浙江滬杭甬高速公路股份有限公司
ZHEJIANG EXPRESSWAY CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 0576)

2013 INTERIM RESULTS ANNOUNCEMENT

The directors (the "Directors") of Zhejiang Expressway Co., Ltd. (the "Company") announce the unaudited consolidated operating results of the Company and its subsidiaries (collectively the "Group") for the six months ended June 30, 2013 (the "Period"), with the basis of preparation as stated in note 1 to the condensed consolidated financial statements set out below.

During the Period, revenue for the Group was Rmb3,647.27 million, representing an increase of 6.1% over the same period in 2012. Profit for the Period attributable to owners of the Company was Rmb930.39 million, representing an increase of 6.9% year-on-year. Earnings per share for the Period was Rmb21.42 cents (same period in 2012 (restated): Rmb20.03 cents).

The Directors have recommended to pay an interim dividend of Rmb6 cents per share, subject to shareholder approval at the extraordinary general meeting of the Company expected to be held on October 17, 2013.

The audit committee of the Company has reviewed the interim results. Set out below are the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the Period and condensed consolidated statement of financial position as at June 30, 2013, with comparative figures for the same period in 2012 and relevant notes to the condensed consolidated financial statements:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended June 30,	
		2013	2012
	Notes	***Rmb'000***	*Rmb'000*
		(Unaudited)	*(Unaudited and restated)*
Revenue	4	**3,647,268**	3,439,196
Operating costs		**(2,283,848)**	(2,176,784)
Gross profit		**1,363,420**	1,262,412
Securities investment gains		**79,786**	61,211
Other income	5	**103,890**	123,420
Administrative expenses		**(36,126)**	(35,994)
Other expenses		**(21,401)**	(16,755)
Share of gain (loss) of associates		**4,791**	(8,201)
Share of loss of a joint venture		**(13,938)**	–
Finance costs		**(43,079)**	(75,664)
Profit before tax		**1,437,343**	1,310,429
Income tax expense	6	**(374,175)**	(322,128)
Profit for the Period		**1,063,168**	988,301
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Available-for-sale financial assets			
– Fair value (loss) gain during the Period		**(3,681)**	5,436
– Reclassification adjustments for cumulative gain included in profit or loss upon disposal		**(1,381)**	–
Income tax relating to components of other comprehensive income		**1,266**	(1,359)
Other comprehensive (loss) income for the Period (net of tax)		**(3,796)**	4,077
Total comprehensive income for the Period		**1,059,372**	992,378

	Note	For the six months ended June 30, 2013 Rmb'000 (Unaudited)	2012 Rmb'000 (Unaudited and restated)
Profit for the Period attributable to:			
Owners of the Company		**930,385**	869,973
Non-controlling interests		**132,783**	118,328
		1,063,168	988,301
Total comprehensive income for the Period attributable to:			
Owners of the Company		**928,429**	872,099
Non-controlling interests		**130,943**	120,279
		1,059,372	992,378
Earnings per share – Basic and diluted	8	**21.42 cents**	20.03 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at June 30, 2013** *Rmb'000* *(Unaudited)*	As at December 31, 2012 *Rmb'000* *(Unaudited and restated)*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,638,818**	1,634,299
Prepaid lease payments		**69,234**	70,321
Expressway operating rights		**12,318,555**	12,722,158
Goodwill		**86,867**	86,867
Other intangible assets		**149,602**	155,633
Interests in associates		**567,997**	280,057
Interest in a joint venture		**356,016**	369,954
Available-for-sale investments		**173,065**	133,000
Other receivables		**–**	325,035
		15,360,154	15,777,324
CURRENT ASSETS			
Inventories		**27,927**	27,418
Trade receivables	9	**64,166**	64,447
Loans to customers arising from margin financing business		**2,301,208**	724,123
Other receivables and prepayments		**579,078**	621,023
Prepaid lease payments		**2,154**	2,154
Available-for-sale investments		**200,567**	134,899
Held for trading investments		**929,104**	1,486,772
Financial assets held under resale agreements		**864,777**	280,066
Bank balances held on behalf of customers		**7,753,335**	7,491,625
Bank balances and cash			
– Time deposits with original maturity over three months		**869,433**	1,483,408
– Cash and cash equivalents		**2,772,837**	3,392,053
		16,364,586	15,707,988

