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)

2007 Annual Results Announcement

- Revenue grew by 47.6% to Rmb7,030.4 million
- Profit attributable to equity holders of the Company increased by 46.2% to Rmb2,416.0 million
- Earnings per share was Rmb55.63 cents
- A final dividend of Rmb24 cents per share is recommended

The directors (the "Directors") of Zhejiang Expressway Co., Ltd. (the "Company") are pleased to announce the audited consolidated operating results of the Company and its subsidiaries (collectively the "Group") for the year ended December 31, 2007 (the "Period"), with the basis of preparation as stated in note 1 to the consolidated financial statements set out below.

RESULTS AND DIVIDENDS

During the Period, revenue for the Group was Rmb7,030.4 million, representing an increase of 47.6% over 2006. Profit attributable to equity holders of the Company was Rmb2,416.0 million, representing an increase of 46.2% year-on-year. Earnings per share for the Period was Rmb55.63 cents (2006: Rmb38.06 cents).

The Directors have recommended to pay a final dividend of Rmb24 cents per share (2006: Rmb20 cents), subject to shareholders' approval at the annual general meeting of the Company to be held on May 15, 2008. Together with an interim dividend of Rmb7 cents per share already paid, the annual dividend payout during the Period is Rmb31 cents per share (2006: Rmb27 cents).

The audit committee of the Company has reviewed the annual results. Set out below are the audited consolidated income statement and consolidated balance sheet for the Period, together with the comparative figures for 2006:

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended December 31, 2007 Rmb'000	2006 Rmb'000
Revenue	**3**	**7,030,380**	**4,763,780**
Operating costs		(3,089,133)	(2,076,670)
Gross profit		3,941,247	2,687,110
Other income	3	610,435	203,952
Administrative expenses		(81,089)	(71,022)
Other expenses		(93,259)	(32,901)
Finance costs		(60,552)	(71,991)
Share of (loss) profit of associates		(4,655)	4,435
Share of profit of a jointly controlled entity		20,406	23,344
Profit before tax		**4,332,533**	**2,742,927**
Income tax expense	4	(1,191,638)	(884,036)
Profit for the year		**3,140,895**	**1,858,891**
Attributable to:			
Equity holders of the Company		2,415,965	1,652,871
Minority interests		724,930	206,020
		3,140,895	1,858,891
Dividends recognized as distribution during the year:			
Interim dividend of Rmb7 cents (2006: Rmb7 cents) per share		304,018	304,018
Final dividend of Rmb20 cents (2006: Rmb15 cents) per share		868,623	651,467
		1,172,641	955,485
Proposed final dividend of Rmb24 cents (2006: Rmb20 cents) per share		1,042,347	868,623
Earnings per share - Basic	**5**	**Rmb55.63 cents**	**Rmb38.06 cents**

CONSOLIDATED BALANCE SHEET

	Notes	As at December 31, 2007 Rmb'000	2006 Rmb'000
Non-current assets			
Property, plant and equipment		13,906,689	13,775,621
Prepaid lease payments		393,424	390,658
Goodwill		86,867	91,428
Other intangible assets		162,226	144,727
Interests in associates		479,238	224,857
Interest in a jointly controlled entity		100,505	87,982
Available-for-sale investments		1,000	1,000
Expressway operating rights		171,145	179,845
		15,301,094	14,896,118
Current assets			
Inventories		14,558	12,255
Trade receivables	6	82,677	54,451
Other receivables		587,362	180,514
Prepaid lease payments		19,098	18,626
Held-for-trading investments		621,220	229,880
Available-for-sale investments		595,758	—
Bank balances held on behalf of customers		7,239,389	2,507,763
Bank balances and cash			
– Restricted bank balances		35,000	35,000
– Time deposits with original maturity over three months		226,972	131,312
– Cash and cash equivalents		2,773,811	1,504,073
		12,195,845	4,673,874
Assets classified as held for sale		15,865	427
		12,211,710	4,674,301

