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)

2010 Annual Results Announcement
Change in Company Secretary

- Revenue amounted to Rmb6,769.06 million, representing an increase of 12.1% year-on-year.
- Profit attributable to owners of the Company amounted to Rmb1,871.50 million, representing an increase of 4.2% year-on-year.
- Earnings per share was Rmb43.09 cents.
- A final dividend of Rmb25 cents per share is recommended.

The directors (the "Directors") of Zhejiang Expressway Co., Ltd. (the "Company") announced the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended December 31, 2010 (the "Period"), with the basis of preparation as stated in note 1 set out below.

RESULTS AND DIVIDENDS

During the Period, revenue for the Group was Rmb6,769.06 million, representing an increase of 12.1% over 2009. Profit attributable to owners of the Company was Rmb1,871.50 million, representing an increase of 4.2% year-on-year. Earnings per share for the Period was Rmb43.09 cents (2009: Rmb41.34 cents).

The Directors have recommended to pay a final dividend of Rmb25 cents per share (2009: Rmb25 cents), subject to shareholders' approval at the annual general meeting of the Company to be held on May 9, 2011. Together with an interim dividend of Rmb6 cents per share already paid, the annual dividend payout during the Period is Rmb31 cents per share (2009: Rmb31 cents).

The audit committee of the Company has reviewed the Group's annual results of the Period. Set out below are the audited consolidated statement of comprehensive income for the Period and consolidated statement of financial position as at December 31,2010, together with the comparative figures for 2009:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended December 31,	
		2010	**2009**
	Notes	*Rmb'000*	*Rmb'000*
Revenue	3	6,769,064	6,036,294
Operating costs		(3,760,494)	(3,145,294)
Gross profit		3,008,570	2,891,000
Securities investment gains		126,532	35,967
Other income	4	199,791	426,280
Administrative expenses		(83,189)	(69,845)
Other expenses		(21,904)	(133,640)
Share of profit (loss) of associates		2,453	(24,164)
Share of profit of a jointly controlled entity		—	21,254
Finance costs		(120,979)	(62,724)
Profit before tax		3,111,274	3,084,128
Income tax expense	5	(798,785)	(840,055)
Profit for the year		2,312,489	2,244,073

	Notes	For the year ended December 31, 2010 Rmb'000	2009 Rmb'000
Other comprehensive (loss) income			
Available-for-sale financial assets			
- Fair value gain during the year		14,342	34,234
- Reclassification adjustments for cumulative gain included in profit or loss upon disposal		(25,052)	(13,632)
Income tax relating to components of other comprehensive income		2,678	(5,150)
Other comprehensive (loss) income for the year (net of tax)		(8,032)	15,452
Total comprehensive income for the year		2,304,457	2,259,525
Profit for the year attributable to:			
Owners of the Company		1,871,499	1,795,488
Non-controlling interests		440,990	448,585
		2,312,489	2,244,073
Total comprehensive income for the year attributable to:			
Owners of the Company		1,867,332	1,803,504
Non-controlling interests		437,125	456,021
		2,304,457	2,259,525
EARNINGS PER SHARE-BASIC	7	Rmb43.09 cents	Rmb41.34 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at December 31, 2010 Rmb'000	2009 Rmb'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,120,626	1,035,628
Prepaid lease payments		71,035	30,342
Expressway operating rights		12,071,497	12,755,338
Goodwill		86,867	86,867
Other intangible assets		155,020	154,819
Interests in associates		472,910	435,007
Available-for-sale investments		1,000	1,000
		13,978,955	14,499,001
CURRENT ASSETS			
Inventories		17,715	17,342
Trade receivables	8	50,768	50,570
Other receivables		953,153	451,167
Prepaid lease payments		2,052	1,421
Available-for-sale investments		71,928	54,704
Held for trading investments		803,772	517,895
Financial assets held under resale agreement		80,163	—
Bank balances held on behalf of customers		11,685,951	11,532,284
Bank balances and cash			
— Restricted bank balances		—	942
— Time deposits with original maturity over three months		325,545	228,452
— Cash and cash equivalents		5,682,053	5,049,003
		19,673,100	17,903,780

