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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 Annual Results Announcement

- Revenue amounted to Rmb6,036.29 million, representing a decrease of 4.5%.
- Profit attributable to owners of the Company amounted to Rmb1,795.49 million, representing a decrease of 5.1%.
- Earnings per share was Rmb41.34 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, 2009 (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 Rmb6,036.29 million, representing a decrease of 4.5% over 2008. Profit attributable to owners of the Company was Rmb1,795.49 million, representing a decrease of 5.1% year-on-year. Earnings per share for the Period was Rmb41.34 cents (2008: Rmb43.58 cents).

The Directors have recommended to pay a final dividend of Rmb25 cents per share (2008: Rmb24 cents), subject to shareholders' approval at the annual general meeting of the Company to be held on May 10, 2010. Together with an interim dividend of Rmb6 cents per share already paid, the annual dividend payout during the Period is Rmb31 cents per share (2008: 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 31,2009, together with the comparative figures for 2008:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
		2009	**2008**
	Notes	*Rmb'000*	*Rmb'000*
Revenue	3	6,036,294	6,323,470
Operating costs		(3,145,294)	(3,133,244)
Gross profit		2,891,000	3,190,226
Securities investment gains (losses)		35,967	(316,213)
Other income	4	426,280	211,420
Administrative expenses		(69,845)	(70,003)
Other expenses		(133,640)	(38,947)
Share of (loss) profit of associates		(24,164)	10,659
Share of profit of a jointly controlled entity		21,254	23,746
Finance costs		(62,724)	(76,809)
Profit before tax		3,084,128	2,934,079
Income tax expenses	5	(840,055)	(668,928)
Profit for the year		2,244,073	2,265,151

	Notes	Year ended December 31, 2009 Rmb'000	2008 Rmb'000
Other comprehensive incomes			
Available-for-sale financial assets:			
— Fair values gain (loss) during the year		34,234	(345,081)
— Reclassification adjustments for cumulative (gain) loss included in profit or loss upon disposal		(13,632)	89,680
— Reclassification adjustment upon impairment		—	24,792
Income tax relating to components of other comprehensive income		(5,150)	57,652
Other comprehensive income (loss) for the year		15,452	(172,957)
Total comprehensive income for the year		2,259,525	2,092,194
Profit for the year attributable to			
Owners of the Company		1,795,488	1,892,787
Minority interests		448,585	372,364
		2,244,073	2,265,151
Total comprehensive income attributable to			
Owners of the Company		1,803,504	1,803,062
Minority interests		456,021	289,132
		2,259,525	2,092,194
EARNINGS PER SHARE-BASIC	7	Rmb41.34 cents	Rmb43.58 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
		2009	**2008**
	Notes	*Rmb'000*	*Rmb'000*
NON-CURRENT ASSETS			
Property, plant and equipment		1,035,628	1,031,248
Prepaid lease payments		30,342	47,654
Expressway operating rights		12,755,338	12,923,977
Goodwill		86,867	86,867
Other intangible assets		154,819	158,065
Interests in associates		435,007	464,262
Interest in a jointly controlled entity		—	124,251
Available-for-sale investments		1,000	1,000
		14,499,001	14,837,324
CURRENT ASSETS			
Inventories		17,342	16,303
Trade receivables	8	50,570	75,999
Other receivables		451,167	177,170
Prepaid lease payments		1,421	1,265
Available-for-sale investments		54,704	28,001
Held for trading investments		517,895	247,587
Structured deposit		—	204,667
Bank balances held on behalf of customers		11,532,284	5,643,192
Bank balances and cash			
— Restricted bank balances		942	35,000
— Time deposits with original maturity over three months		228,452	284,068
— Cash and cash equivalents		5,049,003	3,736,945
		17,903,780	10,450,197

		As at December 31,	
		2009	**2008**
	Notes	*Rmb'000*	*Rmb'000*
CURRENT LIABILITIES			
Accounts payable to customers arising from securities dealing business		11,502,930	5,607,473
Trade payables	9	647,373	415,096
Tax liabilities		512,551	447,884
Other taxes payable		30,492	32,760
Other payables and accruals		637,665	537,762
Dividends payable		18	33,388
Interest-bearing bank and other loans		478,055	380,897
Provisions		122,477	33,864
		13,931,561	7,489,124
NET CURRENT ASSETS		3,972,219	2,961,073
TOTAL ASSETS LESS CURRENT LIABILITIES		18,471,220	17,798,397
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans		144,329	228,867
Long-term bonds		1,000,000	1,000,000
Deferred tax liabilities		262,037	272,262
		1,406,366	1,501,129
		17,064,854	16,297,268
CAPITAL AND RESERVES			
Share capital		4,343,115	4,343,115
Reserves		9,840,505	9,339,935
Equity attributable to owners of the Company		14,183,620	13,683,050
Minority interests		2,881,234	2,614,218
		17,064,854	16,297,268

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, which are measured at fair value.