	Notes	As at December 31, 2007 Rmb'000	2006 Rmb'000
Current liabilities			
Trade payables	7	736,890	369,323
Accounts payable to customers arising from securities dealing business		7,211,261	2,501,593
Tax liabilities		994,727	537,265
Other taxes payable		37,888	20,293
Other payables and accruals		556,320	409,740
Dividends payable		33,385	41,595
Interest-bearing bank and other loans		288,045	397,141
Provisions	8	164,024	34,800
		10,022,540	4,311,750
Liabilities associated with assets classified as held for sale		—	995
		10,022,540	4,312,745
Net current assets		2,189,170	361,556
Total assets less current liabilities		17,490,264	15,257,674
Non-current liabilities			
Interest-bearing bank and other loans		333,945	448,266
Long-term bonds		1,000,000	1,000,000
Deferred tax liabilities		392,005	456,956
		1,725,950	1,905,222
		15,764,314	13,352,452
Capital and reserves			
Share capital		4,343,115	4,343,115
Reserves		8,883,238	7,550,189
Equity attributable to equity holders of the Company		13,226,353	11,893,304
Minority interests		2,537,961	1,459,148
		15,764,314	13,352,452

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 "Listing Rules") and by the Hong Kong Companies Ordinance.

2 **Principle Accounting Policies**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies applied 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, 2006 except as described below.

During the Period, the Group has applied, for the first time, the following new standard, amendment and interpretations (the "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning January 1, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HK FRS 7	Financial Instruments: Disclosures
HK(IFRIC) — Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) — Int 8	Scope of HKFRS 2
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions[2]
HK(IFRIC) — Int 12	Service Concession Arrangements[3]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

1 Effective for annual periods beginning on or after January 1, 2009

2 Effective for annual periods beginning on or after March 1, 2007

3 Effective for annual periods beginning on or after January 1, 2008

4 Effective for annual periods beginning on or after July 1, 2008

The directors of the Company anticipate that the application of these standards or interpretations other than HK(IFRIC)-Int 12 will have no material impact on the results and the financial position of the Group. The application of HKFRS 8 is anticipated to affect the presentation of segment information of the Group only. HK(IFRIC)-Int 12 gives guidance on the accounting by operators for public-to-private service concession arrangements and sets out the general principles on recognizing and measuring the obligations and related rights in service concession arrangements. For arrangements falling within its scope, depending on the terms of the arrangement, the infrastructure assets will, instead of being recognized as property, plant and equipment, be recognized as either (i) a financial asset; (ii) an intangible asset; or (iii) both a financial asset and an intangible asset. The directors of the Company are in the process of assessing the impact of the application of HK(IFRIC)-Int 12 on the Group.

3 **Revenue and Other Income**

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

	Year ended December 31, 2007	2006
	Rmb'000	*Rmb'000*
Toll operation revenue	3,897,819	3,562,289
Service area businesses revenue	1,261,526	962,418
Advertising business revenue	64,891	50,239
Road maintenance revenue	1,217	5,464
Securities operation revenue	1,804,927	183,370
Total revenue	7,030,380	4,763,780
Gain on fair value changes on held-for-trading investments	475,828	80,421
Interest income	20,997	26,481
Net exchange gain	40,302	22,299
Towing income	19,446	21,691
Rental income	32,079	21,362
Others	21,783	31,698
Total other income	610,435	203,952
	7,640,815	4,967,732

The Company and its subsidiaries are subject to the business tax levied at 3% on toll income and 5% on other service income and income from proprietary securities trading. In addition, the subsidiaries are subject to the following types of revenue taxes and surcharges:

— City development tax, levied at 1% to 7% of business tax;

— Education surcharge, levied at 2% to 5% of business tax; and

— Culture and education fund, levied at 3% on advertising income.

4 **Income Tax Expense**

No Hong Kong profits tax has been provided as the Group had no taxable profits derived in Hong Kong during the year.

The Group was subject to the PRC enterprise income tax ("EIT") levied at a rate of 33% of taxable income determined in accordance with the PRC laws and financial reporting system.

	Year ended December 31, 2007	2006
	Rmb'000	*Rmb'000*
Current PRC income tax	1,314,241	876,874
Deferred tax:		
Current year	(16,996)	7,162
Attributable to a change in tax rate	(105,607)	—
	(122,603)	7,162
	1,191,638	884,036

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

	Year ended December 31, 2007	2006
	Rmb'000	*Rmb'000*
Profit before tax	4,332,533	2,742,927
Tax at the PRC statutory income tax rate	1,429,736	905,166
Tax effect of share of losses (profits) of associates	1,536	(1,464)
Tax effect of share of profit of a jointly controlled entity	(6,734)	(7,703)
Tax effect of net (income)/expense that is not (taxable)/deductible in determining taxable profit	59,430	(11,963)
Utilization of tax losses previously not recognized as deferred tax assets (i)	(186,723)	—
Effect of on deferred tax balances due to the change in income tax rate from 33% to 25% (ii)	(105,607)	—
Tax charge at the Group's effective tax rate	1,191,638	884,036