	Notes	As at December 31, 2010 Rmb'000	2009 Rmb'000
CURRENT LIABILITIES			
Accounts payable to customers arising from securities dealing business		11,631,030	11,502,930
Trade payables	9	548,695	647,373
Tax liabilities		450,708	512,551
Other taxes payable		51,002	30,492
Other payables and accruals		1,049,301	637,665
Dividends payable		120,319	18
Interest-bearing bank and other loans		822,000	478,055
Provisions	10	21,238	122,477
		14,694,293	13,931,561
NET CURRENT ASSETS		4,978,807	3,972,219
TOTAL ASSETS LESS CURRENT LIABILITIES		18,957,762	18,471,220
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans		—	144,329
Long-term bonds		1,000,000	1,000,000
Deferred tax liabilities		262,647	262,037
		1,262,647	1,406,366
		17,695,115	17,064,854
CAPITAL AND RESERVES			
Share capital		4,343,115	4,343,115
Reserves		10,380,137	9,840,505
Equity attributable to owners of the Company		14,723,252	14,183,620
Non-controlling interests		2,971,863	2,881,234
		17,695,115	17,064,854

Notes:

1. **Basis of Preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx") (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. **Principal Accounting Policies**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in the exchange for goods.

The accounting policies used in the consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended December 31, 2009 except as described below.

In the current year, the Group has applied the following new and revised standards and interpretations issued by the HKICPA.

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK - Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised standards and interpretations in the current year has had no material effect on the consolidated financial statements of the Group.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at January 1, 2010 based on information that existed at the inception of the leases. The application of the amendments to HKAS 17 has had no impact on the consolidated financial statements of the Group and therefore no adjustment is required.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The Group has applied HKAS 27(as revised in 2008) for changes in ownership interests in existing subsidiaries of the Group in the current year.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss. These changes have been applied prospectively from January 1, 2010 in accordance with the relevant transitional provisions.

The application of the revised Standard has affected the accounting for the Group's acquisition of additional equity interest in subsidiaries, Zhejiang Expressway Investment Development Co., Ltd. ("Development Co") and Zhejiang Expressway Vehicle Towing and Rescue Service Co., Ltd. ("Service Co"), in the current year. The change in policy has resulted in the difference of Rmb18,666,000 between the consideration paid of Rmb98,880,000 and the non-controlling interests recognised of Rmb117,546,000 being recognised directly in equity, instead of in profit or loss. Therefore, the change in accounting policy has resulted in a decrease in the profit for the year of Rmb18,666,000 and a decrease in the basic earnings per share for the year of Rmb0.4 cents. In addition, the cash consideration paid in the current year of Rmb98,880,000 has been included in cash flows used in financing activities.

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK (IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after July 1, 2010 or January 1, 2011, as appropriate.

[2] Effective for annual periods beginning on or after July 1, 2010.

[3] Effective for annual periods beginning on or after January 1, 2011.

[4] Effective for annual periods beginning on or after January 1, 2013.

[5] Effective for annual periods beginning on or after January 1, 2012.

[6] Effective for annual periods beginning on or after January 1, 2011.

[7] Effective for annual periods beginning on or after February 1, 2010.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending December 31, 2013 and that the application of the new Standard will affect the classification and measurement of the Group's available-for-sale investments and may affect the classification and measurement of the Group's other financial assets but not on the Group's financial liabilities.

3. **Revenue**

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

	Year ended December 31,	
	2010	**2009**
	Rmb'000	*Rmb'000*
Toll operation revenue	3,475,319	3,107,505
Service area businesses revenue	1,633,628	1,178,318
Advertising business revenue	77,997	77,786
Commission income from securities operation	1,352,051	1,498,827
Interest income from securities operation	226,630	170,074
Others	3,439	3,784
Total revenue	6,769,064	6,036,294

4. **Other Income**

	Year ended December 31,	
	2010	**2009**
	Rmb'000	*Rmb'000*
Interest income on bank balances and entrusted loan receivables	56,278	27,613
Rental income	66,369	58,697
Net exchange gain	15,303	547
Handling fee income	23,689	28,644
Towing income	11,056	11,243
Gain on disposal of a jointly controlled entity	—	274,494
Interest income from structured deposit	136	3,114
Others	26,960	21,928
Total	199,791	426,280

5. **Income Tax Expense**

	Year ended December 31,	
	2010	**2009**
	Rmb'000	*Rmb'000*
Current tax:		
PRC Enterprise Income Tax	794,590	841,722
Deferred tax	4,195	(1,667)
	798,785	840,055

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% from January 1, 2008 onwards.