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, 2008 except as described below.

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 24 (Revised)	Related Party Disclosures
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 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
Hong Kong (IFRIC)-Interpretation ("HK(IFRIC)-Int") 9 & HKAS 39 (Amendments)	Embedded Derivatives
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
HK(IFRIC)-Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after July 1, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendments to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments and changes in the basis of measurement of segments profit or loss, segment assets and segment liabilities.

HKAS 24 (Revised) Related Party Disclosures

The Group has early adopted HKAS 24 (Revised) in advance of its effective date, January 1, 2010. It provides a partial exemption from the disclosure requirements for government-related entities and revised the definition of a related party. The revised definition of related party does not have any effect on the identification of related party of the Group.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Revised)	Classification of Right Issues[4]
HKAS 39 (Revised)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combination[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

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

[2] Effective for annual periods beginning on or after July 1, 2009 and January 1, 2010, as appropriate

[3] Effective for annual periods beginning on or after January 1, 2010

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

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

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

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

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after January 1, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from January 1, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's available-for-sale financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. **Revenue**

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

	Year ended December 31,	
	2009	**2008**
	Rmb'000	*Rmb'000*
Toll operation revenue	3,107,505	3,455,627
Service area business revenue	1,178,318	1,670,435
Advertising business revenue	77,786	78,032
Commission revenue from securities operation	1,498,827	947,861
Interest income from securities operation	170,074	167,728
Others	3,784	3,787
Total revenue	6,036,294	6,323,470

4. **Other Income**

	Year ended December 31, 2009 Rmb'000	2008 Rmb'000
Interest income on bank balances and an entrusted loan receivable	27,613	55,115
Rental income	58,697	40,858
Net exchange gain	547	40,143
Handling fee income	28,644	22,863
Towing income	11,243	15,095
Gain on disposal of an associate	—	8,375
Gain on disposal of a jointly controlled entity	274,494	—
Interest income from structured deposit	3,114	4,667
Others	21,928	24,304
Total other income	424,280	211,420

5. **Income Tax Expense**

	Year ended December 31, 2009 Rmb'000	2008 Rmb'000
PRC Enterprise Income Tax:		
Current tax	855,430	731,019
Deferred tax:		
Current year	(15,375)	(62,091)
	840,055	668,928

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 Profit 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 statements of comprehensive income as follows:

	Year ended December 31,	
	2009	**2008**
	Rmb'000	*Rmb'000*
Profit before tax	3,084,128	2,934,079
Tax at PRC enterprise income tax rate of 25% (2008：25%)	771,032	733,520
Tax effect of share of loss (profit) of associates	6,041	(2,665)
Tax effect of share of profit of a jointly controlled entity	(5,314)	(5,937)
Tax effect of income not taxable for tax purposes	(22)	(23,505)
Tax effect of expenses not deductible for tax purposes	68,318	5,606
Overprovision of the PRC enterprise income tax in prior year	—	(38,091)
Tax charge for the year	840,055	668,928

6. **Dividends**

	2009	**2008**
	Rmb'000	*Rmb'000*
Dividends recognised as distribution during the year:		
2009 Interim-Rmb6 cents（2008：2008 interim Rmb7 cents）per share	260,587	304,018
2008 Final-Rmb24 cents（2008：2007 Final Rmb24 cents）per share	1,042,347	1,042,347
	1,302,934	1,346,365

The final dividend of Rmb25 cents in respect of the year ended December 31, 2009 (2008: final dividend of Rmb24 cents in respect of the year ended December 31, 2008) per share 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 Rmb1,795,488,000 (2008: Rmb1,892,787,000) and the 4,343,114,500 (2008: 4,343,114,500) ordinary shares in issue during the Period.