(i) The tax loss arose mainly from a bad debt provision made by Zheshang Securities Co., Ltd. (a 70.46% — owned subsidiary of Zhejiang Shangsan Expressway Co., Ltd.) ("Zheshang Secrurities") in 2005 prior to its acquisition by the Group in relation to misappropriation of assets perpetrated by Kinghing Trust Investment Co., Ltd. ("Kinghing Investment"), the former majority equity owner of Zheshang Securities. The bad debt provision was treated as a non-deductible expense at the date of acquisition of Zheshang Securities by the Group in 2006. In 2007, the relevant tax authorities granted Zheshang Securities a dispensation to claim tax deduction on the bad debt provision and accordingly, the resulting tax loss was utilized in 2007.

(ii) On March 16, 2007, the PRC promulgated Law of the People's Republic of China on Enterprise Income Tax(the "New Law")by Order No.63 of the President of the PRC. On December 6, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulation will change the tax rate from 33% to 25% for the Group from January 1, 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the assets is realised or the liability is settled.

5 **Earnings per Share**

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company for the Period of Rmb2,415,965,000 (2006: Rmb1,652,871,000) and the 4,343,114,500 ordinary shares (2006: 4,343,114,500 ordinary shares) in issue during the Period.

No diluted earnings per share has been presented as there were no potential dilutive ordinary shares in issue for the years ended December 31, 2006 and 2007.

6 **Trade Receivables**

The Group allows an average credit period of approximately 180 days to its trade customers. An aging analysis of trade receivables at the balance sheet date, based on invoice date, is as follows:

	As at December 31,	
	2007	**2006**
	Rmb'000	*Rmb'000*
Within 1 year	76,930	52,773
1 to 2 years	4,181	471
Over 2 years	1,566	1,207
Total	82,677	54,451

7 **Trade Payables**

An aging analysis of trade payables at the balance sheet date, based on invoice date, is as follows:

	As at December 31,	
	2007	**2006**
	Rmb'000	*Rmb'000*
Within 1 year	701,106	357,172
1 to 2 years	25,244	11,323
2 to 3 years	9,867	714
Over 3 years	673	114
Total	736,890	369,323

8 **Provisions**

Following the relevant disclosures made under "Contingent Liabilities and Pledge of Assets" on page 23 of the 2006 Annual Report of the Company, as at the date of this announcement, nine of the fourteen customers of Zheshang Securities have initiated legal proceedings against Zheshang Securities for disputes over securities transaction agency contracts or rights infringement, and demanded that Zheshang Securities repay the treasury bonds or pay compensation based on market value of the treasury bonds. In respect of the proceedings brought by three of the nine customers, the court of first instance has ruled against Zheshang Securities, involving treasury bonds that amounted to a carrying value of Rmb44 million. Zheshang Securities appealed to the court of second instance over the ruling given by the court of first instance, and the court of second instance has overturned the rulings granted to two of the customers by the court of first instance and sent the two cases back for retrial, involving treasury bonds that amounted to a carrying value of approximately Rmb41 million.

On January 15, 2008, the Intermediate People's Court of Jinhua City opened a case for the bankruptcy settlement of Kinghing Investment and appointed the settlement team of Kinghing Investment as the administrator.

According to the present progress of the legal proceedings and the cautionary principal applied to operations involving normal risks in the PRC financial industry, Zheshang Securities has made a full provision amounted to Rmb111.4 million for the principal and interests of the treasury bond of its customers under the above-mentioned treasury bond repo accounts during the Period. In addition, a full provision in an aggregate value of Rmb17.8 million has been made for guarantees issued by Zheshang Securities in respect of the fund trust agreements entered into between Kinghing Investment and its natural person customers. In addition to the provision of Rmb34.8 million made by Zheshang Securities prior to its acquisition, as at December 31, 2007, the total provision is Rmb164.0 million.

BUSINESS REVIEW

Despite the macro economic control measures, China's economy achieved an 11.6% GDP growth in 2007, thereby continuing for 5 years the trend of high growth that exceeded 10%. Situated in the Yangtze River Delta Region which boasts the strongest economy, Zhejiang Province saw its GDP growth reach 14.5% in 2007, with a per capita GDP close to USD5,000. This demonstrates a solid trend of rapid growth, improving industrial structure and more coordinated development in the region.

