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)

2009 Interim Results Announcement

The directors (the "Directors") of Zhejiang Expressway Co., Ltd. (the "Company") announced the unaudited consolidated operating results of the Company and its subsidiaries (collectively the "Group") for the six months ended June 30, 2009 (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 Rmb2,768.86 million, representing a decrease of 18.8% over the same period in 2008. Profit for the Period attributable to equity holders of the Company was Rmb772.45 million, representing a decrease of 26.4% year-on-year. Earnings per share for the Period was Rmb17.79 cents, representing a decrease of 26.4% over the same period in 2008.

The Directors have recommended to pay an interim dividend of Rmb6 cents per share, subject to shareholders' approval at the extraordinary general meeting of the Company expected to be held on September 29, 2009.

The audit committee of the Company has reviewed the interim results. Set out below are the unaudited condensed consolidated statement of comprehensive income and condensed consolidated statement of financial position for the Period, with comparative figures for 2008 and relevant notes to the condensed consolidated financial statements:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	For the six months ended June 30, 2009 Rmb'000	2008 Rmb'000
Revenue	3	2,768,855	3,410,095
Operating costs		(1,392,646)	(1,628,366)
Gross profit		1,376,209	1,781,729
Securities investment gains (losses)		27,204	(172,467)
Other income	4	62,392	107,956
Administrative expenses		(30,230)	(35,720)
Other expenses		(101,927)	(18,520)
Finance costs		(35,755)	(42,521)
Share of (loss) profit of associates		(11,281)	15,459
Share of profit of a jointly controlled entity		13,073	10,627
Profit before tax		1,299,685	1,646,543
Income tax expense	5	(326,104)	(366,604)
Profit for the Period		973,581	1,279,939
Other comprehensive income			
Fair value changes of available-for-sale investments		—	(221,553)
Deferred tax related to fair value changes of available-for-sale investments		—	55,388
Other comprehensive income for the Period, net		—	(166,165)
Total comprehensive income for the Period		973,581	1,113,774
Profit for the Period attributable to:			
Equity holders of the Company		772,452	1,049,372
Minority interests		201,129	230,567
		973,581	1,279,939
Total comprehensive income for the Period attributable to:			
Equity holders of the Company		772,452	963,170
Minority interests		201,129	150,604
		973,581	1,113,774
Dividends			
Proposed interim	6	(260,587)	(304,018)
Earnings per share - Basic	7	**Rmb17.79 cents**	**Rmb24.16 cents**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at June 30, 2009 (unaudited) Rmb'000	As at December 31, 2008 (audited) Rmb'000
Non-current assets			
Property, plant and equipment		1,078,369	1,031,248
Prepaid lease payments		47,022	47,654
Expressway operating rights		12,598,308	12,923,977
Goodwill		86,867	86,867
Other intangible assets		153,210	158,065
Interests in associates		457,230	464,262
Interest in a jointly controlled entity		137,325	124,251
Available-for-sale investments		1,000	1,000
		14,559,331	14,837,324
Current assets			
Inventories		20,224	16,303
Trade receivables	8	59,452	75,999
Other receivables		126,326	177,170
Prepaid lease payments		1,265	1,265
Available-for-sale investments		—	28,001
Held-for-trading investments		457,513	247,587
Structured deposit		—	204,667
Bank balances held on behalf of customers		6,644,541	5,643,192
Bank balances and cash			
– Restricted bank balances		—	35,000
– Time deposits with original maturity over three months		1,198,719	284,068
– Cash and cash equivalents		2,745,076	3,736,945
		11,253,116	10,450,197

	Notes	As at June 30, 2009 (unaudited) Rmb'000	As at December 31, 2008 (audited) Rmb'000
Current liabilities			
Accounts payable to customers arising from securities dealing business		6,622,262	5,607,473
Trade payables	9	455,329	415,096
Tax liabilities		196,613	447,884
Other taxes payable		23,773	32,760
Other payables and accruals		480,022	537,762
Dividends payable		75,975	33,388
Interest-bearing bank and other loans		359,658	380,897
Provisions	10	122,934	33,864
		8,336,566	7,489,124
Net current assets		2,916,550	2,961,073
Total assets less current liabilities		17,475,881	17,798,397
Non-current liabilities			
Interest-bearing bank and other loans		185,712	228,867
Long-term bonds		1,000,000	1,000,000
Deferred tax liabilities		250,669	272,262
		1,436,381	1,501,129
		16,039,500	16,297,268
Capital and reserves			
Share capital		4,343,115	4,343,115
Reserves		9,070,040	9,339,935
Equity attributable to equity holders of the Company		13,413,155	13,683,050
Minority interests		2,626,345	2,614,218
		16,039,500	16,297,268

Notes:

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of 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. Principal Accounting Policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended December 31, 2008 except as described below.