No diluted earnings per share has been presented as there were no potential ordinary shares in issue for the year ended December 31, 2008 and 2009.

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 invoice date at the end of the reporting period.

	As at December 31,	
	2009	**2008**
	Rmb'000	*Rmb'000*
Within 3 months	49,739	71,640
3 months to 1 year	—	3,408
1 to 2 years	218	288
Over 2 years	613	663
Total	50,570	75,999

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,	
	2009	**2008**
	Rmb'000	*Rmb'000*
Within 3 months	410,900	216,913
3 months to 1 year	77,793	169,772
1 to 2 years	136,065	24,778
2 to 3 years	22,011	2,336
Over 3 years	604	1,297
Total	647,373	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 was no material change for the Period save as disclosed below.

Prior to the restructuring of Zheshang Securities by the Company, the original person-in-charge of one of the Sales Department under Zheshang Securities illegally absorbed public deposits and appropriated funds, which caused a loss of approximately Rmb90,000,000. During the Period, clients who incurred losses due to the case have filed civil lawsuits against Zheshang Securities. Zheshang Securities has during the Period made a provision amounting to Rmb94,860,000 for the principal and related interests involved in the lawsuits, of which Rmb7,047,000 has been settled in current year.

According to the legal process for the disputes over the asset management entrustment contract entered into between Sinobase International Ltd and Zheshang Securities, Zheshang Securities has made an additional provision of Rmb800,000 for the year.

Business Review

Following the upturn of the overall global economy in 2009, the Chinese economy has gradually stepped out of the shadow of the international financial crisis, with its economic growth accelerating quarter by quarter. The national GDP of China rose by 8.7% year-on-year in 2009 and is still maintaining a stable and relatively rapid growth. Although weak external demands hindered export growth in Zhejiang Province which relies heavily on trade, its economy showed a significant recovery as it benefitted from the country's overall economic recovery. GDP in the Zhejiang Province rose by 8.9% during the Period as compared to the same period last year.

Despite a significant rebound in the domestic macro-economy, due to various unfavorable factors including traffic diversions caused by nearby dense road networks and the partial closure of the Shanghai section of the Group's Shanghai-Hangzhou Expressway for construction, both traffic volumes and toll incomes generated on the Group's two expressways declined as compared to the same period last year. During the Period, the Group realized a total income of Rmb6,238.76 million, representing a decrease of 4.2% year-on-year; of which Rmb3,211.39 million was attributable to the two major expressways operated by the Group, representing 51.5% of the total income. Rmb1,274.67 million was attributable to the Group's related businesses such as service area operations, gas stations, advertising business and so forth, representing 20.4% of the total income; and Rmb1,752.70 million was attributable to the securities business, representing 28.1% of the total income.

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

	2009 *Rmb'000*	**2008** *Rmb'000*	*% Change*
Toll income	3,211,391	3,569,746	-10.0%
Shanghai-Hangzhou-Ningbo Expressway	2,451,957	2,758,286	-11.1%
Shangsan Expressway	759,434	811,460	-6.4%
Other income	1,274,673	1,766,002	-27.8%
Service areas	1,185,813	1,679,593	-29.4%
Advertising	85,076	82,622	3.0%
Road maintenance	3,784	3,787	-0.1%
Securities business income	1,752,697	1,174,465	49.2%
Commission	1,582,623	1,006,737	57.2%
Bank interest	170,074	167,728	1.4%
Subtotal	6,238,761	6,510,213	-4.2%
Less: Revenue taxes	(202,467)	(186,743)	8.4%
Revenue	6,036,294	6,323,470	-4.5%

Toll Road Operations

A series of effective national stimulus policies in the country had led to an apparent rebound in China's macro-economy in 2009. However, as it is difficult for international market demands to rise significantly in a short period of time, weak external demands still affected the export trade of Zhejiang Province, resulting in decreases in traffic volume of cargo vehicles on the Group's two expressways during the Period.

Meanwhile, the Hangpu Expressway and the Hangzhou Bay Bridge, which were successively opened to traffic in early 2008 and early-May 2008, continued to affect the traffic volumes and toll income from the Shanghai-Hangzhou section of the Shanghai-Hangzhou-Ningbo Expressway and the Shangsan Expressway during the Period. In addition, the closure of the Shanghai section of the Shanghai-Hangzhou Expressway for its widening works, which commenced in mid-May 2009, resulted in negative impact on traffic volume and toll income from the two expressways.