	Note	As at June 30, 2013 Rmb'000 (Unaudited)	As at December 31, 2012 Rmb'000 (Unaudited and restated)
CURRENT LIABILITIES			
Accounts payable to customers arising from securities business		**7,682,376**	7,481,819
Trade payables	10	**420,485**	408,612
Tax liabilities		**211,982**	223,592
Other taxes payable		**32,250**	54,226
Other payables and accruals		**1,089,978**	991,260
Dividends payable		**1,232,271**	94,998
Other loans		**430,000**	200,000
Financial assets sold under repurchase agreements		**316,000**	–
Placements from non-bank financial institutions		**310,000**	–
Long-term bonds due in one-year		**–**	1,000,000
Long-term loans due in one-year		**470,000**	460,000
		12,195,342	10,914,507
Net current assets		**4,169,244**	4,793,481
Total assets less current liabilities		**19,529,398**	20,570,805
Non-current liabilities			
Bank loans		**500,000**	680,000
Deferred tax liabilities		**253,568**	269,124
		753,568	949,124
		18,775,830	19,621,681
CAPITAL AND RESERVES			
Share capital		**4,343,115**	4,343,115
Reserves		**10,909,422**	11,701,345
Equity attributable to owners of the Company		**15,252,537**	16,044,460
Non-controlling interests		**3,523,293**	3,577,221
		18,775,830	19,621,681

Notes:

1. **BASIS OF PREPARATION**

   The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting".

2. **MERGER ACCOUNTING RESTATEMENT**

   During the Period, the Group has acquired the remaining 76.55% equity interest in Zhejiang Jinhua Yongjin Expressway Co., Ltd. ("Jinhua Co"), of which 66.283% equity interest was acquired from Zhejiang Communications Investment Group Co., Ltd ("Communications Group"). Since Communications Group is the parent company of the Company, this transaction was regarded as business combination involving entities under common control and was accounted for using merger accounting method, in accordance with the guidance set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). As a result, the comparative condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the period ended June 30, 2012 and the consolidated statement of financial position as at December 31, 2012 have therefore been restated, in order to include the losses, assets and liabilities of the combing entities since the date on which they first come under common control.

   The adopting of merger accounting method has resulted in a decrease in total comprehensive income attributable to owners of the Company and a decrease in profit attributable to owners of the Company for the period ended June 30, 2012 by Rmb21,618,000 and Rmb21,618,000, respectively.

The effect of the merger accounting restatement described above on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended June 30, 2012 by line items is as follows:

	For the six months ended June 30, 2012 *Rmb'000* *(Unaudited and originally stated)*	**Merger accounting restatement** *Rmb'000*	**For the six months ended June 30, 2012** *Rmb'000* *(Unaudited and restated)*
Revenue	3,329,181	110,015	3,439,196
Operating costs	(2,076,791)	(99,993)	(2,176,784)
Gross profit	1,252,390	10,022	1,262,412
Securities investment gains	61,211	–	61,211
Other income	124,881	(1,461)	123,420
Administrative expenses	(33,410)	(2,584)	(35,994)
Other expenses	(16,508)	(247)	(16,755)
Share of loss of associates	(15,849)	7,648	(8,201)
Finance costs	(31,223)	(44,441)	(75,664)
Profit before tax	1,341,492	(31,063)	1,310,429
Income tax expense	(328,225)	6,097	(322,128)
Profit for the Period	1,013,267	(24,966)	988,301
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Available-for-sale financial assets			
– Fair value gain during the Period	5,436	–	5,436
Income tax relating to components of other comprehensive income	(1,359)	–	(1,359)
Other comprehensive income for the Period (net of tax)	4,077	–	4,077
Total comprehensive income for the Period	1,017,344	(24,966)	992,378
Profit for the Period attributable to:			
Owners of the Company	891,591	(21,618)	869,973
Non-controlling interests	121,676	(3,348)	118,328
	1,013,267	(24,966)	988,301
Total comprehensive income attributable to:			
Owners of the Company	893,717	(21,618)	872,099
Non-controlling interests	123,627	(3,348)	120,279
	1,017,344	(24,966)	922,378
Earnings per share – Basic and diluted	20.53 cents	(0.50) cents	20.03 cents

The effect of the merger accounting restatement described above on the consolidated statement of financial position as at December 31, 2012 by line items is as follows:

	As at December 31, 2012	**Merger accounting restatement**	**As at December 31, 2012**
	Rmb'000	*Rmb'000*	*Rmb'000*
	(Audited and originally stated)		*(Unaudited and restated)*
NON-CURRENT ASSETS			
Property, plant and equipment	1,357,844	276,455	1,634,299
Prepaid lease payments	66,931	3,390	70,321
Expressway operating rights	10,732,058	1,990,100	12,722,158
Goodwill	86,867	–	86,867
Other intangible assets	155,633	–	155,633
Interests in associates	465,513	(185,456)	280,057
Interest in a joint venture	369,954	–	369,954
Available-for-sale investments	133,000	–	133,000
Other receivables	325,035	–	325,035
	13,692,835	2,084,489	15,777,324
CURRENT ASSETS			
Inventories	27,418	–	27,418
Trade receivables	57,847	6,600	64,447
Loans to customers arising from margin financing business	724,123	–	724,123
Other receivables and prepayments	701,627	(80,604)	621,023
Prepaid lease payments	2,052	102	2,154
Available-for-sale investments	134,899	–	134,899
Held for trading investments	1,486,772	–	1,486,772
Financial assets held under resale agreement	280,066	–	280,066
Bank balances held on behalf of customers	7,491,625	–	7,491,625
Bank balances and cash			
– Time deposits with originally maturity over three months	1,483,408	–	1,483,408
– cash and cash equivalents	3,362,709	29,344	3,392,053
	15,752,546	(44,558)	15,707,988