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

The tax charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	Year ended December 31, 2010	2009
	Rmb'000	*Rmb'000*
Profit before tax	3,111,274	3,084,128
Tax at the PRC enterprise income tax rate of 25%	777,819	771,032
Tax effect of share of (profit) loss of associates	(613)	6,041
Tax effect of share of profit of a jointly controlled entity	—	(5,314)
Tax effect of income not taxable for tax purposes	(12)	(22)
Tax effect of expenses not deductible for tax purposes	21,591	68,318
Tax charge for the year	798,785	840,055

6. **Dividends**

	2010	2009
	Rmb'000	*Rmb'000*
Dividends recognised as distribution during the year:		
2010 Interim-Rmb6 cents（2009：2009 interim Rmb6 cents） per share	260,587	260,587
2009 Final-Rmb25 cents（2009：2008 Final Rmb24 cents） per share	1,085,779	1,042,347
	1,346,366	1,302,934

The final dividend of Rmb25 cents per share in respect of the year ended December 31, 2010 (2009: final dividend of Rmb25 cents per share in respect of the year ended December 31, 2009) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

7. **Earnings Per Share**

The calculation of the basic earnings per share is based on profit for the year attributable to owners of the Company of Rmb1,871,499,000 (2009: Rmb1,795,488,000) and the 4,343,114,500 (2009: 4,343,114,500) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares outstanding for the year ended December 31, 2009 and 2010.

8. **Trade Receivables**

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

	As at December 31,	
	2010	**2009**
	Rmb'000	*Rmb'000*
Within 3 months	49,666	49,739
3 months to 1 year	—	—
1 to 2 years	271	218
Over 2 years	831	613
Total	50,768	50,570

9. **Trade payables**

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

	As at December 31,	
	2010	**2009**
	Rmb'000	*Rmb'000*
Within 3 months	166,438	410,900
3 months to 1 year	232,122	77,793
1 to 2 years	60,701	136,065
2 to 3 years	83,256	22,011
Over 3 years	6,178	604
Total	548,695	647,373

10. **Provisions**

With respect to the relevant disclosure made under "Provisions" in the Company's Annual Report 2009 (p. 105 - 106), as of the date of this announcement, there were no other significant changes during the Period save as described below.

Of a provision amounting to Rmb21,683,000 made for additional interest compensation for the customers under the state bond investment agency agreements and the fund trust agreements, Rmb445,000 was an over-provided portion and was reversed during the Period;

A provision amounting to Rmb94,860,000 made in 2009 for the principal and partial interests thereon in connection with the illegal misappropriation from Zheshang Securities customers' deposits and funds by the former person-in-charge of one of the Sales Departments was settled in full during the Period;

With respect to the dispute over the asset management entrustment contract entered into between Sinobase International Ltd. ("Sinobase") and Zheshang Securities, an amount involving Rmb12,981,000 was reversed in full as a result of Sinobase's withdrawal of the lawsuit during the year.

BUSINESS REVIEW

In 2010, as the Government applied a number of initiatives to strengthen and improve macro-economic controls and accelerated economic restructuring, China has managed to consolidate and expand the achievements in countering the impact of the global financial crisis, thereby enabling the Chinese economy to operate well in general. In 2010, China's national GDP grew by 10.3% year-on-year. As a result of the overall economic recovery, Zhejiang Province also experienced stable and relatively fast development in 2010 and saw various sectors gradually returning to balanced developments. GDP in Zhejiang Province rose 11.8% during the Period as compared to the same period of the previous year.