As a result of these unfavorable factors, traffic volumes and toll income from the Group's two expressways continued to decline over the same period of 2008. Fortunately, the organic growth in traffic volume along the Shanghai-Hangzhou-Ningbo Expressway and the Shangsan Expressway has shown a gradual recovery on a month-by-month basis, more apparent in the second half of 2009. In particular, in the fourth quarter of 2009, daily traffic volume along various sections of the Shanghai-Hangzhou-Ningbo Expressway and the Shangsan Expressway have recorded year-on-year growth to different extent.

The dual-path identification system for expressways in Zhejiang Province launched in mid-October 2009 resulted in negative impact on the traffic volume along the Group's Shangsan Expressway while having positive impact on the traffic volume along the Shanghai-Hangzhou-Ningbo Expressway. Overall, a slight decline has been recorded for toll income of the two expressways as a result of the implementation of such system during the Period.

Consequently, the average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou-Ningbo Expressway was 34,241 during the Period, representing a decrease of 9.2% 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 33,037, a decrease of 13.0% year-on-year, and that along the Hangzhou-Ningbo section was 35,102, a decrease of 6.3% year-on-year. The average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 18,751 during the Period, representing a decrease of 5.8% year-on-year.

Total toll income from the 248km Shanghai-Hangzhou-Ningbo Expressway and the 142km Shangsan Expressway amounted to Rmb3,211.39 million during the Period, representing a decrease of 10.1% year-on-year. In respect of such income, toll income from the Shanghai-Hangzhou-Ningbo Expressway amounted to Rmb2,451.96 million, a decrease of 11.1% year-on-year, while toll income from the Shangsan Expressway amounted to Rmb759.43 million, a decrease of 6.4% 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, with continued declines in traffic volume along the Group's two expressways, together with the opening of the Hangzhou Bay Bridge which has resulted in substantial diversions in traffic volume from the Shanghai-Hangzhou-Ningbo Expressway for large and small vehicles travelling to and from Shanghai, the loss of traffic volumes has brought about negative impact on the operations of the service areas. In particular, the sales of petroleum products were substantially affected by the decline in traffic volume of passenger and cargo vehicles. As a result, income from toll road-related businesses amounted to Rmb1,285.92 million during the Period, representing a year-on-year decrease of 27.8%.

Securities Business

Benefiting from the proactive fiscal policies and continued relaxed monetary polices implemented in the country, the domestic securities market rebounded significantly in 2009 ahead of the real economy. The stock indices recorded substantial increases, and the number of traders and trading volume rose significantly.

With the upturn in the securities market, competition among securities brokers intensified. Faced with an intense competitive environment, Zheshang Securities has been actively expanding various businesses and its market share of the brokerage business continued to rise, while total number of customers and customer assets managed also saw notable growth. In addition, Zheshang Securities achieved new profit growth through adopting various business initiatives including optimizing the deployment of its operation network, strengthening the development of the new asset management business and vigorously expanding the futures business. In addition, its first integrated asset management program was approved by the China Securities Regulatory Commission at the end of 2009.

During the Period, Zheshang Securities realized an operating income of Rmb1,752.70 million, an increase of 49.2% year-on-year. Of such income, the brokerage commission income was Rmb1,582.62 million, a year-on-year increase of 57.2%; and bank interest income amounted to Rmb170.07 million, representing a year-on-year increase of 1.4%. In order to control risks, Zheshang Securities placed more than 90% of the investment of its proprietary securities business in bonds with relatively lower risks and therefore, the securities investment income as accounted for in the consolidated statement of comprehensive income was Rmb 35.29million.

Long-term Investments

For Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associate company of the Company), during the Period, its operating revenue was affected by the decline in domestic petroleum prices. In 2009, the associate company realized sales income of Rmb2,685.35 million, representing a decrease of 12.8% year-on-year. In addition, except for the four new gas stations added in 2009, the Group carried out coordinated renovations of all of its gas stations, resulting in increases in rental expenses, labour costs and repair expenses accordingly. During the Period, net profit of the associated company was Rmb17.95 million, representing a decrease of 18.5% year-on-year.

