Zhejiang Expressway Announces 2017 Annual Results

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

Financial Highlights
- Revenue amounted to Rmb9,626.34 million, representing a decrease of 1.1% year-on-year
- Profit attributable to owners of the Company amounted to Rmb3,202.13 million, representing an increase of 5.4% year-on-year
- Basic earnings per share was Rmb73.73 cents, and diluted earnings per share was Rmb71.36 cents
- A final dividend of Rmb30.0 cents per share is recommended

(Hong Kong, March 16, 2018) – Zhejiang Expressway Co., Ltd. (“Zhejiang Expressway” or the “Company”) (HKEx code: 576; LSE code: ZHEH) today announced the audited consolidated operating results of the Company and its subsidiaries (collectively the “Group”) for the year ended December 31, 2017 (the “Period”).

During the Period, revenue for the Group was Rmb9,626.34 million, representing a decrease of 1.1% over 2016. Profit attributable to owners of the Company was Rmb3,202.13 million, representing an increase of 5.4% year-on-year. Basic earnings per share for the Period was Rmb73.73 cents (2016: Rmb69.94 cents), and diluted earnings per share for the Period was Rmb71.36 cents (2016: Rmb69.94 cents). The directors have recommended to pay a final dividend of Rmb30.0 cents per share (2016: Rmb29.5 cents).

Ms. Luo Jianhu, General Manager of the Company, said, “2017 marks the Company’s 20 anniversaries of establishment and public listing, and I’m grateful for everyone’s concern and support during the past two decades. During the year, we achieved steady growth in operating results, beating expectations set at the beginning of the year and setting a new record in our history. We accomplished all our annual targets with various breakthroughs in key areas. Benefiting from Zhejiang Province’s favorable economic development momentum, traffic volume on the Group’s expressways registered satisfactory organic growth. Going forward, we will continue to create more value for our shareholders.”
Business Review
During the Period, revenue from the Group’s overall operations decreased 1.1% year-on-year. Total revenue reached Rmb9,626.34 million, of which Rmb5,986.25 million was generated from the five major expressways operated by the Group, representing an increase of 13.4% year-on-year and 62.2% of the total revenue, and Rmb3,491.25 million was from the securities business, representing a decrease of 16.4% year-on-year and 36.3% 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 57,275, representing an increase of 13.2% 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 59,814, representing an increase of 22.1% year-on-year, and that along the Hangzhou-Ningbo Section was 55,461, representing an increase of 10.1% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 30,223, representing an increase of 11.6% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 19,708, representing an increase of 9.9% year-on-year. Average daily traffic volume in full-trip equivalents along the Hanghui Expressway was 17,500 representing an increase of 8.2% year-on-year. Average daily traffic volume in full-trip equivalents along the Huihang Expressway was 7,240, representing a decrease of 2.3% year-on-year.

During the Period, total toll revenue from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsan Expressway, the 70km Jinhua Section of the Ningbo-Jinhua Expressway, the 122km Hanghui Expressway and the 82km Huihang Expressway was Rmb5,986.25 million. Among which, toll revenue from the Shanghai-Hangzhou-Ningbo Expressway was Rmb3,772.88 million, representing an increase of 12.9% year-on-year; toll revenue from the Shangsan Expressway was Rmb1,244.28 million, representing an increase of 11.9% year-on-year; toll revenue from the Jinhua Section of the Ningbo-Jinhua Expressway was Rmb362.35 million, representing an increase of 8.1% year-on-year; toll revenue from the Hanghui Expressway was Rmb477.66 million, representing an increase of 7.0% year-on-year; and toll revenue from the Huihang Expressway was Rmb129.09 million.

For the securities business, during the year, domestic market conditions remained lackluster due to volatility, and trading volume on the Shanghai and Shenzhen stock markets decreased 11.7% year-on-year in aggregate. Though revenue from Zheshang Securities’ investment banking business experienced growth, its other business segments including securities brokerage, margin financing and securities lending recorded varied levels of revenue decreases year-on-year. During the Period,
Zheshang Securities recorded total revenue of Rmb3,491.25 million, a decrease of 16.4% year-on-year. Of which, commission and fee income declined 21.6% year-on-year to Rmb2,088.31 million, and interest income from the securities business was Rmb1,402.94 million, representing a decrease of 7.1% year-on-year. In addition, during the Period, securities investment gains of Zheshang Securities included in the consolidated statement of profit or loss and other comprehensive income of the Group was Rmb778.80 million, representing an increase of 279.4% year-on-year (2016: securities investment gains of Rmb205.28 million).

OUTLOOK
Looking ahead to 2018, the global economy continues to recover gradually, but still faces multiple uncertainties. Under the Chinese government’s prudent macroeconomic policy, the domestic economy is expected to maintain stable growth as it transitions from a high-speed to a high-quality development stage. Zhejiang Province will focus on the real economy as well as growing the new economy with the digital sector as the core component, and accelerating economic restructuring, transformation and upgrading. The performance of the overall economy is expected to be steady and positive, which will provide a stable external environment for the Company’s development. The overall traffic volume of the expressways operated by the Company is expected to maintain steady growth in 2018.

Ms. Luo concluded, “In order to adapt to the new economic transformation and developments in 2018, the Company will leverage on its development advantages, expand and enhance the core expressway business, and strengthen its securities business. We will continue to monitor government policies and the external environment to appropriately adjust the Company’s operational strategy. With a focus on effective risk control, the Company will continue to explore suitable investment and development projects via different channels, thereby growing its management capability to operate diversified businesses, with the goal of achieving high-quality and sustainable development.”

- End -

About Zhejiang Expressway Co., Ltd

Established in 1997, Zhejiang Expressway Co., Ltd. (HKEx code: 576; LSE code: ZHEH) 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
Shangsan 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 operate the securities business, acting as the controlling owner of the A-share-listed Zheshang Securities and participating in a series of financial investment projects at a minority stake.

For further information, please contact:

Zhejiang Expressway Co., Ltd.
Mr. Tony Zheng / Ms. Helen Wu
Tel: (86571) 8798 7700
Fax: (86571) 8795 0329

Christensen
Mr. Ricky Tan
Tel: (852) 2232 3941
Mob: (852) 6605 9808
Email: Rtan@christensenir.com