	As at December 31, 2012	Merger accounting restatement	As at December 31, 2012
	Rmb'000	*Rmb'000*	*Rmb'000*
	(Audited and originally stated)		*(Unaudited and restated)*
CURRENT LIABILITIES			
Accounts payable to customers arising from securities business	7,481,819	–	7,481,819
Trade payables	378,364	30,248	408,612
Tax liabilities	223,592	–	223,592
Other taxes payable	53,082	1,144	54,226
Other payables and accruals	973,031	18,229	991,260
Dividends payable	94,998	–	94,998
Other loans	–	200,000	200,000
Long-term bonds due in one-year	1,000,000	–	1,000,000
Long-term loans due in one-year	–	460,000	460,000
	10,204,886	709,621	10,914,507
NET CURRENT ASSETS	5,547,660	(754,179)	4,793,481
TOTAL ASSETS LESS CURRENT LIABILITIES	19,240,495	1,330,310	20,570,805
NON-CURRENT LIABILITIES			
Bank loans	–	680,000	680,000
Deferred tax liabilities	224,220	44,904	269,124
	224,220	724,904	949,124
	19,016,275	605,406	19,621,681
CAPITAL AND RESERVES			
Share capital	4,343,115	–	4,343,115
Reserves	11,177,137	524,208	11,701,345
Equity attributable to owners of the Company	15,520,252	524,208	16,044,460
Non-controlling interests	3,496,023	81,198	3,577,221
	19,016,275	605,406	19,621,681

The effect of merger accounting restatement described above on the Group's equity as at January 1, 2013 and January 1, 2012 is as follows:

	As at January 1, 2012	Merger accounting restatement	As at January 1, 2012	As at January 1, 2013	Merger accounting restatement	As at January 1, 2013
	Rmb'000	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*	*Rmb'000*
	(Audited and originally stated)		*(Unaudited and restated)*	*(Audited and originally stated)*		*(Unaudited and restated)*
Share capital	4,343,115	–	4,343,115	4,343,115	–	4,343,115
Share premium	3,645,726	–	3,645,726	3,645,726	–	3,645,726
Statutory reserves	2,968,634	–	2,968,634	3,227,511	–	3,227,511
Capital reserve	1,712	–	1,712	1,712	–	1,712
Investment revaluation reserve	(1,555)	–	(1,555)	254	–	254
Special reserve	18,666	797,471	816,137	18,666	797,471	816,137
Dividend reserve	1,085,779	–	1,085,779	1,042,347	–	1,042,347
Retained profits	3,116,462	(236,477)	2,879,985	3,240,921	(273,263)	2,967,658
Equity attributable to owners of the Company	15,178,539	560,994	15,739,533	15,520,252	524,208	16,044,460
Non-controlling interests	3,420,561	86,874	3,507,435	3,496,023	81,198	3,577,221
Total	18,599,100	647,868	19,246,968	19,016,275	605,406	19,621,681

3. PRINCIPAL ACCOUNTING POLICY

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as appropriate.

Except as described below, the accounting policies applied in the condensed consolidated financial statements for the Period are consistent with those in the preparation of the Group's annual financial statements for the year ended December 31, 2012.

Merger accounting for business combination involving entities under common control

The condensed consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The condensed consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the condensed consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

During the Period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA, which are effective for the Period. Except for the following, the application of the other new and revised HKFRSs in the current interim period had no material impact on the condensed consolidated financial statements and (or) relevant disclosures set out in these condensed consolidated financial statements.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers,* has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (i.e. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards. The directors of the Company reviewed and assessed the classification of the Group's investment in joint arrangement in accordance with the requirements of HKFRS 11. The directors concluded that the Group's interest in a jointly controlled entity under HKAS 31 should be classified as a joint venture under HKFRS 11. The application of HKFRS 11 has not had any material impact on the amount recognised in the Group's condensed consolidated financial statements.