As China's domestic macro economy stabilized and improved, revenue from the Group's overall operations grew during the Period compared to the same period of the previous year. However, performance varied across the different operations. During the Period, the Group realized a total income of Rmb6,979.57 million, representing an increase of 11.9% year-on-year; of which Rmb3,590.46 million was attributable to the two major expressways operated by the Group, representing 51.4% of the total income; Rmb1,731.07 million was attributable to the Group's toll road-related businesses such as service area operations, gas stations, advertising business and so forth, representing 24.8% of the total income; and Rmb1,658.05 million was attributable to the securities business, representing 23.8% of the total income.

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

	2010 *Rmb'000*	**2009** *Rmb'000*	*% Change*
Toll income			
Shanghai-Hangzhou-Ningbo Expressway	2,848,805	2,451,957	16.2%
Shangsan Expressway	741,652	759,434	-2.3%
Other income			
Service areas	1,641,748	1,185,813	38.4%
Advertising	85,881	85,076	0.9%
Road maintenance	3,439	3,784	-9.1%
Securities business income			
Commission	1,431,416	1,582,623	-9.6%
Bank interest	226,630	170,074	33.3%
Subtotal	6,979,571	6,238,761	11.9%
Less: Revenue taxes	(210,507)	(202,467)	4.0%
Revenue	6,769,064	6,036,294	12.1%

TOLL ROAD OPERATIONS

The Group saw a relatively high rate of organic growth in traffic volume along its two expressways during the Period, as a result of a number of favorable factors in 2010 such as the growth in cargo throughput on the highways, increasing automobile sales volume and resumed growth in exports in Zhejiang Province.

Meanwhile, upon completion of the works on the Shanghai section of the Shanghai-Hangzhou Expressway on January 1, 2010 and after the Company had stepped up various promotional activities, traffic volume along the Shanghai-Hangzhou section quickly returned to the level prior to traffic diversions. In addition, the World Expo held in Shanghai contributed to an increase in traffic volume of passenger vehicles traveling on the two expressways of the Group.

The implementation of the toll-by-weight policy for trucks in April 2010 has effectively reduced excessive overloading of trucks and boosted toll income from trucks. It has also changed the past few years' trend whereby the increase in toll income from the Group's expressways had been lower than the increase in traffic volume, with the increase in toll income being approximately three percentage points higher than the increase in traffic volume in 2010.

The dual-path identification system for expressways in Zhejiang Province launched in mid-October 2009 led to a growth in traffic volume along the Shanghai-Hangzhou-Ningbo Expressway while having a negative impact on the traffic volume along the Group's Shangsan Expressway. This was the major reason for a decline in toll income and traffic volume along the Shangsan Expressway compared to the same period of the previous year. However, the implementation of the system during the Period had a slightly positive impact on toll income from the two expressways as a whole.

In order to improve tolling efficiency and to facilitate the access by drivers and passengers to toll stations on expressways in a more efficient and convenient way, the Company has commenced full operation of eight electronic toll stations at the first stage in April 2010. Since the official operation, the electronic tolling system has accounted for 30% of the utilization of electronic toll collection on all expressways throughout the province, and the system was well-received by users.

The official operation in February 2010 of the Shenjia Huhang Expressway adjacent to the Shanghai-Hangzhou Expressway had a minor impact on the traffic volume along the Group's expressways. However, the opening of the Zhuyong Expressway on July 22, 2010 had a more significant negative impact on the Shangsan Expressway, apart from creating slight traffic diversions upon the Group's Shanghai-Hangzhou-Ningbo Expressway.

Consequently, the average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou-Ningbo Expressway was 38,784 during the Period, representing an increase of 13.3% year-on-year. In particular, the average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou section of the Shanghai-Hangzhou-Ningbo Expressway was 39,548, an increase of 19.7% year-on-year, and that along the Hangzhou-Ningbo section was 38,238, an increase of 8.9% year-on-year. The average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 17,584 during the Period, representing a decrease of 6.2% year-on-year.

