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)

2011 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, 2011 (the "Period"), with the basis of preparation as stated in note 1 to the condensed consolidated financial statements set out below.

During the Period, revenue for the Group was Rmb3,339.37 million, representing an increase of 6.7% over the same period in 2010. Profit for the Period attributable to owners of the Company was Rmb900.32 million, representing an increase of 5.2% year-on-year. Earnings per share for the Period was Rmb20.73 cents, representing an increase of 5.2% over the same period in 2010.

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 October 13, 2011.

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 the same period in 2010 and relevant notes to the condensed consolidated financial statements:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		For the six months ended 30 June	
		2011	**2010**
	Notes	*Rmb'000*	*Rmb'000*
Revenue	3	3,339,367	3,130,902
Operating costs		(1,986,690)	(1,756,462)
Gross profit		1,352,677	1,374,440
Securities investment gains		27,885	51,605
Other income	4	119,926	77,453
Administrative expenses		(36,032)	(30,843)
Other expenses		(19,323)	(7,010)
Share of loss of associates		(9,367)	(6,394)
Finance costs		(41,852)	(47,007)
Profit before tax		1,393,914	1,412,244
Income tax expense	5	(352,347)	(362,597)
Profit for the Period		1,041,567	1,049,647
Other comprehensive expenses			
Available-for-sale financial assets:			
– Fair values loss during the Period		(8,662)	(841)
– Reclassification adjustments for cumulative gain included in profit or loss upon disposal		(4,072)	(23,453)
Income tax relating to components of other comprehensive income		3,184	6,074
Other comprehensive expenses for the Period (net)		(9,550)	(18,220)
Total comprehensive income for the Period		1,032,017	1,031,427
Profit for the Period attributable to:			
Owners of the Company		900,316	855,609
Non-controlling interests		141,251	194,038
		1,041,567	1,049,647
Total comprehensive income for the Period attributable to:			
Owners of the Company		895,336	846,157
Non-controlling interests		136,681	185,270
		1,032,017	1,031,427
Earnings per share-basic	7	20.73 cents	19.70 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at June 30, 2011 Rmb'000 Unaudited	As at December 31, 2010 Rmb'000 Audited
Non-current Assets			
Property, plant and equipment		1,174,377	1,120,626
Prepaid lease payments		70,010	71,035
Expressway operating rights		11,725,839	12,071,497
Goodwill		86,867	86,867
Other intangible assets		152,520	155,020
Interests in associates		462,826	472,910
Available-for-sale investments		1,000	1,000
		13,673,439	13,978,955
Current Assets			
Inventories		21,807	17,715
Trade receivables	8	47,607	50,768
Other receivables		1,407,717	953,153
Prepaid lease payments		2,052	2,052
Available-for-sale investments		61,359	71,928
Held-for-trading investments		1,309,511	803,772
Financial assets held under resale agreement		51,063	80,163
Bank balances held on behalf of customers		8,647,233	11,685,951
Bank balances and cash			
– Time deposits with original maturity over three months		759,563	325,545
– Cash and cash equivalents		4,321,951	5,682,053
		16,629,863	19,673,100

	Notes	As at June 30, 2011 Rmb'000 Unaudited	As at December 31, 2010 Rmb'000 Audited
Current Liabilities			
Accounts payable to customers arising from securities dealing business		8,621,235	11,631,030
Trade payables	9	432,387	548,695
Tax liabilities		203,745	450,708
Other taxes payable		49,719	51,002
Other payables and accruals		641,349	1,049,301
Financial assets sold for repurchase		40,000	–
Dividends payable		215,264	120,319
Interest-bearing bank and other loans		952,611	822,000
Provisions	10	21,238	21,238
		11,177,548	14,694,293
Net Current Assets		5,452,315	4,978,807
Total Assets Less Current Liabilities		19,125,754	18,957,762
Non-current Liabilities			
Long-term bonds		1,000,000	1,000,000
Deferred tax liabilities		252,055	262,647
		1,252,055	1,262,647
		17,873,699	17,695,115
Capital and Reserves			
Share capital		4,343,115	4,343,115
Reserves		10,191,749	10,380,137
Equity attributable to owners of the Company		14,534,864	14,723,252
Non-controlling interests		3,338,835	2,971,863
		17,873,699	17,695,115

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 that are measured at fair value, as appropriate.