Amendments to HKAS 1 ***Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

HKFRS 13 ***Fair value measurement***

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for and disclosures about, fair value measurement, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of the HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition of "fair value" and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the fair value measurement and disclosure requirements prospectively. The Group has provided these disclosures in accordance with the consequential amendments of HKAS 34 in the interim financial report. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amount recognised in the Group's condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Comparing to the same period last year, there were no changes in the reportable and operating segments of the Group during the Period.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	For the six months ended June 30, 2013			
	Toll operation *Rmb'000* *(Unaudited)*	**Service area and advertising businesses** *Rmb'000* *(Unaudited)*	**Securities operation** *Rmb'000* *(Unaudited)*	**Total** *Rmb'000* *(Unaudited)*
Segment revenue from external customers	**1,921,545**	**1,010,644**	**715,079**	**3,647,268**
Segment profit	**868,464**	**27,839**	**166,865**	**1,063,168**

	For the six months ended June 30, 2012			
	Toll operation *Rmb'000* *(Unaudited and restated)*	Service area and advertising businesses *Rmb'000* *(Unaudited and restated)*	Securities operation *Rmb'000* *(Unaudited)*	Total *Rmb'000* *(Unaudited and restated)*
Segment revenue from external customers	1,844,153	1,028,811	566,232	3,439,196
Segment profit	824,047	23,565	140,689	988,301

Segment profit represents the profit after tax of each operating segment. This is the measure reported to the chief operating decision maker – the Company's General Manager, for the purpose of resource allocation and performance assessment.

Revenue from major services

An analysis of the Group's revenue, net of discounts and taxes, for the Period is as followed:

	For the six months ended June 30,	
	2013	2012
	Rmb'000	*Rmb'000*
	(Unaudited)	*(Unaudited and restated)*
Toll operation revenue	**1,921,545**	1,844,153
Service area businesses revenue (mainly sales of goods)	**958,740**	983,282
Advertising business rental revenue	**51,904**	45,529
Commission income from securities operation	**538,279**	422,931
Interest income from securities operation	**176,800**	143,301
Total revenue	**3,647,268**	3,439,196

5. OTHER INCOME

	For the six months ended June 30,	
	2013	2012
	Rmb'000	*Rmb'000*
	(Unaudited)	*(Unaudited and restated)*
Interest income on bank balances, entrusted loan receivables and financial products investment	**45,746**	72,158
Rental income	**32,652**	34,020
Handling fee income	**2,193**	3,396
Towing income	**4,883**	5,557
Exchange gain (loss), net	**14**	(3,552)
Others	**18,402**	11,841
Total	**103,890**	123,420

6. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2013	2012
	Rmb'000	*Rmb'000*
	(Unaudited)	*(Unaudited and restated)*
Current tax:		
PRC enterprise income tax	**388,811**	326,801
Deferred tax	**(14,636)**	(4,673)
	374,175	322,128

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group is 25%.

No Hong Kong Profits Tax has been provided as the Group's income neither arises in, nor is derived from Hong Kong during the Period.

7. DIVIDENDS

The Directors have recommended the payment of an interim dividend of Rmb6 cents per share (corresponding period of 2012: Rmb6 cents per share), subject to shareholders' approval at the extraordinary general meeting of the Company expected to be held on October 17, 2013.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on profit for the Period attributable to owners of the Company of Rmb930,385,000 (corresponding period of 2012 (restated): Rmb869,973,000) and the 4,343,114,500 (2012: 4,343,114,500) ordinary shares in issue during the Period.

Diluted earnings per share presented is the same as basic earnings per share since there was no potential ordinary shares outstanding during the both periods.

9. TRADE RECEIVABLES

The Group has no credit period granted to its trade customers of toll operation and service area businesses. The following is an aged analysis of trade receivables presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period:

	As at June 30, 2013	As at December 31, 2012
	Rmb'000	*Rmb'000*
	(Unaudited)	*(Unaudited and restated)*
Within 3 months	**62,497**	64,138
3 months to 1 year	**1,500**	–
1 to 2 years	**–**	146
Over 2 years	**169**	163
Total	**64,166**	64,447

Included in the Group's trade receivable balance aged within 3 months were toll receivables from the Expressway Fee Settlement Center of the Highway Administration Bureau of Zhejiang Province amounting to Rmb59,829,000 (December 31, 2012: Rmb58,173,000) which has been settled subsequent to the end of the reporting period. The directors consider the credit risk of the balance to be minimal.