Total toll income from the 248km Shanghai-Hangzhou-Ningbo Expressway and the 142km Shangsan Expressway amounted to Rmb3,590.46 million during the Period, representing an increase of 11.8% year-on-year. In respect of such income, toll income from the Shanghai-Hangzhou-Ningbo Expressway amounted to Rmb2,848.81 million, an increase of 16.2% year-on-year, while toll income from the Shangsan Expressway amounted to Rmb741.65 million, a decrease of 2.3% year-on-year.

TOLL ROAD-RELATED BUSINESS OPERATIONS

The Company also 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 roadside advertising and vehicle service businesses.

During the Period, the stabilization and recovery of the macro economy, continued growth in vehicle ownership in the province, and the hosting of the Shanghai World Expo not only brought an increase in traffic volume along the Group's two expressways, but also stimulated a rise in the spending will among travelers in the service areas. A rebound in traffic volume, a substantial growth in sales of petroleum products and a rise in the prices of petroleum products also brought income growth to gas stations, resulting in a substantial increase in income from the service areas as well. Income from toll road-related businesses amounted to Rmb1,742.12 million during the Period, representing a year-on-year increase of 35.5%.

SECURITIES BUSINESS

The domestic stock market in China remained volatile and showed a falling trend in 2010, with a decrease in trading volume compared to the past. Meanwhile, the establishment of additional operation networks by various major domestic securities firms had further intensified competition among securities firms, causing commission rates to continue to decline.

Zheshang Securities has been taking a positive approach to cope with the intensely competitive environment and endeavoring to expand various businesses, and consequently the market share of its securities brokerage business and the total number of customers continued to rise, and its operation network increased to 54 branches. The asset management business grew substantially, having been approved to launch five integrated asset management plans in 2010 and ranked among the top domestic securities firms in terms of net operating income. Meanwhile, Zheshang Securities' investment banking and futures businesses achieved satisfactory growth as well.

During the Period, Zheshang Securities realized an operating income of Rmb1,658.05 million, a decrease of 5.4% year-on-year. Of such income, brokerage commission income amounted to Rmb1,431.42 million, a year-on-year decrease of 9.6%; and bank interest income amounted to Rmb226.63 million, a year-on-year increase of 33.3%. In order to control risks, Zheshang Securities invested more than 70% of its proprietary securities business in bonds with relatively lower risks and as such, the securities investment income as accounted for in the consolidated statement of comprehensive income amounted to Rmb119.91 million.

LONG-TERM INVESTMENTS

Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associate company of the Company) was blessed by a rise in the retail prices of petroleum and a growth in petroleum sales during the Period, and consequently realized an income of Rmb3,551.90 million in 2010, representing an increase of 32.3% year-on-year. However, the opening of five new gas stations in 2010 resulted in increases in corresponding rental expenses, labor costs and repair expenses. During the Period, net profit of the associate company amounted to Rmb17.52 million, which remained at basically the same level as the previous year.

The 69.7km Jinhua Section of the Ningbo-Jinhua Expressway, operated by Zhejiang Jinhua Yongjin Expressway Co., Ltd. (a 23.45% owned associate company of the Company), benefited from an increase in toll income in 2010 compared to a lower operating income base in 2009, as a result of the introduction of the toll-by-weight system and the introduction of the more accurately analyzed dual-path identification system. It recorded an average daily traffic volume of 9,277 in full-trip equivalents during the Period, while toll income amounted to Rmb189.95 million, an increase of 37.3% year-on-year. Due to its heavy financial burden, the associate company still incurred a loss of Rmb68.45 million during the Period but the loss is gradually decreasing.

JoinHands Technology Co., Ltd. (a 27.582% owned associate company of the Company) generated its income primarily from its printing operations and property leasing. During the Period, it did not show any improvement to its operations but had reduced the percentage of its shareholding in a subsidiary, and consequently it managed to realize a net profit of Rmb4.27 million during the Period.

Financial Analysis

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

During the Period, profit attributable to owners of the Company for the year was approximately Rmb1,871.50 million, representing an increase of 4.2% year-on-year, while earnings per share for the Company was Rmb43.09 cents.

