



Zhejiang Expressway Co., Ltd.
(HKEx: 576; LSE: ZHEH;
ADR: ZHEXY)

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Financial Highlights

Fiscal Year End	Dec 31
Current Price (August 23, 2012)	HK\$5.17
52-Week Range	HK\$5.95-3.51
PE	10.16(X)
Market Cap	HK\$7,456 M
2011 Revenue	6,781 million
2011 Profit attributable to Owners of the Company	1,805 million
2011 EPS	41.57cents
2011 ROE	11.89

Corporate Profile

Incorporated on March 1, 1997, Zhejiang Expressway is the main vehicle of the Zhejiang Provincial Government for investing in, developing and operating expressways in Zhejiang Province. The Company and its subsidiaries also carry out certain ancillary businesses such as automobile servicing, operation of gas stations and billboard advertising along expressways, as well as the securities business.

The H Shares of the Company were listed on the Hong Kong Stock Exchange on May 15, 1997, and the Company subsequently obtained a secondary listing on the London Stock Exchange on May 5, 2000. On February 14, 2002, a Level I American Depositary Receipt program sponsored by the Company in respect of its H Shares was established in the United States and became effective. On August 12, 2005, a 10-year corporate bond of the Company, issued on January 24, 2003, was listed on the Shanghai Stock Exchange.

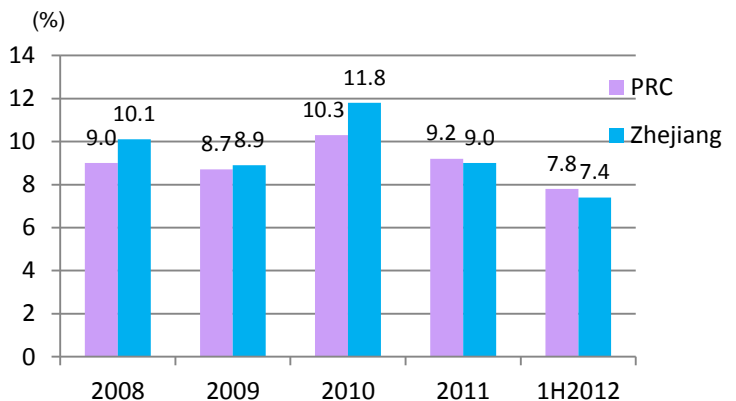
Investment Highlights

In the first half of 2012, revenue for the Group amounted to Rmb3,329.18 million, generally on par with the same period last year. Profit attributable to owners of the Company amounted to Rmb891.59 million, representing a slight decrease of 1.0% year-on-year. The Board of Directors has recommended to pay an interim dividend of Rmb6 cents per share (2011 interim: Rmb6 cents).

China's domestic economic growth continued to slacken as a result of the instability in the world economy and Chinese macro-control initiatives. The GDP growth rate fell to 7.8% year-on-year.

Zhejiang Province's GDP increased by 7.4% year-on-year, which remained lower than the national average growth rate.

GDP Growth Rate – PRC vs Zhejiang Province



PRC government invests heavily on toll road and infrastructure

According to figures released by the Ministry of Communications, total mileage of expressways in the PRC amounted to approximately 85,000 km at the end of 2011, ranking the second in the world.

Expressway development in Zhejiang continued

According to figures released by the Zhejiang Provincial Bureau of Communications, total mileage of expressways in operation in the province was 3,510 km at the end of 2011. Zhejiang Province targets to extend the total mileage of expressways to 5,000km by 2020.

Challenging operating environment

During the first half of 2012, the deceleration in macro-economic growth caused the organic growth in the traffic volume of the Group's two expressways to slow down significantly. In particular, with respect to Shangsang Expressway along which most of the companies are small- and medium-sized enterprises, the extent of fall in the organic growth of traffic volume was significantly greater than that of the Shanghai-Hangzhou-Ningbo Expressway.

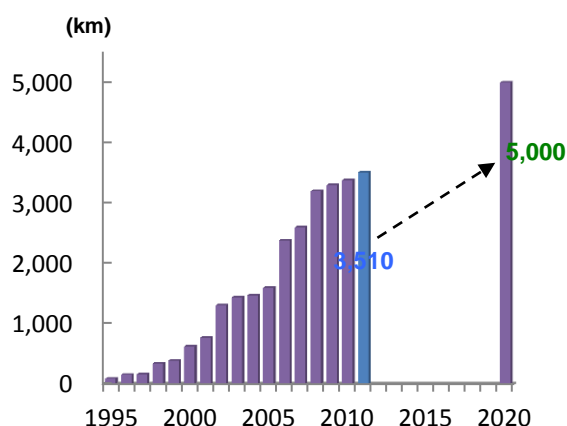
Efficiency for operator, convenience for users

The 52 electronic toll collection ("ETC") lanes on the Group's expressways, initially scheduled for completion by 2012, will be completed by the end of September this year ahead of schedule, and a test run will be conducted thereafter. The Company also stepped up the development of new projects in the service areas by introducing in June this year in Zhejiang Province for the first time McDonald's, the fast food restaurant chain, to the service areas of expressways to improve business performance and service quality.

Securities business, a further source of income

Due to the new commission policy – the "Notice on Further Strengthening Customer Services and the Management of Securities Trading Commissions of Securities Firms" implemented in early 2011, the decline in the commission rate has basically remained stable over the past one year. Moreover, new sales outlets continued to drive a stable increase in market share of the Company's securities business. The Company had 60 securities sales outlets during the Period, an increase of six outlets year-on-year. As China's stock market experiences increased uncertainties during the downward adjustment, the Group's securities business will be subject to the significant impact of the volatility in the A-share market and the intense competition in the securities brokerage industry. It is expected that Zheshang Securities will enhance the competitiveness of its operating network and improve the revenue structure of the brokerage, investment banking, asset management and other operations, while striving to create new businesses for facilitating the sound development of the securities business.