During the Period, 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), was affected by various factors such as traffic diversions caused by nearby new road networks and inaccurate path identification system. It recorded an average daily traffic volume of 7,166 in full-trip equivalents along the expressway; while toll income amounted to Rmb138.35 million, a decrease of 4.0% year-on-year. Further, due to its heavy financial burden, the associate company incurred a loss of Rmb115.84 million during the Period.

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. Due to a lack of improvement in its operations, the associate company incurred a loss of Rmb3.05 million during the Period.

During the Period, Rmb21.25 million was generated by Hangzhou Shida Highway Co., Ltd (a 50% owned jointly-controlled entity of the Company) which operates the 9.45km Shida Road. The high cost of the road widening project of Shida Road completed in the end of 2007 led to the failure to meet the internal rate of return required by the Company. The Company entered into an agreement with Hangzhou

Communications Group Co., Ltd ("HCG") on September 10, 2009 whereby all 50% of shares held by the Company in Shida Co. was transferred to HCG at a consideration of Rmb367.00 million. An investment income gain of approximately Rmb274.49 million was generated from the transfer.

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 Rmb1,795.49 million, representing a decrease of 5.1% year-on-year, while earnings per share for the Company was Rmb41.34 cents.

Liquidity and Financial Resources

As at December 31, 2009, current assets of the Group amounted to Rmb17,903.78 million in aggregate (2008: Rmb10,450.20 million), of which bank balance and cash accounted for 29.5% (2008: 38.8%), bank balances held on behalf of customers accounted for 64.4% (2008: 54.0%) and held-for-trading investments accounted for 2.9% (2008: 2.4%). Current ratio (current assets over current liabilities) as at December 31, 2009 was 1.3 (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 2.6 (2008: 2.6).

The amount for held-for-trading investments of the Group as at December 31, 2009 amounted to Rmb517.90 million (2008: Rmb247.59 million), of which 98.7% was invested in corporate bonds, 0.1% was invested in the stock market, while the rest was invested in open-end equity funds.

During the Period, net cash inflow generated from the Group's operating activities amounted to Rmb2,994.48 million, representing an increase of 18.9%.

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, 2009, total liabilities of the Group amounted to Rmb15,337.93 million, of which 10.6% was borrowings and 75.0% was customer deposits arising from securities dealings.

Total interest-bearing borrowings of the Group as at December 31, 2009 amounted to Rmb1,622.38 million, representing an increase of 0.8% over the beginning of the year. The borrowings comprised outstanding balances of the World Bank loans, denominated in US dollar, of approximately Rmb422.38 million in Renminbi equivalent, loans from domestic commercial banks totaling Rmb200.00 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, 70.5% were not repayable within one year.

As at December 31, 2009, the Group's loans from domestic commercial banks comprised 8-month and 1-year short-term loans, with interest rates fixed at 5.31% 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 0.36%; the annual floating rates of the Group's Rmb422.38 million World Bank loans, denominated in US dollar, were from 4.55 % to 1.82 %.

Total interest expense for the Period amounted to Rmb62.72 million, while profit before interest and tax amounted to Rmb3,146.85 million and the interest cover ratio (profit before interest and tax over interest expenses) stood at 50.2 (2008: 39.2).

The asset-liability ratio (total liabilities over total assets) was 47.3% as at December 31, 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 18.4% (December 31, 2008: 17.2%).

Capital Structure

As at December 31, 2009, the Group had Rmb17,064.85 million total equity, Rmb12,702.93 million fixed-rate liabilities, Rmb422.38 million floating-rate liabilities and Rmb2,212.61 million interest-free liabilities, representing 52.7%, 39.2%, 1.3% and 6.8% 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 dealing by total equity, was 22.5% as at December 31, 2009 (December 31, 2008: 20.8%).

Capital Expenditure Commitments and Utilization

Capital expenditures of the Group and of the Company for the Period totaled Rmb687.41 million and Rmb218.71 million, respectively, mainly with Rmb309.64 million incurred by the remaining construction work of widening project, Rmb200.00 million incurred by the ancillary facilities of expressways, Rmb113.24 million incurred by acquisition of equipment, Rmb46.04 million incurred by the acquisition and construction of properties and Rmb14.24 million incurred by the service area renovation and expansion.