Liquidity and Financial Resources

As at December 31, 2010, current assets of the Group amounted to Rmb19,673.10 million in aggregate (2009: Rmb17,903.78 million), of which bank balances and cash accounted for 30.5% (2009: 29.5%), bank balances held on behalf of customers accounted for 59.4% (2009: 64.4%), and held-for-trading investments accounted for 4.1% (2009: 2.9%). Current ratio (current assets over current liabilities) as at December 31, 2010 was 1.3 (2009: 1.3). Excluding the effect of 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 dealing business) was 2.6 (2009: 2.6).

The amount for held-for-trading investments of the Group as at December 31, 2010 amounted to Rmb803.77 million (2009: Rmb517.90 million), of which 74.7% was invested in corporate bonds, 24.6% was invested in the stock market, 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 Rmb2,550.50 million, representing a decrease of 14.8%.

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

Borrowings and Solvency

As at December 31, 2010, total liabilities of the Group amounted to Rmb15,956.94 million, of which 11.4% was borrowings and 72.9% was accounts payable to customers arising from securities dealing business.

Total interest-bearing borrowings of the Group as at December 31, 2010 amounted to Rmb1,822.00 million, representing an increase of 12.3% over the beginning of the year. The borrowings comprised outstanding balances of loans from domestic commercial banks totaling Rmb822.00 million, and corporate bonds amounting to Rmb1 billion that was issued by the Company in 2003 for a term of 10 years. Of the interest-bearing borrowings, 54.9% were not repayable within one year.

As at December 31, 2010, the Group's loans from domestic commercial banks comprised half-year and 1-year short-term loans, of which Rmb472.00 million was fixed-rate loans with interest rates ranging from 5.10% to 5.81% per annum, Rmb350.00 million was floating-rate loans with interest rates ranging from 5.00% to 5.52% per annum. The annual coupon rate for corporate bonds was fixed at 4.29%, with interest payable annually. The annual interest rate for accounts payable to customer arising from the securities dealing business was fixed at 0.36%. The Group's World Bank loans, denominated in US dollar, of approximately Rmb422.38 million equivalent, have been fully repaid during the Period.

Total interest expense for the Period amounted to Rmb120.98 million, while profit before interest and tax amounted to Rmb3,232.25 million. The interest cover ratio (profit before interest and tax over interest expenses) stood at 26.7 (2009: 50.2).

The asset-liability ratio (total liabilities over total assets) was 47.4% as at December 31, 2010 (December 31, 2009: 47.3%). 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 dealing business over total assets less bank balances held on behalf of customers) of the Group was 19.7% (December 31, 2009: 18.4%).

Capital Structure

As at December 31, 2010, the Group had Rmb17,695.12 million total equity, Rmb13,103.03 million fixed-rate liabilities, Rmb350.00 million floating-rate liabilities and Rmb2,503.91 million interest-free liabilities, representing 52.6%, 38.9%, 1.0% and 7.5% of the Group's total capital, respectively. The gearing ratio, which was computed by dividing the total liabilities less accounts payable to customers arising from securities dealing business by total equity, was 24.4% as at December 31, 2010 (December 31, 2009: 22.5%).

Capital Expenditure Commitments and Utilization

During the Period, capital expenditures of the Group totaled Rmb461.82 million, while capital expenditures of the Company totaled Rmb169.16 million. Amongst the total capital expenditures of the Group, Rmb149.48 million was incurred for acquisition and construction of properties, Rmb133.48 million for purchase of equipment, Rmb97.09 million for the acquisition of 49% equity interests in Zhejiang Expressway Investment Development Co., Ltd., Rmb23.45 million due to the further capital contribution into Zhejiang Jinhua Yongjin Expressway Co., Ltd., Rmb24.30 million for the road widening project between the Shaoxing-Zhuji hub and the Shaoxing-Jiaxing hub of the Shangsan Expressway and Rmb25.00 million for the establishment of Zheshang Fund Management Co.,Ltd.(a 25% owned associate of Zheshang Securities Co., Ltd.).

As at December 31, 2010, capital expenditures committed by the Group and the Company totaled Rmb765.66 million and Rmb226.72 million, respectively. Amongst the total capital expenditures committed by the Group, Rmb360.18 million will be used for acquisition and construction of properties, Rmb342.76 million for acquisition of equipment, Rmb46.62 million for the widening project between the Shaoxing-Zhuji hub and the Shaoxing-Jiaxing hub of the Shangsan Expressway, and Rmb16.10 million for service area renovation and expansion.

