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Zhejiang Expressway Announces 2014 Interim Results
Deepen Reform and Innovation
Achieve Steady Growth

Financial Highlights

- Revenue amounted to Rmb4,121.82 million, representing an increase of 13.0% year-on-year.
- Profit attributable to owners of the Company amounted to Rmb1,063.43 million, representing an increase of 14.3% year-on-year.
- Earnings per share was Rmb24.49 cents.
- An interim dividend of Rmb6 cents per share is recommended.

(Hong Kong, August 27, 2014) – 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, 2014 (the “Period”).

During the Period, revenue for the Group was Rmb4,121.82 million, representing an increase of 13.0% over the same period in 2013. Profit for the Period attributable to owners of the Company was Rmb1,063.43 million, representing an increase of 14.3% year-on-year. Earnings per share for the Period was Rmb24.49 cents (same period in 2013: Rmb21.42 cents). The Directors have recommended to pay an interim dividend of Rmb6 cents per share (same period in 2013: Rmb6 cents).

Mr. Zhan Xiaozhang, Chairman of the Company said, “In the first half of 2014, the growth of China’s economy has been stabilizing, and Zhejiang Province saw varied levels of growth in investment, consumption and exports. Benefiting from the gradual recovery of Zhejiang Province’s economy and an improved environment for foreign trade, the Group recorded a steady revenue growth. The traffic volume on the Group’s three expressways experienced varying levels of organic growth corresponding to the regions in which they are located. Our securities business has been actively working to improve its income and profit structure to gradually reduce the dominant role that its brokerage business played in the past. Income from innovative businesses, such as margin financing and securities lending recorded a solid increase year-on-year.”



Business Review

During the Period, total toll income from the 248 km Shanghai-Hangzhou-Ningbo Expressway, the 142 km Shangsans Expressway and the 70 km Jinhua Section of the Ningbo-Jinhua Expressway amounted to Rmb2,111.52 million during the Period, representing an increase of 6.3% year-on-year. Toll income from the Shanghai-Hangzhou-Ningbo Expressway was Rmb1,495.97 million, representing a decrease of 0.4% year-on-year; toll income from the Shangsans Expressway was Rmb470.82 million, representing an increase of 31.1% year-on-year; while toll income from the Jinhua Section of the Ningbo-Jinhua Expressway was Rmb 144.73 million, representing an increase of 15.3% year-on-year.

The average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 43,764 during the Period, representing an increase of 1.2% year-on-year. In particular, average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou Section of the Shanghai-Hangzhou-Ningbo Expressway was 42,211, representing a decrease of 3.3% year-on-year. The average daily traffic volume in full-trip equivalents along the Hangzhou-Ningbo Section was 44,873, representing an increase of 4.3% year-on-year. The average daily traffic volume in full-trip equivalents along the Shangsans Expressway was 22,435 during the Period, representing an increase of 29.0% year-on-year. The average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 15,162 during the Period, representing an increase of 17.3% year-on-year.

For the toll road-related business operation, during the Period, with the opening of the Jiaying-Shaoxing Bridge (note: not operated by the Group), the service areas along Shangsans Expressway saw significant growth in income due to the increase in traffic volume. However, the decrease in traffic volume on the Shanghai-Hangzhou-Ningbo Expressway adversely affected income from service areas along the expressway, and these service areas make a relatively large contribution to income from service areas. Therefore, the overall income from service areas declined. However, due to a solid increase in sales of refined oil products and additional income from the external road maintenance projects, the Group's toll road-related businesses achieved a solid increase in overall income. Income from toll road-related businesses was Rmb1,208.56 million for the Period, representing an increase of 18.9% year-on-year.

For the securities business, during the Period, despite the slight growth in market share and trading volume of Zheshang Securities, its average commission rate declined from 0.08% to 0.072% due to intensified competition in the securities industry and the gradual relaxation of controls on commissions. As a result, income from Zheshang Securities' brokerage business was generally flattish compared with the same period last year. During the Period, Zheshang Securities' total operating income was Rmb924.15 million, an increase of 22.3% year-on-year. Brokerage commission income was Rmb641.80 million, a year-on-year increase of

10.8%. Moreover, securities investment gains from Zheshang Securities included in the condensed consolidated statement of profit or loss and other comprehensive income of the Group was Rmb79.15 million during the Period. The IPO application submitted by Zheshang Securities was accepted by the China Securities Regulatory Commission in May 2013 and Zheshang Securities remains on the waiting list for an IPO.

Outlook

Though the economy is still facing downward pressure, a series of “stabilizing growth” policies implemented by China are gradually yielding results. While external demands are expected to improve somewhat, internal growth of economic development is expected to strengthen. Therefore, the Group expects that the organic growth in traffic volume of the Group’s expressways will maintain a steady growth in the second half of this year.

Meanwhile, Zhejiang Provincial Government recently launched a specific rectification action on billboard advertising along expressways in the province. The billboards on the two sides of the main lines of the expressways must be removed, which will restrict the advertising business carried out by the Group’s subsidiary Zhejiang Expressway Investment Development Co., Ltd. to service areas, toll plazas and expressway interchanges. Additionally, Zheshang Securities transferred its entire 25% equity interest in Zheshang Fund Management Co., Ltd. to Tonglian Capital Management Co., Ltd. on August 14, 2014. The total consideration received for such transfer was Rmb207.00 million, and is expected to have a positive effect on the Group’s results for the second half of 2014.

A series of policies carried out by the Chinese government to reform China’s stock markets, which include the establishment of the Shanghai-Hong Kong Stock Connect, the anticipated recovery of the Chinese stock market and increased liquidity in China are expected to present new challenges and opportunities for Zheshang Securities. Zheshang Securities will accelerate the development of innovative businesses and further push forward the A-share listing process while strengthening cost and risk control to facilitate the sustainable development of its businesses.

Commenting on the Group’s development strategies in the future, **Mr. Zhan concluded**, “The Group’s management is making efforts to further to strengthen its core businesses through various measures, including reducing costs, increasing operational efficiency, improving operating management facilities, and further enhance service quality. In addition to continuing to strengthen its securities businesses, the Group will look for suitable investment projects while nurturing management capabilities in diversified operations. By



leveraging its financial resources, the Group will develop strategic synergies with our parent company in order to broaden its scope of future development, improve profitability, and achieve sustainable development over the long term.”

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About Zhejiang Expressway Co., Ltd

Established in 1997, Zhejiang Expressway Co., Ltd. (HKEx code: 576; LSE code: ZHEH; ADR code: ZHEXY) is regarded by the Zhejiang Provincial Government as its main enterprise for investment, development, operation, maintenance and management of high-grade roads in Zhejiang Province. The Company and its subsidiaries have concession rights to operate the Shanghai-Hangzhou-Ningbo Expressway and the Shangsang Expressway for a period of 30 years, as well as the Jinhua Section of the Ningbo-Jinhua Expressway for a period of 25 years. 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.

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