Capital expenditures committed by the Group and by the Company as at December 31, 2009 totaled Rmb424.00 million and Rmb111.00 million, respectively. Amongst the total capital expenditures committed by the Group, Rmb216.00 million will be used on the acquisition and construction of properties, while Rmb128.00 million will be used for the acquisition of equipment and Rmb50.00 million will be used for the widening project between the Shaozhu hub and Shaojia hub of the Shangsan Expressway and Rmb30.00 million incurred by the 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, 2009, the Group did not have any contingent liabilities or any pledge of assets.

Foreign Exchange Exposure

Save for the repayment of a World Bank loan of Rmb422.38 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 foreign exchange risks will not affect the operating results of the Group in the future.

Outlook

After having experienced in 2009 the toughest year since the beginning of the new century, the Chinese economy in general started to regain an uptrend momentum. It is expected that the economic growth environment in China will continue to see a steady growth in 2010. Similarly, subsequent to the severe impact caused by the global financial crisis in 2009, Zhejiang Province will strive to maintain steady economic development within the province through a series of policies aimed at stimulating consumption, adjusting industry structure and expanding exports. The Group's two expressways will also benefit from the recovery of the macro-economy. It is expected that there will be significant organic growth in traffic volume in 2010 while toll income for the year will resume growth.

As the diversions caused by the Hangpu Expressway and the Hangzhou Bay Bridge, which were opened to traffic in 2008, stabilized during the Period, it is expected that there will be no further diversions. With the completion of construction and closure of the Shanghai section of the Shanghai-Hangzhou Expressway at the end of 2009, it is expected that a certain percentage of traffic volumes will flow back to the Shanghai-Hangzhou-Ningbo Expressway. However, the successive openings to traffic of the Shenjia Huhang Expressway and the Zhuyong Expressway nearby in 2010 are expected to result in new traffic diversions for the Shangsan Expressway and certain sections of the Shanghai-Hangzhou-Ningbo Expressway, thereby reducing the Group's toll income accordingly.

Meanwhile, with the upcoming grand opening of the Shanghai World Expo in May 2010, and the eventual launch of the Shanghai Disneyland project, more vehicles are expected to travel on the Group's two expressways, thereby resulting in positive impact on the Group.

The toll-by-weight policy for trucks in Zhejiang Province, which aims at reducing overloading practices by trucks and thereby lowering long-term road maintenance costs, is expected to be implemented in the first half-year of 2010. This is expected to bring a slight positive impact on the Company's toll income. As the dual-path identification system has been launched since mid-October 2009, we expect the positive impact on the Shanghai-Hangzhou-Ningbo Expressway to outweigh the negative impact on the Shangsan Expressway brought by the system in the long run.

In 2010, the proactive fiscal policies implemented in our country will continue, and the approach of moderately relaxed monetary policies will not be changed. Although there are a number of uncertainties in the Chinese securities market, with the introduction of the GEM board and derivatives such as stock index futures as well as margin trading and securities lending in the country, Zheshang Securities will be making significant contributions to the Group in the future through an array of initiatives including expanding its operation network, enhancing its brokerage business and expanding its investment banking, futures and assets management businesses.

We are still faced with various unfavorable factors such as the complexities facing the recovery of both the international and domestic economies, the difficult situation facing Zhejiang Province's foreign trade in 2010, and competition brought by increasingly dense road networks in the province. With its primary business in toll road operations, the Company would thus be faced with various arduous tasks in 2010. The management will continue to make concerted efforts to meet the challenges. While strengthening and growing the expressway operation, it will also actively seek and cultivate new business growing areas and step up the process of investment and acquisition, so as to achieve good results for the Company and bring greater value to the 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 Appendix 14 to the Listing Rules

During the Period, the Company had fallen short of giving notice of at least 14 days in one of the regular board meetings held due to uncertainties associated with resolutions to be proposed at the meeting.

Other than the above, the Company met all provisions in the Code (the "Code") on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities, and adopted the recommended best practices contained in the Code whenever applicable.

Acknowledgements

Ms. Huang Qiuxia and Mr. Pan Jiaxiang will step down from their positions as Deputy General Managers with effect from March 14, 2010. The Board would like to take this opportunity to express their gratitude to Ms. Huang and Mr. Pan for their contributions to the Company's development during their tenure.

By Order of the Board
Chen Jisong
Chairman

Hangzhou, PRC, March 14, 2010

As at the date of this announcement, the executive directors of the Company are: Messrs. Chen Jisong, Zhan Xiaozhang, Jiang Wenyao and Zhang Jingzhong; 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.