The Group will finance its above mentioned capital expenditure commitments mainly with internally generated cash flow, with a preference for debt financing to meet any shortfalls thereof.

Contingent Liabilities and Pledge of Assets

As at December 31, 2010, the Group did not have any contingent liabilities nor any pledge of assets or guarantees.

Foreign Exchange Exposure

Save for the dividend payments to overseas shareholders in Hong Kong dollars, the Group's principal operations are transacted and booked in Renminbi. Therefore, the Group's exposure to foreign exchange fluctuations is limited and the Group has not used financial instrument for hedging purposes.

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

OUTLOOK

The Chinese economy has improved in general despite encountering a highly complex domestic and international economic environments as well as multiple and frequent natural disasters. In Zhejiang Province, under the current environment underpinned by a significant improvement in infrastructure developments and an increasing stimulation of the economy by consumption, foreign trade exports resumed high growth and automotive retail sales registered a continuous rapid increase. With the above favorable factors, the Group's two expressways are expected to continue to undergo significant organic growth in traffic volume in 2011.

However, the opening of the Zhuyong Expressway in July 2010 will continue to divert traffic flows from the Group's Hangzhou-Ningbo Expressway and Shangsan Expressway. While the operation of the Shanghai-Hangzhou High-speed Railway on October 26, 2010 has a certain negative impact on passenger buses running between Hangzhou and Shanghai, it is not expected to have a major impact on the Group's total toll income in 2011.

The implementation of the toll-by-weight policy for trucks on April 16, 2010 has generated more satisfactory growth in the Group's toll income. This policy is anticipated to continue to have a more positive impact on the Group's toll income in 2011. Coupled with this is the initial launch of an electronic tolling system for expressways in Zhejiang Province. After achieving a satisfactory result at the Stage-One launch of the system, Stage Two will be implemented at the end of 2011, which will cover all of the Group's toll stations by 2015.

As China is anticipated to further tighten liquidity in order to curb inflation, there will be increasing uncertainties about the stock market in 2011. Coupled with the fact that fierce competition among securities firms has not shown any sign of subsiding, Zheshang Securities will continue to face intense competition. By making aggressive efforts to develop its core businesses such as investment banking, asset management and fixed income, Zheshang Securities will steadily expand its operation network and strive to deliver satisfactory operating results.

2011 will be the first year of the 12th Five-year Plan where the Company aims to upgrade its capabilities for business evolution. While endeavoring to become a market leader in its principal business of expressway operations, the Company will devote aggressive efforts to cultivating management capabilities for diversified operations. We will make use of our good cash flow, continuing to strive to seek suitable investments and acquisitions or operate other external expressway projects entrusted to the Group. Through various means such as debt and/or equity financing, we will strive to fully leverage our existing financing capabilities to expand the room for business development. Ultimately, the Company's management and staff will continue to strive for good operating results for the Company and create greater value for our shareholders.

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 met all provisions in the Code on Corporate Governance Practices (the "Code") in Appendix 14, and adopted the recommended best practices contained in the Code wherever applicable.

CHANGE IN COMPANY SECRETARY

The Board announces that Mr. Tony Zheng has been appointed as the Company Secretary in replacement of Mr. Zhang Jingzhong ("Mr. Zhang") with effect from March 13, 2011. Mr. Zhang continues to serve as Director and Deputy General Manager of the Company. The Board would like to thank Mr. Zhang for his valuable contribution in serving as Company Secretary since 1997.

By order of the Board
Zhejiang Expressway Co., Ltd.
Chen Jisong
Chairman

Hangzhou, PRC, March 13, 2011

As at the date of this announcement, the executive directors of the Company are: Messrs. Chen Jisong, Zhan Xiaozhang, Jiang Wenyao, Zhang Jingzhong and Ding Huikang; the non-executive director is Ms. Zhang Luyun; and the independent non-executive directors are: Messrs. Tung Chee Chen, Zhang Junsheng and Zhang Liping.