During the Period, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7(Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

Except for the adoption of the HKAS 1 (Revised), which has resulted in revised titles for the condensed consolidated financial statements and changes in the presentation and disclosure, the adoption of the other 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.

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HKAS 28 (Revised)	In Investments in Associates[2]
HKFRS 3 (Revised)	Business Combinations[2]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[2]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[3]

1 The amendments to the HKFRS 5 shall be effective for annual periods beginning on or after July 1, 2009

2 Effective for annual periods beginning on or after July 1, 2009

3 Effective for transfer on or after July 1, 2009

The application of HKFRS 3 (Revised) may affect the accounting for which the acquisition date is on or after January 1, 2010. The Directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. **Segment Information**

Comparing to the same period last year, there were no material changes in the principal activities of the Group during the Period. The operating results by principal activities are summarized as follows:

	For the six months ended June 30, 2009		**2008**	
	Revenue	**Segment Profit**	**Revenue**	**Segment Profit**
	Rmb'000	*Rmb'000*	*Rmb'000*	*Rmb'000*
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*
Segment by business activities				
– Toll income	1,509,470	938,452	1,820,284	1,255,421
– Service areas	542,309	6,934	883,465	33,295
– Advertising	37,859	16,433	39,900	20,128
– Securities operation	679,217	414,390	666,446	472,885
	2,768,855	1,376,209	3,410,095	1,781,729
Securities investment income (loss)		27,204		(172,467)
Other income		62,392		107,956
Administrative expenses		(30,230)		(35,720)
Other expenses		(101,927)		(18,520)
Finance costs		(35,755)		(42,521)
Share of (loss) profit of associates		(11,281)		15,459
Share of profit of a jointly controlled entity		13,073		10,627
Profit before tax		1,299,685		1,646,543

No further analysis of the revenue and segment profit by geographical segment was prepared as the revenue and segment profit of the Group were all generated from within the People's Republic of China (the "PRC") during the Period.

4. Other Income

	For the six months ended June 30, 2009 *Rmb'000* *Unaudited*	2008 *Rmb'000* *Unaudited*
Interest income on bank balances and entrusted loan	11,028	24,704
Rental income	28,727	15,238
Net exchange gain	283	41,398
Handling fee income	2,667	6,305
Towing income	7,409	9,845
Interest from structured deposit	3,114	438
Others	9,164	10,028
Total	62,392	107,956

5. Income Tax Expense

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

During the Period, the Group did not enjoy any preferential tax policy and is subject to the PRC enterprise income tax ("EIT") levied at a tax rate of 25% (2008: 25%) .

	For the six months ended June 30, 2009 *Rmb'000* *Unaudited*	2008 *Rmb'000* *Unaudited*
PRC income tax	347,697	493,141
Deferred tax:		
Current period	(21,593)	(126,537)
	326,104	366,604

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

	For the six months ended June 30,	
	2009	**2008**
	Rmb'000	*Rmb'000*
	Unaudited	*Unaudited*
Profit before tax	1,299,685	1,646,543
Tax at the PRC statutory income tax rate	324,921	411,636
Tax effect of share of losses (profits) of associates	2,820	(3,865)
Tax effect of share of profit of a jointly controlled entity	(3,268)	(2,657)
Tax effect of (income)/expense that is not (taxable) and deductible for tax purposes	1,631	(419)
PRC income tax over provision in prior year (i)	—	(38,091)
Tax charge for the Period	326,104	366,604

(i) Certain staff costs incurred by Zheshang Securities Co., Ltd. ("Zheshang Securities") in 2007 in excess of maximum amount deductible was considered as a non-deductible expense and accordingly, income tax provision was made in 2007. In 2008, Zheshang Securities has obtained an approval from the government authority for the deduction of these staff costs, so the relevant income tax provision is released to the consolidated statement of comprehensive income.