10. TRADE PAYABLES

Trade payables mainly represent the construction payables for the improvement projects of toll expressways. The following is an aged analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	As at June 30, 2013	As at December 31, 2012
	Rmb'000	*Rmb'000*
	(Unaudited)	*(Unaudited and restated)*
Within 3 months	**163,062**	236,246
3 months to 1 year	**128,131**	37,328
1 to 2 years	**26,051**	29,117
2 to 3 years	**8,694**	49,122
Over 3 years	**94,547**	56,799
Total	**420,485**	408,612

BUSINESS REVIEW

The rate of growth in the Chinese economy has slowed down in 2013 as a result of the slow recovery of the global economy and the domestic policy to maintain steady growth and undergo structural adjustment. In the first half of the year, China's GDP grew 7.6% year-on-year, while economic growth was down 0.1 percentage point from the first quarter of 2013. Zhejiang Province, which saw its economy begin to stabilize and pick up in the second half of 2012, continued to grow steadily in the first half of the year. The province's GDP grew 8.3% year-on-year during the Period, an increase the same as that of the first quarter of the year.

Benefiting from steady growth in the economy of Zhejiang Province as well as the recovery in foreign trade in the province, the Group's income increased by 6.3% comparing with the same period last year, amounting to a total of Rmb3,759.66 million. Of this income, Rmb1,987.14 million was generated from the three major expressways owned and operated by the Group, representing an increase of 4.2% comparing with the same period in 2012 and accounting for 52.9% of total income. Rmb1,016.65 million was generated from the Group's toll road-related businesses, representing a slight decline of 2.0% comparing with the same period in 2012 and accounting for 27.0% of total income. The securities business contributed a income of Rmb755.88 million to the Group, representing an increase of 27.4% comparing with the same period in 2012 and accounting for 20.1% of total income.

A breakdown of the Group's income for the Period is set out below:

	For the six months ended June 30,		
	2013	2012	
	Rmb'000	*Rmb'000*	**% Change**
	(Unaudited)	*(Unaudited and restated)*	
Toll income			
Shanghai-Hangzhou-Ningbo Expressway	**1,502,446**	1,456,618	3.1%
Shangsan Expressway	**359,199**	338,830	6.0%
Jinhua section, Ningbo-Jinhua Expressway	**125,490**	112,198	11.8%
Other income			
Service areas (mainly sales of goods)	**962,830**	987,188	-2.5%
Advertising	**53,815**	49,796	8.1%
Securities business income			
Commission	**579,077**	450,200	28.6%
Bank interest	**176,800**	143,301	23.4%
Subtotal	**3,759,657**	3,538,131	6.3%
Less: Revenue taxes	**(112,389)**	(98,935)	13.6%
Revenue	**3,647,268**	3,439,196	6.1%

Toll Road Operations

A higher level of organic growth was maintained in the traffic volume of the Group's Shanghai-Hangzhou-Ningbo Expressway and Shangsan Expressway during the Period as a result of apparent signs of stable growth in Zhejiang's economy in the first half of the year. Although the organic growth in the traffic volume in the second quarter was lower compared to the first quarter, it remained higher than in the fourth quarter last year.

The impact of the toll free policy on small passenger vehicles for the long holidays of Chinese New Year, Qingming Festival and Labour Day during the Period led to a loss of approximately Rmb73 million in the Group's toll income. Coupled with the impact of a number of negative factors such as the phasing out of the "Unified Toll Card" policy early last year, the adjustment to the rounding off of the last figures for passenger vehicle tolls in mid-May and the launch of the policy to adjust the classification of passenger vehicles in early August in the same year, the Group's toll income suffered a loss of approximately Rmb169 million during the Period.

Meanwhile, following the implementation of the tolling policy based on actual travel routes in Zhejiang Province on May 15, 2012, the Company has managed to increase its toll income by approximately Rmb69 million through the implementation of a number of initiatives such as the marketing campaign on the tolling policy based on actual travel routes, the fine-tuning of the toll-by-weight mechanism and the modification of weighing equipment. In particular, the tolling policy based on actual travel routes had a larger positive impact on Shangsan Expressway, and accordingly, the increase in toll income from Shangsan Expressway was higher than that from Shanghai-Hangzhou-Ningbo Expressway during the Period.

Near the end of the Period, the Group completed the acquisition of a 76.55% equity interest in Jinhua Co (which owns and operates the 69.7km Jinhua Section of the Ningbo-Jinhua Expressway). During the Period, construction work on some bridges on S211 Provincial Road, which runs parallel to the Ningbo-Jinhua Expressway, led to an increase in the number of vehicles rerouted to some parts of the Jinhua Section of the Ningbo-Jinhua Expressway, while the continued traffic congestion on the roads in some areas of Yiwu prompted a large number of local short-distance vehicles to switch to the nearby Jinhua Section of the Ningbo-Jinhua Expressway. Moreover, benefiting from the rapid growth in import and export trade in Jinhua, the traffic volume of large trucks and container trucks increased significantly on a year-on-year basis during the Period.

Average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 43,273 during the Period, representing an increase of 3.4% 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 43,636, representing an increase of 2.4% year-on-year, and that along the Hangzhou-Ningbo Section was 43,005, representing an increase of 4.2% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 17,397 during the Period, representing an increase of 2.3% year-on-year. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 12,993 during the Period, representing an increase of 10.4% year-on-year.