The favorable economic environment in Zhejiang Province facilitated the development and boom of the transportation industry, whereas the rapidly growing per capita GDP led to a substantial increase in car ownership driven by consumption upgrades. All these have helped the Group's expressways to maintain high growth in traffic volume over the past decade.

With concerted efforts by the management and staff in 2007, the Group realized a total revenue of Rmb7,030.4 million during the Period, representing an increase of 47.6% year-on-year. While toll income from toll road operations continued to grow during the Period, income from the Group's other businesses had also grown substantially compared to the previous year. Among the total income, Rmb4,024.4 million was attributable to the two expressways owned and operated by the Group, representing 55.2% of total income; an amount of Rmb1,343.2 million was attributable to expressway-related service area operations, gas stations, and advertising business, etc., representing 18.4% of total income. At the same time, thanks to a robust securities stock market, the securities business generated an income of Rmb1,920.5 million to the Group, representing 26.4% of total income.

During the Period, toll income from toll road operations grew by 10.4% over 2006, while income from expressway-related business operations grew by 30.7% over 2006. A breakdown of the Group's income for the Period is set out below:

	2007	**2006**	
	Rmb'000	*Rmb'000*	*% Change*
Toll income			
Shanghai-Hangzhou-Ningbo Expressway	3,145,276	2,810,489	11.9%
Shangsan Expressway	879,087	833,823	5.4%
Other incomes			
Service areas	1,271,125	968,476	31.3%
Advertising	70,870	53,228	33.1%
Maintenance	1,217	5,633	(78.4)%
Securities business			
Commission	1,792,155	173,372*	
Bank interest	128,370	20,491*	
Subtotal	7,288,100	4,865,512	49.8%
Less: Revenue taxes	(257,720)	(101,732)	153.3%
Revenue	7,030,380	4,763,780	47.6%

* Not comparable since revenue from Zheshang Securities Co., Ltd. had been consolidated into the Group since July 1, 2006.

Toll Road Operations

Thanks to Zhejiang Province's continued rapid economic growth, ever-improving transportation planning and substantial increase in car ownership, aggregate toll income from the 248km Shanghai-Hangzhou-Ningbo Expressway and the 142km Shangsan Expressway amounted to Rmb4,024.4 million during the Period, representing an increase of 10.4% year-on-year. Average daily traffic volume on the Shanghai-Hangzhou-Ningbo Expressway during the Period amounted to 43,001 full trip-equivalents, representing a year-on-year growth of 11.6%. Of this traffic volume, the traffic volumes generated on the Shanghai-Hangzhou and the Hangzhou-Ningbo section of the Shanghai-Hangzhou-Ningbo Expressway increased by 13.3% and 10.1% year-on-year, respectively. Average daily traffic volume generated on the Shangsan Expressway during the Period was 21,652 full-trip-equivalents, representing a year-on-year growth of 9.5%.

While a number of new expressways such as JinLiWen Expressway were opened to traffic by the end of 2006, they were relatively far from the Shanghai-Hangzhou-Ningbo Expressway and the Shangsan Expressway, thereby exerting negligible diversion impact on the two expressways operated by the Group. Meanwhile, one side (Ningbo to Hangzhou direction) of the third phase of the Shanghai-Hangzhou-Ningbo Expressway's widening project between Guzhu and Duantang was completed and opened to traffic ahead of schedule during the second half of 2007. This has effectively increased the traffic capacity of the section, as well as improving the comfort level of travel.

In addition, the newly added DeSheng toll station at the Hangzhou section of the Shanghai-Hangzhou-Ningbo Expressway was opened on January 1, 2007, thereby attracting significant traffic to the section and bringing additional growth in traffic volume and toll income to the section. Following the full opening to traffic of the HangXinJing Expressway, vehicles travelling from Jiangxi to Shanghai may transit through Yuhang section. The networking effect of expressways facilitated an 18.9% year-on-year growth in traffic volume and a 19.8% year-on-year growth in toll income for the section.

The Shangsan Expressway had earlier experienced diversion impact from the reopening of the parallel National Road 104 after renovation, but the diversion impact had largely diminished in 2007. Accordingly, traffic volume on the Shangsan Expressway was higher during the Period than in the previous year.

