



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

To: Business Editors

[FOR IMMEDIATE RELEASE]

ZHEJIANG EXPRESSWAY ANNOUNCES 2004 INTERIM RESULTS
Net Profit Rises 22.4% to RMB602.4 Million

Financial Highlights

- Turnover up 34.0% to RMB1,474.4 million.
- Net profit up 22.4% to RMB602.4 million.
- Earnings per share was RMB13.87 cents.
- Interim dividend of RMB4.0 cents per share is recommended.

(Hong Kong, August 16, 2004) – 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, 2004 (the “Period”).

During the Period, turnover for the Group grew 34.0% to RMB1,474.4 million, while net profit from ordinary activities attributable to shareholders increased by 22.4% to RMB602.41 million. Earnings per share for the Period was RMB13.87 cents (2003 interim: RMB11.33 cents). The board of directors recommended an interim dividend of RMB4.0 cents per share (2003 interim: RMB4.0 cents).

Mr. Geng Xiaoping, Chairman of the Company said, “Benefiting from the continuing strong economic development of the Yangtze River Delta Region and the extraordinary 15.5% GDP growth rate of Zhejiang Province attained in the first half of the year, the Company has achieved outstanding results during the Period. Both the core business of toll roads and other toll road-related business operations underwent substantial growth.”

During the Period, overall toll income for the Group rose 32.3% to RMB1,452.0 million, among which the Shanghai-Hangzhou-Ningbo Expressway and the Shangsang Expressway contributed RMB1,106.1 million and RMB345.9 million respectively, representing increases of 29.8% and 41.0%, respectively, over the same period last year.

Traffic volume on the Shanghai-Hangzhou-Ningbo Expressway grew 31.2% during the Period, reaching 32,926 full-trip equivalents per day. The completion of the Phase I of the expressway's widening project (the "Widening Project") along the 44km section between Hongken and Guzhu of the expressway had substantially improved its traveling conditions, allowing higher average travel speed, less congestion and higher vehicle handling capacity, which was raised from 55,000 passenger-car-units ("pcu") per day to 100,000 pcu per day.

The Shangsang Expressway, a newer expressway in terms of operation history, continued to enjoy a higher growth rate than the Shanghai-Hangzhou-Ningbo Expressway in traffic volume and toll income, increasing its share of contribution to the Group's total toll income from 22.4% in 2003 to 23.8% during the Period. Traffic volume on the expressway grew 40.3% year-on-year to an average of 18,987 full-trip equivalents per day, and toll income grew 41.0% to approximately RMB345.9 million.

The upthrust in traffic volume on the two expressways also triggered tremendous growth of the Group's ancillary services, as indicated by 65.0% extraordinary growth rate of turnover attributable to toll road-related business operations during the Period. Zhejiang Expressway Investment Development Co., Ltd. ("Development Co"), a 51% owned subsidiary of the Company engaged in the operation of service areas as well as roadside advertising and vehicle servicing businesses along the two expressways operated by the Group, recorded a net profit of approximately RMB13.7 million, representing a pro forma increase of 43.5% compared to the same period in 2003.

To further exploit roadside advertising business opportunities along other expressways within Zhejiang Province, a new subsidiary company named Hangzhou Lutong Advertising Co., Ltd. was established under the Development Co on July 27, 2004, with Development Co holding 51% equity interest. Registered capital for the new advertising company is RMB3 million.

Apart from the toll road and toll road-related businesses, the Company has been actively involved in a number of long-term investments, including a 50% interest in Hangzhou Shida Highway Co., Ltd., a jointly-controlled entity that operates the 9.45km Shida Road, and a 50% interest in Zhejiang Expressway Petroleum Development Co., Ltd. ("Petroleum Co"), an associate company that operates retail and wholesale petroleum products throughout Zhejiang Province. During the Period, Shida Road saw traffic volume grow 72.2% and toll income grow 71.6% compared to the same period last year, leading its net profit to reach RMB20.4 million, an increase of 205.0% over the same period in 2003. Confronting with oil supply shortage in China and surge in global oil prices, Petroleum Co capitalized on its strong retail presence in key locations within Zhejiang Province and achieved an increase of 26.1% in turnover when compared to the same period last year, while net profit grew 81.4% to RMB14.3 million.

The Company remains committed to creating value through service excellence, which is evidenced by the Widening Project and the road-surface-overlaying project on the Shanghai-Ningbo-Hangzhou Expressway. Regarding the Widening Project, Phase I has already been finished in December 2003 while Phase II has been progressing as planned, with the completion date remaining unchanged around the end of 2005. The commencement of construction for Phase III has been delayed due to a slowdown by the relevant authorities in granting land use rights, but this is not expected to adversely affect the normal operation of the expressway. As to the road-surface-overlaying project, major works was largely completed in the first half of this year. The continued improvement of the expressway has brought safer and more comfortable traveling conditions to travelers, while providing more room to accommodate additional traffic flow.

Mr Geng said, "The marcoeconomic controls are expected to have their lasting impact into the second half of this year and our expressways are expected to have a slower traffic volume growth in the second half of the year. However, we believe that the latest forecasts on the annual GDP growth rate for the province, which will remain at the level of 14%, point to continued strong demand for road transport in and around the Yangtze River Delta Region. Therefore, the prospects of further growth for the Group's toll road operations and toll road-related business operations remain positive."

Established in 1997, Zhejiang Expressway Co., Ltd. is regarded by the Zhejiang Provincial Government as its main enterprise for investing in, constructing and operating expressways and Class 1 roads in Zhejiang Province. The Company has concession rights to operate the Shanghai-Hangzhou-Ningbo Expressway and the Shangsang Expressway for a period of 30 years.

~ End ~

Encl. Consolidated Income Statement (Unaudited)

For further information, please contact:

Mr. Gabriel Yu / Mr. Tony Zheng

Zhejiang Expressway Co., Ltd.

Tel: (86571) 8798 7722 / 8798 7700

Fax: (86571) 8795 0329

Ms. Christy Lai / Ms. Edith Lui

Rikes Communications Limited

Tel: (852) 2520 2201

Fax: (852) 2520 2241

Consolidated Income Statement (Unaudited)

For the six months ended June 30

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
Turnover	1,474,367	1,099,917
Operating costs	(447,026)	(316,266)
Gross profit	1,027,341	783,651
Other revenue	(6,361)	56,033
Administrative expenses	(37,959)	(29,908)
Other operating expenses	(15,255)	(12,846)
Profit from operating activities	967,766	796,930
Finance costs	(56,009)	(66,518)
Share of profit of:		
Associated companies	8,940	5,936
Jointly-controlled entity	11,089	3,810
Profit before tax	931,786	740,158
Tax	(266,895)	(203,370)
Profit before minority interests	664,891	536,788
Minority interests	(62,481)	(44,641)
Net profit from ordinary activities attributable to shareholders	<u>602,410</u>	<u>492,147</u>
Earnings per share (RMB cents)	<u>13.87</u>	<u>11.33</u>