Total toll income from the 248km Shanghai-Hangzhou-Ningbo Expressway, the 142km Shangsan Expressway and the 70km Jinhua Section of the Ningbo-Jinhua Expressway amounted to Rmb1,987.14 million during the Period, representing an increase of 4.2% year-on-year. Toll income from the Shanghai-Hangzhou-Ningbo Expressway amounted to Rmb1,502.45 million, representing an increase of 3.1% year-on-year; toll income from the Shangsan Expressway amounted to Rmb359.20 million, representing an increase of 6.0% year-on-year; while toll income from the Jinhua Section of the Ningbo-Jinhua Expressway amounted to Rmb125.49 million, representing an increase of 11.8% year-on-year.

Toll Road-Related Business Operations

The Company operates certain toll road-related businesses along its expressways through its subsidiaries and associated companies, including gas stations, restaurants and shops in service areas, as well as a roadside advertising business.

During the Period, there was a decline in operating income due to the closure of the Yuyao Service Area from June last year for an expansion project, which commenced service only in March this year, and for which the gas station resumed full operations only from May 30 this year. This also had an impact on sales of refined oil products in the service area, resulting in a year-on-year decline in overall income. During the Period, income from toll road-related operations amounted to Rmb1,016.65 million, representing a decrease of 2.0 % year-on-year.

Securities Business

During the Period, the aggregate trading volume of the Shanghai and Shenzhen stock exchanges rose by 22.8% year-on-year as a result of the recovery in the Chinese stock market. Despite the year-on-year decline in the market share of Zheshang Securities Co., Ltd. ("Zheshang Securities", a 70.83% owned subsidiary of Zhejiang Shangsan Expressway Co., Ltd., a subsidiary of the Company), a sizable year-on-year increase was registered in commission income during the Period. Benefitting from an increase in trading volume in the stock market and a slight rebound in the commission rate, there were year-on-year increases in income to varying degrees across Zheshang Securities' securities brokerage business, investment banking and asset management businesses during the Period.

To cope with uncertainties during the current recovery in the stock market, Zheshang Securities is taking measures to gradually adjust its current business pattern dominated by the brokerage business, and vigorously improving its income and profit structures to boost the comprehensive development of its various businesses by stepping up the innovation of its businesses. Meanwhile, in order to speed up the process of its listing on the Shanghai Stock Exchange, Zhejiang Securities has submitted an IPO application which was accepted by the China Securities Regulatory Commission on May 2, 2013 and is officially admitted into the waiting list for IPOs.

During the Period, Zheshang Securities realized income of Rmb755.88 million, an increase of 27.4% year-on-year. Of this income, brokerage commission income amounted to Rmb579.08 million, a year-on-year increase of 28.6%, and interest income from the securities business amounted to Rmb176.80 million, a year-on-year increase of 23.4%. Moreover, securities investment gains from Zheshang Securities accounted for in the condensed consolidated statement of profit or loss and other comprehensive income amounted to Rmb73.49 million during the Period.

Long-Term Investments

Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associate company of the Company) benefited from a growth in the sales of refined oil products during the Period, the associate company realized an income of Rmb3,085.49 million, representing an increase of 6.1% year-on-year. During the Period, net profit amounted to Rmb11.34 million (same period in 2012: net profit of Rmb10.18 million).

JoinHands Technology Co., Ltd. (a 27.582%-owned associate company of the Company) generated its income primarily from its property leasing activities, and the associate company did not make any significant improvements to its operations during the Period. The Company has instituted legal proceedings with regard to the transfer of the equity interest in the associated company and separately lodged an appeal against the subsequent judgement thereon. On April 28, 2013, the Hangzhou Intermediate People's Court ruled in favour of the Company in its final judgement which is to be executed after the court conducts an evaluation of the assets of the associated company.

Shengxin Expressway Co., Ltd. ("Shengxin Company", a 50% owned joint venture of the Company) operates the 73.4km Shaoxing section of the Ningbo-Jinhua Expressway. During the Period, the improving provincial economy led the traffic volume on that section to pick up. The average daily traffic volume in full-trip equivalents along that section was 12,318 vehicles, representing an increase of 2.26% year-on-year and generating a toll income of Rmb141.22 million. Due to its heavy financial burden, a loss of Rmb27.88 million was recorded in the current Period.

On March 30, 2013, the Company entered into a capital increase agreement with Zhejiang Communications Investment Group Finance Co., Ltd. ("Zhejiang Communications Finance") and its existing shareholders, pursuant to which the Company has conditionally agreed to make a capital contribution of Rmb280 million in cash to the equity capital of Zhejiang Communications Finance, thereby enabling the Company to own a 35% equity interest in Zhejiang Communications Finance. Earnings from the associated company were accounted for as share of gain of associates of the Company from May 1, 2013, and Zhejiang Communications Finance realised profit of Rmb26.05 million from May 1, 2013 to the end of the Period.

