



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 2005 INTERIM RESULTS
Net Profit Up 18.1% to RMB711.5 Million

Financial Highlights

- Turnover up 13.5% to RMB1,673.9 million.
- Net profit up 18.1% to RMB711.5 million.
- Earnings per share was RMB16.38 cents.
- Interim dividend of RMB7.0 cents per share is recommended.

(Hong Kong, August 15, 2005) – 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, 2005 (the “Period”).

During the Period, turnover for the Group grew 13.5% to RMB1,673.9 million, while net profit from ordinary activities attributable to shareholders of the Company increased by 18.1% to RMB711.5 million. Earnings per share for the Period amounted to RMB16.38 cents (2004 interim: RMB13.87 cents). The board of directors recommended an interim dividend of RMB7.0 cents per share (2004 interim: RMB4.0 cents).

Mr. Geng Xiaoping, Chairman of the Company said, “The ongoing macro-economic control measures at a national level and a slowdown in the investment growth rate at a provincial level have curbed the pace of economic growth in Zhejiang Province. The slowdown in the Province’s economic growth was a major factor contributing to significantly lower rates of traffic volume growth on the Group’s expressways, though the growth remained solid in the first half of 2005.”

During the Period, income from toll road operations grew 11.4% year-on-year to RMB1,617.9 million, contributing to approximately 92.0% of the Group’s total income. Average daily traffic volume on the Shanghai-Hangzhou-Ningbo Expressway in full-trip equivalents was 35,295 during the Period, representing a growth of approximately 7.2% year-on-year, while toll income generated was RMB1,215.4 million, representing an increase of 9.9% year-on-year.

The Shangsang Expressway, on the other hand, recorded average daily traffic volume in full-trip equivalents of 20,794 and generated toll income of RMB402.5 million during the Period, representing increases of 9.5% and 16.4%, respectively, over the same period in 2004.

Apart from the toll road business, the Group has also engaged in a number of toll road-related business operations such as service area operations, billboard advertising and vehicle servicing along the expressways operated by the Group. During the Period, such businesses continued to grow at rates higher than that of the toll road business. Turnover generated from these businesses grew approximately 35.3% year-on-year to RMB166.7 million.

In regard to the Company's project of widening its Shanghai-Hangzhou-Ningbo Expressway from four lanes to eight lanes (the "Widening Project"), Phase II (the Hangzhou-Shanghai section) remained on track for full completion by the end of 2005, while Phase III (the Shangyu-Ningbo section) has been progressing on schedule and is targeted for completion by the end of 2007. The Company expects to complete the entire Widening Project within the original budget of RMB5.24 billion.

Commenting on the prospects of the Company, Mr. Geng said, "After more than ten years of rapid development, the Zhejiang provincial economy is expected to slow down. The slowdown in the province's economic growth will have certain impact on the traffic volume growth rates of the Group's expressways. On the other hand, with full completion of the Phase II of the Widening Project by the end of the year, we expect the travel conditions on the Shanghai-Hangzhou-Ningbo Expressway will be improved significantly, thereby providing further impetus for continued growth in traffic volume as we enter 2006."

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.

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Encl. Consolidated Income Statement (Unaudited)

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Consolidated Income Statement (Unaudited)**For the six months ended June 30**

	2005 <i>RMB'000</i>	2004 <i>RMB'000</i> (Re-stated)
Turnover	1,673,912	1,474,367
Operating costs	(507,586)	(438,226)
Gross profit	1,166,326	1,036,141
Other revenue	62,221	(6,361)
Administrative expenses	(34,972)	(46,759)
Other operating expenses	(10,015)	(15,255)
Profit from operating activities	1,183,560	967,766
Finance costs	(46,480)	(56,009)
Share of profit of associates	3,497	6,851
Share of profit of a jointly-controlled entity	10,677	10,205
Profit before tax	1,151,254	928,813
Income tax expense	(373,003)	(263,922)
Profit for the Period	<u>778,251</u>	<u>664,891</u>
Attributable to:		
Equity holders of the Company	711,457	602,410
Minority interests	66,794	62,481
Dividends		
Proposed interim	<u>304,018</u>	<u>173,725</u>
Earnings per share (RMB cents)	<u>16.38</u>	<u>13.87</u>