In order to enhance toll collection efficiency and facilitate faster and more convenient passage for drivers and passengers going through the toll stations along the expressway, a non-stop toll collection system developed by the Company on its own gradually entered into trial services at certain major toll stations on the Shanghai-Hangzhou-Ningbo Expressway starting from the end of September 2007, with a view to reducing waiting congestion at toll stations during peak periods. The express toll-collection system is also the first non-stop toll collection system introduced to Zhejiang Province's expressways. Besides enhancing toll collection efficiency, the new system has created positive social and economic benefits as well.

During the Period, toll income from the Shanghai-Hangzhou-Ningbo Expressway amounted to Rmb3,145.3 million, representing an 11.9% increase year-on-year, while toll income from the Shangsan Expressway amounted to Rmb879.1 million, representing a 5.4% increase year-on-year.

Toll Road-related Business Operations

The Company also operates certain toll road-related ancillary businesses, including gas stations, restaurants and shops in service areas, as well as roadside advertising and vehicle service businesses, along the expressways through its subsidiaries and associated companies. Income from such operations continued to grow faster than the toll income from expressways, owing to the continued high growth in traffic volume on the Group's two expressways and the improvement in service standards and quality during all these years.

To meet the growing demand for services from travelers as a result of continued high growth in traffic volume on the expressways, the Company added a pair of Chang'an service areas along the Shanghai-Hangzhou-Ningbo Expressway's Shanghai-Hangzhou section on May 1, 2007, contributing to a 31.3% year-on-year increase in income from service area operations. Meanwhile, leveraging the Company's favorable brand recognition and successful experience in the nation-wide expressway sector, the Company has successfully obtained the exclusive operation rights of three other service areas within and outside of Zhejiang province for periods ranging from nine to ten years, thereby further expanding its market. During the Period, total income from the aforementioned related business operations amounted to Rmb1,361.4 million, up 30.5% year-on-year.

Securities Business

Riding on a trading volume surge and an increases in the number of newly opened accounts in the domestic stock market, the securities business realized an operating income of Rmb1,920.5 million during the Period, of which brokerage commission income and bank interest income amounted to Rmb1,792.1 million and Rmb128.4 million, respectively. In addition, the proprietary securities trading business recorded an income of Rmb475.8 million.

In order to expand the securities business so as to strengthen the securities business and its market valuation, Zhejiang Shangsan Expressway Co., Ltd. ("Shangsan Co", a 73.625% owned subsidiary of the Company) made a further capital injection of Rmb704,615,400 into Zheshang Securities Co., Ltd. ("Zheshang Securities", a 70.46% owned subsidiary of Shangsan Co) on June 6, 2007. The transaction was approved by the China Securities Regulatory Commission on October 8, 2007.

Furthermore, Zhejiang Tianma Futures Broker Co., Ltd., which was fully acquired by Zheshang Securities during the second half of 2007, officially obtained the qualifications to carry out financial futures brokerage business and full-scale settlement business on November 27, 2007 and December 18, 2007, respectively, thereby laying a solid foundation to conduct securities and index futures brokerage businesses in the future.

Long-term Investments

During the Period, traffic volume on the 9.45km Shida Road (owned and operated by Hangzhou Shida Highway Co., Ltd., a 50% owned jointly-controlled entity) decreased by 3.9% year-on-year, while toll income decreased by 10.2% year-on-year. Net profit for the jointly-controlled entity during the Period was Rmb40.8 million, down 12.6% year-on-year, mainly due to reduced carrying capacity caused by the widening works along the Shida Road and construction works at the nearby HangPu Expressway. However, following the completion of the road's widening works by the end of January 2008, its traffic volume has witnessed a significant rebound.

Thanks to a growing demand for gasoline products caused by the continued high growth in traffic volume, Zhejiang Expressway Petroleum Development Co., Ltd., a 50% owned associate of the Company, saw its income increase of 6.8% year-on-year during the Period, realizing a net profit of Rmb20.7 million.

JoinHands Technology Co., Ltd. (a 27.582% owned associate of the Company) failed to improve the performance of its various businesses during the Period, and incurred a loss of Rmb11.1 million.