FINANCIAL ANALYSIS

The Group adopts a prudent financial policy with an aim to provide shareholders of the Company with sound returns over the long term.

During the Period, profit attributable to owners of the Company was approximately Rmb930.39 million, representing an increase of 6.9% year-on-year, return on owners' equity was 6.1%, representing an increase of 8.9% year-on-year, while earnings per share for the Company was Rmb21.42 cents.

Liquidity and financial resources

As at June 30, 2013, current assets of the Group amounted to Rmb16,364.59 million in aggregate (December 31, 2012 (restated): Rmb15,707.99 million), of which bank balances and cash accounted for 22.3% (December 31, 2012 (restated): 31.0%), bank balances held on behalf of customers accounted for 47.4% (December 31, 2012 (restated): 47.7%), and held for trading investments accounted for 5.7% (December 31, 2012 (restated): 9.5%). Current ratio (current assets over current liabilities) of the Group as at June 30, 2013 was 1.3 (December 31, 2012 (restated): 1.4). Excluding the effect of the customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less bank balances held on behalf of customers over current liabilities less balance of accounts payable to customers arising from securities business) was 1.9 (December 31, 2012 (restated): 2.4).

The amount of held for trading investments of the Group as at June 30, 2013 was Rmb929.10 million (December 31, 2012: Rmb1,486.77 million), of which 97.1% was invested in bonds, 2.4% was invested in stocks, and the rest was invested in open-end equity funds.

During the Period, net cash inflow generated from the Group's operating activities amounted to Rmb1,050.33 million.

The Directors do not expect the Company to experience any problems with liquidity and financial resources in the foreseeable future.

Borrowings and solvency

As at June 30, 2013, total liabilities of the Group amounted to Rmb12,948.91 million (December 31, 2012 (restated): Rmb11,863.63 million), of which 10.8% was loans and 59.3% was accounts payable to customers arising from securities business.

Total interest-bearing borrowings of the Group as at June 30, 2013 amounted to Rmb1,400.00 million, representing a decrease of 40.2% compared to that as at December 31, 2012. The borrowings comprised outstanding balances of domestic commercial bank loans of Rmb970.00 million, loans from a domestic non-bank financial institution of Rmb90.00 million and entrusted loans from an enterprise of Rmb340.00 million. Of the interest-bearing borrowings, 35.7% was not payable within one year.

As at June 30, 2013, the Group's loans from domestic commercial banks include short-term loans and medium-term loans, with floating interest rate ranging from 5.895% to 6.12% per annum; loans from an enterprise were short-term loans, with floating interest rate of 5.24% per annum; loans from a domestic non-bank financial institution were short-term loans, with the interest rate fixed at 5.40% per annum; while the annual interest rate for accounts payable to customers arising from the securities business was fixed at 0.35%.

Total interest expenses for the Period amounted to Rmb43.08 million, while profit before interest and tax amounted to Rmb1,480.42 million. The interest cover ratio (profit before interest and tax over interest expenses) stood at 34.4 times (corresponding period of 2012 (restated): 18.3).

As at June 30, 2013, the asset-liability ratio (total liabilities over total assets) was 40.8% (December 31, 2012 (restated): 37.7%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of accounts payable to customers arising from securities business over total assets less bank balances held on behalf of customers) of the Group was 22.0% (December 31, 2012 (restated): 18.3%).

Capital structure

As at June 30, 2013, the Group had Rmb18,775.83 million in total equity, Rmb8,398.38 million in fixed-rate liabilities, Rmb1,310.00 million in floating-rate liabilities, Rmb3,240.53 million in interest-free liabilities, representing 59.2%, 26.5%, 4.1% and 10.2% of the Group's total capital, respectively. The gearing ratio, which is computed by dividing the total liabilities less accounts payable to customers arising from securities business by total equity, was 28.0% as at June 30, 2013 (December 31, 2012 (restated): 22.3%).

Capital expenditure commitments and utilization

During the Period, capital expenditure of the Group totaled Rmb1,140.03 million, while capital expenditure of the Company totaled Rmb1,059.01 million. Amongst the total expenditure of the Group, Rmb756.86 million was incurred for acquiring 76.55% equity interest in Jinhua Co, Rmb280.00 million was incurred for 35% equity investment in Zhejiang Communications Finance, Rmb61.12 million was incurred for acquisition and construction of properties, Rmb19.98 million was incurred for purchase of equipments and Rmb22.07 million was incurred for service area renovation and expansion.

