



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 2006 Interim Results
Net Profit Rose 8.9% to RMB688.7 Million

Financial Highlights

- Revenue increased by 30.6% to RMB2,186.4 million
- Profit attributable to equity holders of the Company increased by 8.9% to RMB688.7 million
- Earnings per share increased by 8.9% to RMB15.86 cents
- Interim dividend of RMB7.0 cents per share is recommended

(Hong Kong, August 29, 2006) – 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, 2006 (the “Period”).

During the Period, revenue for the Group grew 30.6% over the same period in 2005 to reach RMB2,186.4 million, while profit attributable to equity holders of the Company grew 8.9% to reach RMB688.7 million. Earnings per share for the Period amounted to RMB15.86 cents (2005 interim: RMB14.57 cents). The board of directors recommended an interim dividend of RMB7.0 cents per share (2005 interim: RMB7.0 cents).

Mr. Geng Xiaoping, Chairman of the Company said, “In the first half of 2006, the economy of Zhejiang Province continued its double-digit growth trend, resulting in an even higher growth in demand for transportation needs in the province. Riding on such a favorable operating environment, we have continued to enhance our toll road operations, whilst actively developing our toll road-related business operations during the Period. As a result, we have achieved yet another solid operating performance.”

During the Period, daily average traffic volume on the Shanghai-Hangzhou-Ningbo Expressway was 37,759 in full-trip equivalent and toll income amounted to RMB1,344.6 million, representing increases of 7.8% and 10.6%, respectively over the same period last year. With Phase II widening works on the Shanghai-Hangzhou section completed and opened to traffic in the end of 2005, traveling condition for that widened section improved significantly. During the Period, the rate of traffic growth on the Shanghai-Hangzhou section rebounded to 13.4% year-on-year.

The Shangsang Expressway, on the other hand, recorded average daily traffic volume in full-trip equivalents of 19,922 and generated toll income of RMB409.5 million, representing a decrease of 1.5% and an increase of 1.7% year-on-year, respectively. The slight decline in traffic on the Shangsang Expressway was the result of traffic diversions to both newly built expressways and a parallel national road reopened to traffic after renovation.

In order to maximize other income, the Group has been actively developing its toll road-related business operations along expressways, including gas stations, restaurants and shops in service areas, roadside billboard advertising and vehicle services. During the Period, with a change in the operating mode of its gas stations from consigning to self-operating, income from toll road-related business operations reached RMB458.0 million, representing an increase of 226.0% year-on-year.

With a view to enlarging the revenue from toll road-related business operations, Zhejiang Expressway Investment Development Co., Ltd., a 51% owned subsidiary of the Company, is joining local investors to develop a shopping complex near the Wangdian exit along the Shanghai-Hangzhou Expressway. The complex, expected to be completed by the end of 2008, will house a multitude of shops, restaurants, as well as leisure and entertainment facilities.

On the widening project of the Shanghai-Hangzhou-Ningbo Expressway, Phase III of the project progressed as planned along the Hangzhou-Ningbo section during the Period. With ground preparation being the current focus of ongoing works, the laying of foundation was completed by the end of June 2006 and overall completion is expected by the end of 2007.

Looking ahead, Mr. Geng said, “2006 started off well for Zhejiang Province. The provincial economy is expected to further benefit from a double-digit growth in the national economy and the ongoing globalization that continues to generate robust growth in world trade. Given such a favorable environment, traffic on the two expressways operated by the Group is expected to continue to grow into the second half of 2006. To enable further growth, we will adhere to our prudent but progressive development strategies to search for expressway assets with good growth potential for acquisition; strengthen our core business by enhancing our asset quality and service standards; and extend our competitiveness to other business areas which have synergies with the core business so as to further expand our income base.”

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 Shangsan Expressway for a period of 30 years.

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Encl. Consolidated Income Statement (Unaudited)

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Zhejiang Expressway Co., Ltd.
2006 Interim Results

(Prepared in conformity with accounting principles generally accepted in Hong Kong)

Consolidated Income Statement (Unaudited)

	For the six months ended June 30	
	2006	2005
	<i>RMB'000</i>	<i>RMB'000</i> (Re-stated)
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Revenue	2,186,404	1,673,912
Operating costs	(1,031,346)	(647,269)
Gross profit	1,155,058	1,026,643
Other income	55,956	62,221
Administrative expenses	(29,011)	(26,026)
Other operating expenses	(13,878)	(10,015)
Profit from operating activities	1,168,125	1,052,823
Finance costs	(47,358)	(46,480)
Share of profit of associates	2,084	3,497
Share of profit of a jointly-controlled entity	10,149	10,677
Profit before tax	1,133,000	1,020,517
Income tax expense	(372,501)	(328,871)
Profit for the Period	760,499	691,646
Attributable to:		
Equity holders of the Company	688,729	632,693
Minority interests	71,770	58,953
	760,499	691,646
Dividends – Proposed interim	(304,018)	(304,018)
Earnings per share	RMB15.86 cents	RMB14.57 cents