6. Dividend

The Directors have recommended the payment of an interim dividend of Rmb6 cents per share (2008: Rmb7 cents per share), subject to shareholders' approval at the extraordinary general meeting of the Company expected to be held on September 29, 2009. The recommendation has been set out in the condensed consolidated financial statements.

7. Basic 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 Rmb772,452,000 (2008: Rmb1,049,372,000) and the 4,343,114,500 shares (2008: 4,343,114,500 shares) in issue during the Period.

No diluted earnings per share have been calculated as there were no potential dilutive ordinary shares in issue in both periods.

8. Trade Receivables

The Group has no credit period granted to its trade customers of toll operation, service area operation and securities operation. An aging analysis of trade receivables at the statement of financial position date, based on invoice date, is as follows:

	As at June 30, 2009 *Rmb'000* *Unaudited*	**As at December 31, 2008** *Rmb'000* *Audited*
Within 3 months	58,581	71,640
3 months to 1 year	—	3,408
1 to 2 years	208	288
Over 2 years	663	663
Total	59,452	75,999

9. Trade Payables

An aging analysis of trade payables at the statement of financial position date, based on invoice date, is as follows:

	As at June 30, 2009 *Rmb'000* *Unaudited*	**As at December 31, 2008** *Rmb'000* *Audited*
Within 3 months	166,100	216,913
3 months to 1 year	247,057	169,772
1 to 2 years	17,489	24,778
2 to 3 years	21,859	2,336
Over 3 years	2,824	1,297
Total	455,329	415,096

10. Provisions

Subsequent to the relevant disclosure made in the Company's 2008 annual report (pages 103 — 104) relating to "Provisions", as at the date of this announcement, there is no material change for the Period except for the following lawsuit.

Prior to the restructuring of Zheshang Securities by the Company, the original person-in-charge of one of the Sales Departments under Zheshang Securities illegally absorbed public deposits and appropriated funds, which caused a loss of approximately Rmb90,000,000. As at the date of this announcement, clients who incurred losses due to the case have filed civil lawsuit against Zheshang Securities. Taking into account the prudent principles applied to operations involving normal risks in the PRC financial industry, Zheshang Securities has made during the Period a provision amounting to Rmb89,070,000 for all the principal involved in the lawsuit.

BUSINESS REVIEW

As the PRC government implemented an array of economic stimulus plans, the PRC economy has shown signs of gradual stabilization in the second quarter of 2009, registering a GDP growth of 7.1% year-on-year in the first half of 2009. Although the Zhejiang Province's economy, an export trade-led economy, has stabilized and picked up momentum in general in the second quarter, its growth rate has not exhibited a significant rebound during the Period as its foreign trade and export remained sluggish. Zhejiang Province's GDP growth rate increased by 6.3% year-on-year in the first half of 2009.

In the first half of 2009, affected by a slump in foreign trade and export within the province, the volume of regional goods transport witnessed a significant decrease which brought certain impact to the traffic on the Group's two expressways. Meanwhile, the opening of neighboring new expressways and bridge continued to divert certain traffic from the Group's two expressways. As a result, income of the Group decreased by 18.8% year-on-year during the Period. The Group realized a total income of Rmb2,857.12 million, of which Rmb1,558.94 million was attributable to the two major expressways owned and operated by the Group, representing 54.6% of the total income; and Rmb587.37 million was attributable to the Group's toll road-related businesses, representing 20.5% of the total income. As the PRC securities market has shown signs of improvement during the Period, the securities business posted a growth year-on-year and contributed Rmb710.81 million to the total income, representing 24.9% of the total income.