Total Mileage of Expressways in Zhejiang Province



Management Team

Mr. Xiaozhang Zhan

Chairman

- Appointed as Chairman since June 2012
- Had been Executive Director and General Manager since March 2009
- Senior economist; Master's degree in public administration from the Business Institute of Zhejiang University

Ms. Jianhu Luo

Executive Director & General Manager

- Appointed as Executive Director and the General Manager since June 2012
- Senior economist; Bachelor's degree from the Department of Law at Hangzhou University, majoring in Economic Law

Mr. Jingzhong Zhang

Deputy General Manager

- Had been Executive Director of the Company since Mar 1997
- Senior lawyer with required qualifications to practice securities law
- Senior Partner at T&C Law Firm in Hangzhou

Mr. Junyi Wu

Chief Financial Officer

- Had been Manager of Securities Investment Department and Manager of Planning and Finance Department
- Master degree in accounting from Xi'an Communications University in 1996.

Mr. Tony Zheng

Company Secretary

- Appointed as Company Secretary since March 2011
- Continues to serve as Director of the Secretarial Office to the Board of the Company
- Graduated from University of California at Berkeley with BS degree in Civil Engineering

Expressway	Ownership (%)	Length in Kilometres	No. of Lanes	No. of Toll Stations	No. of Service Areas	Start of Operation	Remaining Years of Operation
Shanghai-Hangzhou Expressway							
- Jiaxing section	99.9995%	88.1	8	7	2	1998	17
- Yuhang section	51%	11.1	6	1	0	1995-1998	17
- Hangzhou section	100%	3.4	4	2	0	1995	17
Hangzhou-Ningbo Expressway							
- Hangzhou to Hongken section	100%	16.0	4	1	0	1992	16
- Hongken to Duantang section	100%	124.0	8	9	2	1995	16
- Duantang to Dazhujia section	100%	5.0	4	1	0	1996	16
Shangsan Expressway	73.625%	142.0	4	11	3	2000	19

Results Highlights

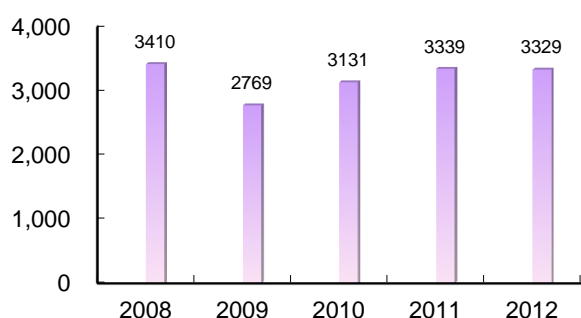
(Rmb million)	Six months ended June 30,		
	2012	2011	% change
Revenue	3,329	3,339	-0.3%
Operating costs	(2,077)	(1,987)	4.5%
Gross profit	1,252	1,353	-7.5%
Profit before tax	1,341	1,394	-3.8%
Profit for the Period	1,013	1,042	-2.8%
Profit attributable to owners of the Company	892	900	-0.3%
Basic EPS (cents)	20.53	20.73	-1.0%

Income Breakdown

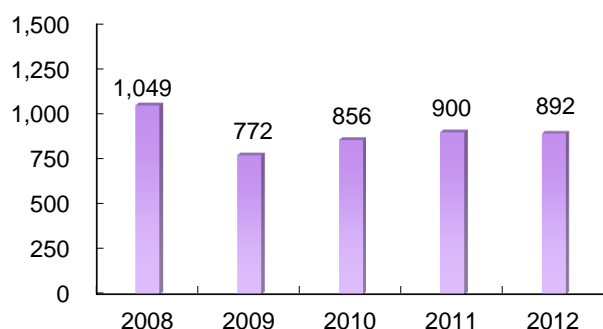
(Rmb million)	Six months ended June 30,		
	2012	2011	% change
Toll	1,795	1,792	0.2%
Service areas	986	912	8.1%
Advertising	50	43	15.7%
Securities business	594	689	-13.8%
Less: Revenue taxes	(95.1)	(96.8)	-1.8%
Revenue	3,329	3,339	-0.3%

Financial Highlights

Revenue – Interim (RMB million)

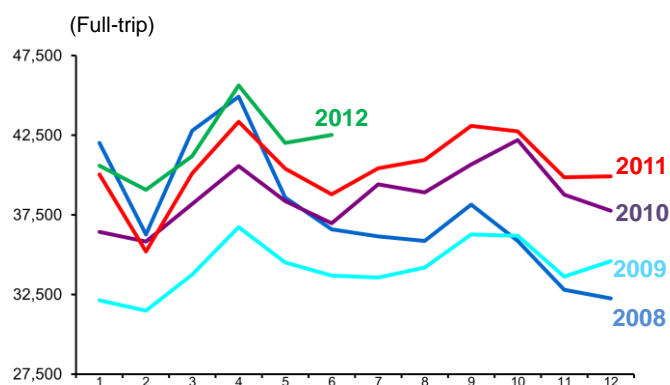


Profit attributable to owners of the company – Interim (RMB million)



Operating Highlights

Daily Traffic Volume of SHN Expressway



Daily Traffic Volume of Shangsan Expressway