Zhejiang Jinhua Yongjin Expressway Co., Ltd. (a 23.45% owned associate of the Company) owns the entire interest in the 69.7km Jinhua section of the Ningbo-Jinhua Expressway. During the second half of 2007, average daily traffic volume on the section was 7,304 full-trip equivalents, while toll income amounted to Rmb73.8 million. Due to heavy financial burden, the associate company incurred a loss of Rmb44.2 million during the second half of 2007. The associate company was only consolidated into the Group after July 1, 2007, and accordingly resulted in a loss of Rmb10.3 million to the Group.

Expressway Widening Project

The third and final phase of the project to widen the Shanghai-Hangzhou-Ningbo Expressway from four lanes to eight lanes (the "Widening Project") between Guzhu and Duantang on the Hangzhou-Ningbo section, was successfully completed and opened to traffic on December 6, 2007. This signified the full completion of the eight-year Widening Project which involved approximately Rmb4,300 million of investment, with construction works carried out while keeping the expressway open to traffic.

As the first eight-lane expressway in Zhejiang Province, the Shanghai-Hangzhou-Ningbo Expressway has not only substantially increased its carrying capacity, but has also greatly improved its comfort level of travel. The smooth traffic and impressive comfort level of travel will further facilitate traffic volume growth.

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, the Group's profit attributable to equity holders of the Company was approximately Rmb2,416.0 million, representing an increase of 46.2% over 2006, while earning per share for the Group was Rmb55.63 cents.

Profitability

The compound annual growth rates of earnings per share and return on equity in the last five years were 24.4% and 16.5%, respectively.

Liquidity and Financial Resources

As at December 31, 2007, current assets of the Group was Rmb12,211.7 million in aggregate (December 31, 2006: Rmb4,674.3 million), bank balance and cash accounted for 24.9% (December 31, 2006: 35.7%), while bank balance held on behalf of customers accounted for 59.3% (December 31, 2006: 53.7%) and held-for-trading investments accounted for 5.1% (December 31, 2006: 4.9%). Current ratio (current assets over current liabilities) as at December 31, 2007 was 1.2 (December 31, 2006: 1.1).

Held-for-trading investments of the Group as at December 31, 2007 amounted to Rmb621.2 million (December 31, 2006: 229.9 million), 85.9% of which were invested in the stock market, 12.9% of which were invested in corporate bonds while the rest were invested in open-end equity funds.

During the Period, net cash inflow generated from the Group's operating activities amounted to Rmb3,678.5 million, representing an increase of 52.4% over 2006.

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

Borrowings and Solvency

As at December 31, 2007, the total liabilities of the Group were Rmb11,748.5 million, of which 13.8% were borrowings and 61.4% were customer deposits arising from securities dealings.

Total interest-bearing borrowings of the Group as at December 31, 2007 were Rmb1,622.0 million, representing an decrease of 12.1% since the beginning of the year. The borrowings comprised outstanding balances of the World Bank loans, denominated in US dollar, of approximately Rmb564.6 million in Rmb equivalent, government loans of Rmb37.4 million, loans from domestic commercial banks totaling Rmb20.0 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, 82.2% were not repayable within one year.

As at December 31, 2007, the Group's loan from a domestic commercial bank was a half-year short-term loan, with the interest rate fixed at 6.57% per annum; the interest rate for government loans was fixed at 3.00% per annum; the annual coupon rate for corporate bonds was fixed at 4.29%, with interest payable annually; the annual interest rate for customer deposits arising from securities dealing was fixed at 0.72%; the floating rate of the Group's Rmb564.6 million World Bank loans, denominated in US dollar, varied from 5.54% to 5.51%.

Total interest expense for the Period amounted to Rmb99.1million, while profit before interest and tax amounted to Rmb4,393.1 million. The interest cover ratio (profit before interest and tax over interest expenses) stood at 44.3 (2006: 27.5).

The asset-liability ratio (total liabilities over total assets) was 42.7% as at December 31, 2007 (December 31, 2006: 31.8%).

Capital Structure

As at December 31, 2007, the Group had Rmb15,764.3 million total equity, Rmb8,268.7 million fixed-rate liabilities, Rmb564.6 million floating-rate liabilities and Rmb2,915.2 million interest-free liabilities, representing 57.3%, 30.0%, 2.1% and 10.6% of the Group's capital, respectively. The gearing ratio, which was computed by dividing the total liabilities less customer deposits arising from securities dealing by total equity, was 28.8% as at December 31, 2007 (December 31, 2006: 27.8%).