   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, 2010 except as described below.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 32 (Amendment)	Classification of rights issues
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a minimum funding requirement
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments

   The application of the other new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

   The Group has not early applied new and revised standards that have been issued but are not yet effective. The following are the new and revised standard that have been issued after the date of the consolidated financial statements for the year ended December 31, 2010 were authorized for issuance and are not yet effective:

HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
HKAS 1 (Amendments)	Presentation of financial statements[1]
HKAS 19 (Amendments)	Employee benefits[2]
HKAS 27 (Amendments)	Separate in financial statements[2]
HKAS 28 (Amendments)	Investments in associates and joint ventures[2]

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

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

   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. Revenue

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

	For the six months ended June 30	
	2011	**2010**
	Rmb'000	*Rmb'000*
	Unaudited	*Unaudited*
Toll operation revenue	1,731,996	1,684,074
Service area business revenue	908,049	754,265
Advertising business revenue	39,245	37,671
Commission income from securities operation	506,696	557,350
Interest income from securities operation	153,381	97,509
Others	–	33
Total revenue	3,339,367	3,130,902

4. Other Income

	For the six months ended June 30	
	2011	**2010**
	Rmb'000	*Rmb'000*
	Unaudited	*Unaudited*
Interest income on bank balances and an entrusted loan receivable	67,128	21,734
Rental income	32,754	30,729
Net exchange gain	2,252	3,135
Handling fee income	8,649	7,894
Towing income	5,805	7,090
Others *	3,338	6,871
Total	119,926	77,453

* During the Period, the Group has borrowed a loan from a domestic foreign bank in HK dollar amounting to an equivalent of Rmb320.61 million with one-year term. With an aim to hedge against foreign exchange risks arising from the loan, the Group has purchased HK dollar equivalent forward contracts with one-year term at a rate lower than the spot exchange rate on the borrowing date. During the Period, the floating loss of the HK dollar forward contracts amounted to Rmb2.72 million.

5. Income Tax Expense

	For the six months ended June 30	
	2011	**2010**
	Rmb'000	*Rmb'000*
	Unaudited	*Unaudited*
Current tax:		
PRC enterprise income tax	359,756	372,826
Deferred tax	(7,409)	(10,229)
	352,347	362,597

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group is 25% from January 1, 2008 onwards.

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

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

	For the six months ended June 30	
	2011	**2010**
	Rmb'000	*Rmb'000*
	Unaudited	*Unaudited*
Profit before tax	1,393,914	1,412,244
Tax at the PRC enterprise income tax rate of 25%	348,479	353,061
Tax effect of share of loss of a jointly controlled entity	2,342	1,599
Tax effect of (income)/expense that is not (taxable) and deductable for tax purposes	1,526	7,937
Tax charge for the Period	352,347	362,597

6. Dividends

The Directors have recommended the payment of an interim dividend of Rmb6 cents per share (2010: Rmb6 cents per share), subject to shareholders' approval at the extraordinary general meeting of the Company expected to be held on October 13, 2011.

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 Rmb900,316,000 (2010: Rmb855,609,000) and the 4,343,114,500 (2010: 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 outstanding during both periods.

8. Trade Receivables

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

	As at June 30, 2011	**As at December 31, 2010**
	Rmb'000	*Rmb'000*
	Unaudited	*Audited*
Within 3 months	46,505	49,666
3 months to 1 year	–	–
1 to 2 years	271	271
Over 2 years	831	831
Total	47,607	50,768

9. Trade Payables

The following is an aged analysis of trade payables presented based on payment due date at the end of the reporting period.

	As at June 30, 2011	**As at December 31, 2010**
	Rmb'000	*Rmb'000*
	Unaudited	*Audited*
Within 3 months	116,494	166,438
3 months to 1 year	162,865	232,122
1 to 2 years	59,181	60,701
2 to 3 years	12,339	83,256
Over 3 years	81,508	6,178
Total	432,387	548,695

10. Provisions

Subsequent to the relevant disclosure made in the Company's 2010 annual report (pages 114 – 115) relating to "Provisions", as at the date of this announcement, there was no material change for the Period.

BUSINESS REVIEW

Although China's domestic economy continued to maintain a sound development trend on the whole in the first half of 2011, its GDP growth had notably decelerated, registering an increase of 9.6% over the same period last year due to the impact from the macro-economic control initiatives of the PRC Government. During the Period, the growth pace of Zhejiang Province's economy also tended to slow in the second quarter of 2011, with the overall economic structure undergoing the adjustment process of continuous improvement. The province's GDP increased by 9.9% year-on-year during the Period.

Given the gradual slowdown of growth in the domestic economy and in automobile sales in China, the organic growth of traffic volume on the Group's expressways also showed a significant falling trend during the Period. As China's stock market remained volatile and tumbled during the Period, revenue from the securities business of the Group was generally on par with the same period last year. Consequently, during the Period, income for the Group increased by 6.5% year-on-year, amounting to Rmb3,436.13 million. Of such income, Rmb1,791.91 million was generated from the two major expressways owned and operated by the Group, representing an increase of 3% year-on-year and accounting for 52.1% of total income; and Rmb954.94 million was generated from the toll road-related businesses, representing an increase of 19.5% year-on-year and accounting for 27.8% of total income. The securities business contributed an income of 689.28 million to the Group, representing an increase of 0.1% year-on-year and accounting for 20.1% of total income.