During the Period, toll income from toll road operations decreased by 17.1% over the same period in 2008, while income from toll road-related businesses decreased by 36.9% over the same period in 2008. A breakdown of the Group's income for the Period is set out below:

	For the six months ended June 30,		
	2009	**2008**	
	Rmb'000	*Rmb'000*	*% Change*
Toll income			
Shanghai-Hangzhou-Ningbo Expressway	1,178,291	1,453,567	-18.9%
Shangsan Expressway	380,650	426,970	-10.8%
Other income			
Service areas	547,272	888,000	-38.4%
Advertising	40,094	42,196	-5.0%
Securities business	710,811	706,454	0.6%
Subtotal	2,857,118	3,517,187	-18.8%
Less: Revenue taxes	(88,263)	(107,092)	-17.6%
Revenue	2,768,855	3,410,095	-18.8%

Toll Road Operations

Although the Rmb4 trillion stimulus measures implemented by the State have gradually proved their effectiveness on the macro-economy, the conditions of the Zhejiang Province's export trade remained grim. Therefore, the organic growth rate of traffic volume on the Group's two expressways remained sluggish in the first half of 2009, although, according to the data for the second quarter, the organic growth rate has shown a trend of slight recovery.

During the Period, the average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou-Ningbo Expressway saw a significant decrease, mainly because the Hangpu Expressway and the Hangzhou Bay Bridge, which were opened to traffic in phases in February, May and October 2008 respectively, have significantly diverted traffic from the entire Shanghai-Hangzhou-Ningbo Expressway. Meanwhile, the closure of the Shanghai Section of the Shanghai-Hangzhou Expressway for its widening project carried out since May 2009 has further diverted traffic from the Shanghai-Hangzhou Section operated by the Group. This was the main reason behind a higher rate of decline in traffic volume along the Shanghai-Hangzhou Section than that along the Hangzhou-Ningbo Section.

During the Period, the Shangsan Expressway lost some through-traffic because of the opening of the Hangzhou Bay Bridge in May 2008. In addition, given that mainly small and medium foreign trade enterprises reside along the Shangsan Expressway, traffic volume declined in the region as the province's export trade slumped.

Although traffic volumes and toll incomes along the Group's toll roads showed a trend of continued decline year-on-year during the Period, given the macro-economy having exhibited signs of stabilization in the second quarter, the rates of decline in traffic volumes and toll incomes along the Group's two expressways have gradually narrowed.

The average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou-Ningbo Expressway was 33,736 during the Period, representing a decrease of 16.2% year-on-year. The average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou section of the Shanghai-Hangzhou-Ningbo Expressway decreased by 19.1% year-on-year, and that along the Hangzhou-Ningbo section decreased by 13.9% year-on-year. The average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 19,103 during the Period, representing a decrease of 10.8% year-on-year.

Toll income from the Shanghai-Hangzhou-Ningbo Expressway amounted to Rmb1,178.29 million during the Period, representing a decrease of 18.9% year-on-year; while toll income from the Shangsan Expressway amounted to Rmb380.65 million during the Period, representing a decrease of 10.8% year-on-year.

Toll Road-related Businesses

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, income from the service areas along the Shanghai-Hangzhou-Ningbo Expressway and the Shangsan Expressway was affected. On the one hand, the opening of the Hangzhou Bay Bridge led to falling traffic volumes along the Shanghai-Hangzhou-Ningbo Expressway and the Shangsan Expressway. On the other hand, weakening consumption sentiments amid the Zhejiang Province's economic downturn undermined the purchasing power of drivers and passengers for products in the service areas. Meanwhile, a significant decrease in the sales of petroleum products had a negative impact on the income from the gas station operation. As a result, during the Period, income from the aforementioned toll road-related businesses amounted to Rmb594.78 million, representing a year-on-year decrease of 36.7%.

Securities Business

During the Period, a relaxed credit policy gave a boost to investment growth. Meanwhile, an adequate capital flow in the market stimulated the PRC's stock market to bottom out and rebound ahead of the real economy. In the first half of 2009, the stock indices showed steady rises while trading activities saw significant surges in the securities market. However, fierce business competition led to declining commission rates. During the Period, the securities business realized an operating income of Rmb710.81 million, representing an increase of 0.6% year-on-year. Of such income, brokerage commission income amounted to Rmb651.39 million, representing a year-on-year increase of 3.9%; and bank interest income amounted to Rmb59.42 million, representing a year-on-year decrease of 25.4%. Apart from these, the proprietary securities trading business recorded a profit of Rmb27.20 million as accounted for in the income statement (2008 Interim: a loss of Rmb172.47 million).