Capital Expenditure Commitments and Utilization

Total capital expenditures of the Group and of the Company for the Period amounted to Rmb1,270.9million and Rmb1,027.3 million, respectively, with Rmb136.0 million attributable to the acquisition of Zhejiang Tianma Futures Broker Co., Ltd. and Rmb742.3 million attributable to the widening project.

The capital expenditures committed by the Group and by the Company as at December 31, 2007 were Rmb2,852.8 million and Rmb1,978.1 million, respectively. Amongst the total capital expenditures committed by the Group, Rmb1,081.0 million will be used on the remaining construction work of the widening project, while Rmb1,110.4 million will be used as capital contribution to Zhejiang Jiashao Expressway Co., Ltd. and Rmb54.3 million on service area renovation and/or expansion.

The Group will finance its above mentioned capital expenditure commitments 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, 2007, the Group did not have any other contingent liabilities nor any pledge of assets.

Foreign Exchange Exposure

Except for the repayment of a World Bank loan of Rmb564.6 million equivalent in US dollars, as well as 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 any financial instrument for hedging purposes.

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

OUTLOOK

In 2008, with China's economy being characterized by a strengthened enforcement of macro-economic control measures, the GDP growth rate will slow gradually, but steady growth is expected to be maintained. As an economic powerhouse, Zhejiang Province should be able to maintain double-digit GDP growth in 2008 in light of its improved economic operating environment, rational industrial structure adjustments, ever-improving infrastructures and the emerging expressway networking effect. The consumption upgrade driven by the rapid increase in per capita GDP in Zhejiang Province should also continue to accelerate the rapid growth in car ownership. Benefiting from such developments, the Group's two expressways are expected to maintain steady organic growth in traffic volume.

In 2008, the Company will face both opportunities and challenges. The opening of neighboring expressways such as the HangPu Expressway and the Hangzhou Bay Bridge will have a significant traffic diversion impact on the Group's expressways. The Company's management has been striving to devise measures to minimize the anticipated diversion impact. The completion of the Widening Project along the Shanghai-Hangzhou-Ningbo Expressway that had been carried out in the past eight years has expanded the expressway's carrying capacity and improved the comfort level of travel, which should contribute to considerable traffic volume growth on the Shanghai-Hangzhou-Ningbo Expressway and alleviate part of the diversion impact. In line with the Company's long-held development strategy of focusing on core businesses, the Company will carry out greater efforts on project acquisitions and seek to introduce strategic investors with reputable brand names into Zheshang Securities at an appropriate time.

In addition, the non-stop electronic toll collection (ETC) system developed by the Company will officially enter into operation in early March 2008, after completing the trial phase at major toll stations along the Shanghai-Hangzhou-Ningbo Expressway. The efficient non-stop toll collection system, together with the widely used UnionPay bankcards payment system, will allow drivers to pass through toll stations more conveniently, thereby further enhancing toll collection efficiency and service standards. The long-awaited toll-by-weight policy for trucks is now expected to be implemented by the end of 2008. The implementation of the new policy is expected to further reduce incidents of overloaded trucks traveling on expressways, thereby lowering road maintenance costs for the Group in the long run.

As for the rapidly growing toll road-related business operations, in 2008 and beyond, the Group will strive for operation innovations to expand the service area operations. The Group will improve service quality according to the principle of enhanced service attitude, so as to strive for new sources of profit growth. Meanwhile, Zheshang Securities will actively seek new securities business, thereby making good contribution to the Group's results.

With an enhanced comfort level of travel offered by the widened eight-lane expressway, a wide adoption of more convenient and efficient toll collection systems, and the Group management's working spirit of dedicating every effort to the innovation and development of businesses over the past decade, the Group will actively cope with the negative factors presented by a challenging environment in 2008. We will explore new sources of profit growth, and do our best efforts to minimize the negative impacts, so as to continue to reward our shareholders with satisfactory operating results.

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 THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was in compliance with the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules during the Period.

By Order of the Board
Geng Xiaoping
Chairman

Hangzhou, PRC, March 10, 2008

As at the date of this announcement, the executive directors of the Company are: Messrs. Geng Xiaoping, Fang Yunti, Zhang Jingzhong and Jiang Wenyao; the non-executive directors are: Messrs. Zhang Luyun and Zhang Yang; and the independent non-executive directors are: Messrs. Tung Chee Chen, Zhang Junsheng and Zhang Liping.