liu-Thomas

Tel: (852) 2232 3909

Mob: (852) 5511 0583

Email: Glu-thomas@christensenir.com

Mr. Ricky Tan

Tel: (852) 2232 3941

Mob: (852) 6605 9808

Email: Rtan@christensenir.com