Long-term Investments

During the Period, benefiting from a gradual traffic rebound due to the opening of the entire Shida Road in July 2008 upon the completion of its widening project, traffic volume on this 9.45km Shida Road (operated by Hangzhou Shida Highway Co., Ltd., a 50% owned jointly-controlled entity of the Company) increased by 13.5% year-on-year, while toll income amounted to Rmb51.38 million, up 18.5% year-on-year. Net profit realized was Rmb26.15 million, up 20.9% year-on-year.

For Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associate of the Company), sales of petroleum products were hit by the slowdown of the macro-economy and a consequential fall in traffic volume. During the Period, income realized by the associate company decreased by 26.7% year-on-year while net profit realized was Rmb10.72 million, representing a decrease of 10.9% year-on-year.

Zhejiang Jinhua Yongjin Expressway Co., Ltd. (a 23.45% owned associate of the Company) operates the 69.7km Jinhua section of Ningbo-Jinhua Expressway. During the Period, affected by traffic diversions caused by new road networks nearby, the average daily traffic volume in full-trip equivalents along the toll road was 7,188, representing a decrease of 5.6% year-on-year; while toll income amounted to Rmb65.52 million, a decrease of 10.6% year-on-year. As the financial burden of the associate company was too heavy, it incurred a loss of Rmb56.64 million during the Period.

JoinHands Technology Co., Ltd. (a 27.582% owned associate of the Company) generated its income mainly from its printing operation and property leasing during the Period. Due to a lack of improvement in its operations, the associate company incurred a loss of Rmb1.68 million during the Period.

HUMAN RESOURCES

There were no significant changes to the Company's overall number of employees, remuneration policies, bonus schemes and training schemes from what have been disclosed in the Company's latest annual report.

FINANCIAL ANALYSIS

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

During the Period, return on equity was 5.8%, representing a decrease of 27.8% over the same period in 2008.

Liquidity and Financial Resources

As at June 30, 2009, current assets held by the Group amounted to Rmb11,253.12 million in aggregate (December 31, 2008: Rmb10,450.20 million), of which bank balance and cash accounted for 35.0% (December 31, 2008: 38.8%), bank balance held on behalf of customers accounted for 59.0% (December 31, 2008: 54.0%) and held-for-trading investments accounted for 4.1% (December 31, 2008: 2.4%). Current ratio (current assets over current liabilities) as at June 30, 2009 was 1.3 (December 31, 2008: 1.4). Excluding the effect of customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less balance of cash held on behalf of customers over current liabilities less balance of customer deposits arising from securities dealings) of the Group was 2.7 (December 31, 2008: 2.6).

The amount for held-for-trading investments of the Group as at June 30, 2009 amounted to Rmb457.51 million (December 31, 2008: Rmb247.59 million), of which 1.0% was invested in the stock market, 97.9% was invested in corporate bonds, while the rest was invested in open-end equity funds.

During the Period, net cash inflow generated from the Group's operating activities was adequate, amounting to Rmb1,131.72 million.

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 June 30, 2009, total liabilities of the Group amounted to Rmb9,772.95 million (December 31, 2008: Rmb8,990.25 million), of which 15.8% was borrowings and 67.8% was customer deposits arising from securities dealings.

Total interest-bearing borrowings of the Group as at June 30, 2009 amounted to Rmb1,545.37 million, representing a decrease of 4.0% over December 31, 2008. The borrowings comprised outstanding balances of the World Bank loans, denominated in US dollar, of approximately Rmb450.37 million in Renminbi equivalent; loans from domestic commercial banks totaling Rmb95.00 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, 76.7% were not repayable within one year.

As at June 30, 2009, the Group's loans from domestic commercial banks comprised 7-months and 1-year short-term loans, with an annual floating rate of 5.31%; and 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 dealings was fixed at 0.36%; the annual floating rate of the Group's World Bank loans, denominated in US dollar, was 4.55%.

Total interest expense for the Period amounted to Rmb35.76 million, while profit before interest and tax amounted to Rmb1,335.44 million. The interest cover ratio (profit before interest and tax over interest expenses) stood at 37.4 (June 30, 2008: 39.7).

The asset-liability ratio (total liabilities over total assets) was 37.9% as at June 30, 2009 (December 31, 2008: 35.6%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of customer deposits arising from securities dealings over total assets less balance of cash held on behalf of customers) of the Group was 16.4% (December 31, 2008: 17.2%).

