



To: Business Editors
[FOR IMMEDIATE RELEASE]

Widening Project Phase II of Shanghai-Hangzhou-Ningbo Expressway Completed on Time

(Hong Kong, November 27, 2005) – Zhejiang Expressway Company Limited (“Zhejiang Expressway” or the “Company”) (HKEx code: 576; LSE code: ZHEH; ADR code: ZHEXY) announced the completion of Phase II of the widening project of its Shanghai-Hangzhou-Ningbo Expressway.

Aiming to enhance the traffic capacity and future profitability of the Company’s major asset, the Company commenced the three-phase project in 2000 to widen the 248km Shanghai-Hangzhou-Ningbo Expressway from four lanes to eight lanes. Phase I of the project focused on the 44km Hongken-Guzhu section on the Hangzhou-Ningbo Expressway and was completed in December 2003. Phase II of the widening project, covering the 96km Dajing-Fengjing section on the Shanghai-Hangzhou Expressway, has been making steady progress since it commenced works in July 2003, and the section was opened for traffic on November 18, 2005. Phase III of the widening project covers the 80km Guzhu-Ningbo section on the Hangzhou-Ningbo Expressway, for which works commenced in October 2004 and is scheduled to be completed by the end of 2007.

Mr. Geng Xiaoping, Chairman of the Company, said, “The completion of Phase II of the widening project will enhance significantly the carrying capacity as well as traveling conditions between Shanghai and Hangzhou. Upon completion of the whole widening project, the daily carrying capacity of the entire Shanghai-Hangzhou-Ningbo Expressway will be substantially lifted up from 55,000 passenger cars to 100,000 passenger cars, and the traveling conditions are expected to improve greatly.”

As the widening works on Shanghai-Hangzhou-Ningbo Expressway are being successively completed in accordance with schedule, the project has also been carried out in a most cost-effective manner. For a widening mileage of 220km, a total investment of RMB5.3 billion has been budgeted, meaning a construction cost of approximately RMB24 million per kilometer. Mr. Geng said, “Compared to the average construction cost of approximately RMB80 million per kilometer for a brand new six-lane expressway in Zhejiang Province, the average construction cost on the Company’s widening project is much lower than those of other widening projects in the province. Based on current construction progress, the Company is confident that the whole widening project will be completed within budget.”

Meanwhile, the Company’s expressways experienced a slowdown in traffic volume growth but maintained a steady performance in toll income to date. For January to October this year, average daily traffic volumes on Shanghai-Hangzhou-Ningbo Expressway and Shangsang Expressway, in terms of full-trip equivalents, were 35,280 and 20,518 respectively, representing year-on-year increases of 5.4% and 5.6% respectively. Average daily toll incomes amounted to RMB6.8 million and RMB2.3 million respectively, representing year-on-year increases of 8.6% and 13.3% respectively. Mr. Geng said, “Traffic of heavy trucks has increased significantly since relevant authorities initiated a campaign to crack down on truck over-loading practices in 2004, resulting in a higher growth rate on toll income than traffic volume. It is expected that the growth of traffic volume will be accelerated after the completion of Phase II.”

Mr. Geng concluded, “Looking ahead, despite the slowdown of Zhejiang Province’s economic growth due to China’s macroeconomic control measures, we believe that the commencement of operation of the new Ningbo port will become a new growth driver for the Company’s expressways. Meanwhile, the Company will expand its income base by strengthening its ancillary businesses such as service areas and roadside advertising, and will continue to seek other expressway assets with good potential for acquisitions.”

Established in 1997, Zhejiang Expressway Company Limited 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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