As at June 30, 2013, the remaining capital expenditure committed by the Group and the Company totaled Rmb1,703.24 million and Rmb1,155.72 million, respectively. Amongst the remaining balance of capital expenditure committed by the Group, Rmb1,000.00 million will be used for capital injection to Jinhua Co, Rmb435.93 million will be used for acquisition and construction of properties, Rmb218.53 million for acquisition and construction of equipments and facilities and Rmb48.78 million for service area renovation and expansion

The Group will finance the above-mentioned capital expenditure commitments with internally generated cash flow first and then will consider using debt financing to meet any shortfalls in priority to using other methods.

Contingent liabilities and pledge of assets

As at June 30, 2013, Zhejiang Yuhang Expressway Co., Ltd. (a 51% owned subsidiary of the Company) provided a property under construction as a mortgaged asset for its domestic commercial bank loan of Rmb100.00 million. The carrying amount of the mortgaged asset was Rmb306.51 million. Besides, Jinhua Co provided the operating right of its expressway as pledged asset for its domestic commercial bank loans of Rmb870.00 million. The carrying amount of the pledged asset was Rmb1,933.30 million.

Except for the above, as at June 30, 2013, the Group did not have any other contingent liabilities, pledge of assets or guarantees.

Foreign exchange exposure

Save for dividend payments to the holders of H shares in Hong Kong dollars, the Group's principal operations were transacted and booked in Renminbi. Therefore, the Group's exposure to exchange fluctuation is limited. During the Period, the Group has not used any financial instruments for hedging purpose.

Although the Directors do not foresee any material foreign exchange risks for the Group, there is no assurance that foreign exchange ricks will not affect the operating results of the Group in the future.

OUTLOOK

The overall performance of the Group's toll road operations is influenced by the macroeconomic and regional economic development. Existing statistical figures suggest that although the economy of Zhejiang Province is maintaining steady growth, it is subject to downward pressure and the growth rate is likely to decline in the second half of the year. As a result, organic growth in the traffic volume of the Group's expressways is expected to slow down in the second half.

Meanwhile, the Jiaxing-Shaoxing Expressway, which opened to traffic on July 19, 2013, is expected to have a slight diversion impact on the Group's Shanghai-Hangzhou-Ningbo Expressway. Since the Jiaxing-Shaoxing Expressway is currently not yet open to trucks, the positive, favourable effect has not yet been fully reflected on the Group's Shangsan Expressway. The opening of the Jiaxing-Shaoxing Expressway will cause a slight fall in the Group's overall toll income for the whole year.

The Company's management is undertaking various measures to further increase income from its principal business. By increasing income and plugging loopholes, the Company aims to step up marketing initiatives for newly opened expressways such as Jiaxing-Shaoxing Expressway to attract more vehicles to use sections of expressways operated by the Group. Meanwhile, the Group will cut the loss of toll income by taking special measures against a small number of toll-evading trucks.

Moreover, both the uncertainty over the recovery of the Chinese stock market and the need for China to make appropriate modifications to its monetary policy have presented new challenges and opportunities for Zheshang Securities, prompting Zheshang Securities to accelerate the development of innovative businesses and to further push forward the A-share listing process whilst strengthening cost control and risk control for facilitating the sustainable development of its businesses.

In addition to continuing to strengthen its principal toll road operations, the Group is also actively engaging in the development of toll road-related businesses with the acquisition of the franchise to operate two pairs of service areas of expressways in Ningbo area in early August this year. In addition to the improvement of the Group's securities and financial business, the Group's management will also seek to generate strategic synergies with its parent company by seeking suitable investment projects, nurturing management capabilities in its diversified businesses and utilizing its financial resources advantage to expand the space for future development and improving profitability.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold, redeemed or cancelled any of the Company's shares during the Period.

COMPLIANCE WITH LISTING RULES APPENDIX 14

During the Period, the Company had complied with all code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") set out in Appendix 14 to the Listing Rules, and had adopted the recommended best practices in the Code as and when applicable.

The electronic version of this announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and on the Company's website (www.zjec.com.cn). The interim report of the Company for the six months ended June 30, 2013 will be dispatched to shareholders of the Company and published on The Stock Exchange of Hong Kong Limited's website and the Company's website in due course.

By order of the Board
Zhejiang Expressway Co., Ltd.
ZHAN Xiaozhang
Chairman

Hangzhou, PRC, August 28, 2013

As at the date of this announcement, the executive directors of the Company are: Mr. ZHAN Xiaozhang, Ms. LUO Jianhu and Mr. DING Huikang; the non-executive directors of the Company are: Mr. LI Zongsheng, Mr. WANG Weili and Mr. WANG Dongjie; and the independent non-executive directors of the Company are: Mr. ZHANG Junsheng, Mr. ZHOU Jun and Mr. PEI Ker-Wei.