Capital Structure

As at June 30, 2009, the Group had Rmb16,039.50 million total equity, Rmb7,622.26 million fixed-rate liabilities, Rmb545.37 million floating-rate liabilities and Rmb1,605.32 million interest-free liabilities, representing 62.2%, 29.5%, 2.1% and 6.2% of the Group's total capital, respectively. The gearing ratio, which was computed by dividing the total liabilities less balance of customer deposits arising from securities dealings by total equity, was 19.6% as at June 30, 2009 (December 31, 2008: 20.8%).

Capital Expenditure Commitments and Utilization

Capital expenditures of the Group and of the Company for the Period totaled Rmb103.32 million and Rmb13.24 million, respectively, with Rmb63.37 million incurred by the remaining construction works of the widening project, and Rmb28.96 million incurred by purchase of equipment.

Capital expenditures committed by the Group and by the Company as at June 30, 2009 totaled Rmb1,614.40 million and Rmb844.55 million, respectively. Amongst the total capital expenditures committed by the Group, Rmb939.89 million will be used on the remaining construction work of the widening project, while Rmb101.04 million will be used for purchase of equipment and Rmb82.86 million will be used for pruchase and construction of properties.

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 June 30, 2009, the Group did not have any contingent liabilities nor any other pledge of assets or guarantees.

Foreign Exchange Exposure

Save for the repayment of a World Bank loan of Rmb450.37 million equivalent in US dollars, as well as dividend payments to the holders of H shares 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 during the Period.

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

As the PRC's macro-economy has stabilized and improved in the second quarter of 2009, the Zhejiang Province's economy has begun to show significant improvement in general, although the GDP growth rate of the Zhejiang Province in the first half was lower than the national average as its economy was dragged by the continued sluggish foreign trade and export. It is expected that a further improvement of the economy in the second half of 2009 will help boost the organic growth of traffic volumes along the road sections of the Group.

Traffic diversions caused by the Hangpu Expressway and the Hangzhou Bay Bridge have basically stabilized while the opening of the Zhuyong Expressway, originally scheduled to be opened to traffic in the second half of 2009, will be delayed until the end of 2009. Although these factors will create positive impact on the traffic volumes on the Group's road sections in the second half of the year, certain traffic along the Shanghai-Hangzhou-Ningbo Expressway will continue to be diverted in the second half of the year as the closure of the Shanghai Section of the Shanghai-Hangzhou Expressway for its widening project will be extended until the end of 2009. Meanwhile, driven by a rebound of the provincial economy and a growth of vehicles sales, traffic volumes on the Group's road sections may resume growth. Nevertheless, the diversion impact caused by new road networks may lead to a slowdown of growth in traffic volumes on the Group's road sections.

The long-awaited toll-by-weight policy has been approved by the Zhejiang Provincial Government and the policy is expected to be implemented by the end of 2009. We believe that the implementation of the policy will help lower road surface maintenance costs of the Group and will create positive impact on the toll incomes of the Group in the long run.

During the Period, the toll road-related businesses of the Group saw a significant slump as impacted by the slowdown of the real economy in the province. However, it is expected, with a stabilization of the economy and through expanding the sales of goods categories and increasing the strength of sales promotion, as well as the renovations and expansions of the service areas, the rate of decline in the toll road-related businesses will narrow gradually.

The proactive fiscal policies and moderately relaxed monetary policies implemented by the PRC government led to a rebound in the PRC's securities market in 2009. It is believed that with the PRC's real economy showing further recovery, the securities business of the Group will be positively impacted in the long run. However, the business of Zheshang Securities will continue to be impacted by a number of uncertainties in the short run.

The year of 2009 is a tough year for the global and domestic economies as well as for the Group. Facing such grim situation, we will, under the management's leadership and its staff's concerted efforts, while focusing on our principal business, actively seek new acquisitions and sources of profit growth and will unremittingly strive to bring satisfactory results for investors.

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

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
Chen Jisong
Chairman

Hangzhou, PRC, August 11, 2009

As at the date of this announcement, the executive Directors of the Company are: Messrs. Chen Jisong, Zhan Xiaozhang, 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.