



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 Annual Results

To become an international investment holdings company with a primary focus on expressway infrastructure investment and operation

Financial Highlights

- Revenue amounted to Rmb9,735.35 million, representing a decrease of 9.2% year-on-year
- Profit attributable to owners of the Company amounted to Rmb3,037.41 million, representing an increase of 1.6% year-on-year
- Earnings per share was Rmb69.94 cents
- A final dividend of Rmb29.5 cents per share is recommended

(Hong Kong, March 28, 2017) – Zhejiang Expressway Co., Ltd. (“Zhejiang Expressway” or the “Company”) (HKEx code: 576; LSE code: ZHEH; ADR code: ZHEXY) today announced the audited consolidated operating results of the Company and its subsidiaries (collectively the “Group”) for the year ended December 31, 2016 (the “Period”).

During the Period, revenue for the Group was Rmb9,735.35 million, representing a decrease of 9.2% over 2015. Profit attributable to owners of the Company was Rmb3,037.41 million, representing an increase of 1.6% year-on-year. Earnings per share for the Period was Rmb69.94 cents (2015: Rmb68.84 cents). The Directors have recommended to pay a final dividend of Rmb29.5 cents per share (2015: Rmb28 cents).

Ms. Luo Jianhu, General Manager of the Company said, “During the year, the Company’s operating results grew steadily and beat expectations to hit record highs. The Company saw significant breakthroughs in key undertakings and successfully accomplished all of its annual goals. Meanwhile, the Company established a corporate vision that calls for it to be ‘an international investment holdings company with a primary focus on expressway infrastructure investment and operation’. During the year, the Company adhered to such strategic path and achieved initial results, setting a solid foundation for its future development.”

Business Review

During the Period, revenue from the Group’s overall operations decreased 9.2% year-on-year. Total revenue reached Rmb9,735.35 million, of which Rmb5,279.35 million was generated from



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the five major expressways operated by the Group, representing an increase of 6.4% year-on-year and 54.2% of the total revenue, and Rmb4,175.24 million was from the securities business, representing a decrease of 26.2% year-on-year and 42.9% of the total revenue.

During the Period, the average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 50,611, representing an increase of 5.7% 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 50,785, representing an increase of 9.8% year-on-year, and that along the Hangzhou-Ningbo Section was 50,487, representing an increase of 3.0% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsans Expressway was 27,094, representing an increase of 8.6% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 17,932, representing a decrease of 4.6% year-on-year. The average daily traffic volume in full-trip equivalents along the Group's Hanghui Expressway was 16,177, representing an increase of 5.1% year-on-year. The average daily traffic volume in full-trip equivalents along the Group's Huihang Expressway was 7,413, representing an increase of 3.4% year-on-year.

During the Period, total toll revenue from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsans Expressway, the 70km Jinhua Section of the Ningbo-Jinhua Expressway, the 122km Hanghui Expressway and the 82km Huihang Expressway was Rmb5,279.35 million. Among which, toll revenue from the Shanghai-Hangzhou-Ningbo Expressway was Rmb3,342.58 million, representing an increase of 6.2% year-on-year; toll revenue from the Shangsans Expressway was Rmb1,112.30 million, representing an increase of 9.1% year-on-year; toll revenue from the Jinhua Section of the Ningbo-Jinhua Expressway was Rmb335.09 million, representing a decrease of 2.9% year-on-year; and toll revenue from the Hanghui Expressway was Rmb446.39 million, representing an increase of 0.3% year-on-year (on the same basis as last year). The Huihang Expressway, which was acquired by the Group in September 2016, contributed toll revenue of Rmb42.99 million to be consolidated into the Group.

For the securities business, as the overall brokerage commission rate has been declining, though revenue from Zheshang Securities' investment banking business and asset management business experienced growth, its other business segments recorded varied levels of revenue decreases year-on-year. During the Period, Zheshang Securities recorded total revenue of Rmb4,175.24 million, a decrease of 26.2% year-on-year. Of which, commission and fee revenue declined 32.2% year-on-year to Rmb2,664.96 million, and interest revenue from the securities business



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was Rmb1,510.28 million, representing a decrease of 12.6% year-on-year. In addition, 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 Rmb205.28 million (corresponding period of 2015: gains of Rmb571.50 million).

OUTLOOK

Looking ahead to 2017, though the global economy is still struggling to recover and China's economy slowdown may raise further pressures, the Chinese government is expected to carry on macroeconomic improvements on policies and innovative regulatory measures for positive economic changes. As the economic transformation and related effects are becoming more visible, Zhejiang Province anticipates steady improvements in the overall economy, bringing opportunities for the Group's steady development. However, as China will still face relatively intense economic pressure, the Group expects that organic traffic volume growth in 2017 is likely to slow down, albeit with a steady increase in overall traffic volume.

While strengthening cost controls and risk management and actively accelerating its A-Share listing application on the Shanghai Stock Exchange, Zheshang Securities will also look to strengthen its capital base. Zheshang Securities will focus on growing its key businesses where the Company holds advantages, while transforming and upgrading its traditional businesses and developing additional innovative businesses. In addition, Zheshang Securities will optimize and adjust business mix, and enhance profitability and competitiveness to become more resilient to challenges from the current market environment and intense industry competition, in order to promote sustained and healthy development of all its businesses.

Ms. Luo concluded, "As the macroeconomic downturn continues and the capital market is expected to remain sluggish, the Company will keep its foothold upon its development advantages and proactively explore investment and merger and acquisition opportunities, with the aim of expanding and enhancing the core expressway business. In addition, the Company will also strengthen its securities business. We will keep monitoring policy and external environment to appropriately adjust the Company's operational strategy. With a focus on effective risk control, the Company will explore suitable investment and development project via different channels, thereby cultivating the management capability of operating diversified businesses, in order to promote the Company's overall and 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) established a corporate vision that calls for it to be “an international investment holdings company with a primary focus on expressway infrastructure investment and operation”. The Company and its subsidiaries have concession rights to operate the Shanghai-Hangzhou-Ningbo Expressway, the Shangsang Expressway and the Huihang 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, 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

Mr. Ricky Tan

Tel: (852) 2232 3941

Mob: (852) 6605 9808

Email: Rtan@christensenir.com