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

	For the six months ended June 30,		
	2011	**2010**	
	Rmb'000	*Rmb'000*	*Change%*
Toll income			
Shanghai-Hangzhou-Ningbo Expressway	1,437,224	1,361,787	5.5%
Shangsan Expressway	354,681	377,864	–6.1%
Other income			
Service areas	911,890	758,195	20.3%
Advertising	43,053	41,166	4.6%
Others	–	33	–100.0%
Securities business income			
Commission	535,900	590,936	–9.3%
Bank interests	153,381	97,509	57.3%
Subtotal	3,436,129	3,227,490	6.5%
Less: Revenue taxes	(96,762)	(96,588)	0.2%
Revenue	3,339,367	3,130,902	6.7%

Toll Road Operations

The organic growth of traffic volume on the Group's expressways suffered significantly due to the impact from the slowdown of growth in the macro-economy of China. Meanwhile, the Shangsan Expressway continued to be hit by traffic diversions to the Zhuyong Expressway after the new expressway had been opened to traffic in July 2010. As a result, growth of traffic volume on the Group's two expressways was relatively slower than expected during the Period.

Coupled with the above said challenges were the frequent severe weather conditions in Zhejiang Province during the first half of 2011. In addition to frequent rains and snows between January and February, heavy rainfalls in June also caused inconvenience to vehicle travels, thus bringing significant negative impact on traffic volume and toll income.

The PRC government's abolition of toll tariffs for local Class II highways in early March 2010 resulted in diversions of some trucks travelling on the Group's expressways to ordinary highways and recent changes in vehicle mix on the Group's expressways. Meanwhile, the gradual increase in large trucks has led to a decrease in small and medium trucks, thereby weakening the positive impact of the toll-by-weight policy on toll income of the Group on the whole.

Average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 39,703 during the Period, representing an increase of 4.7% year-on-year. In particular, average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou Section of the Shanghai-Hangzhou-Ningbo Expressway increased by 3.3% year-on-year, and that along the Hangzhou-Ningbo Section increased by 5.7% year-on-year. Average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 17,089 during the Period, representing a decrease of 9.3% year-on-year.

Toll income from the Shanghai-Hangzhou-Ningbo Expressway amounted to Rmb1,437.23 million during the Period, representing an increase of 5.5% year-on-year; while toll income from the Shangsan Expressway amounted to Rmb354.68 million during the Period, representing a decrease of 6.1% 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, income from the service areas (except for the gas station business) declined as a result of the slackened growth in traffic volume on the Group's two expressways, frequent adverse weather conditions and reduced travels of coach buses and passenger cars after the Shanghai-Hangzhou High-Speed Railway and Hangzhou-Wenzhou Train increased their frequency schedules. However, the surge in the selling prices of petroleum products prompted a significant rise in the sales of petroleum products, generating satisfactory income on the whole. Consequently, income from the toll road-related businesses of the Group amounted to Rmb954.94 million during the Period, representing an increase of 19.5% year-on-year.

Securities Business

During the Period, competition in the securities business intensified further due to the volatility and adjustments of the domestic stock market, compounded with increasing sales outlets set up by various securities firms since 2010. The positive effect from the increased market share of Zheshang Securities was offset by a decline in commission rates, thereby impacting the performance of the securities business.

Faced with an intensely competitive environment, Zheshang Securities endeavored to expand various businesses, and consequently, the market share of its securities brokerage business and the total number of customers continued to increase in the Period, while the investment banking and asset management businesses maintained steady growth. During the Period, the securities business realized an operating income of Rmb689.28 million, representing an increase of 0.1% year-on-year. Of such income, brokerage commissions income amounted to Rmb535.90 million, representing a decrease of 9.3% year-on-year; bank interests income amounted to Rmb153.38 million, representing an increase of 57.3% year-on-year; and the proprietary securities trading business recorded a profit of Rmb27.89 million as accounted for in the income statement (Same period in 2010: Rmb51.61 million).

Long-Term Investments

Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associate company of the Company) ("Petroleum Co") realized an income of Rmb2,393.40 million, representing an increase of 49.6% year-on-year due to a rise in the prices of petroleum products and a growth in sales of petroleum products during the Period. In the Period, Petroleum Co achieved a net profit of Rmb17.52 million.

Zhejiang Jinhua Yongjin Expressway Co., Ltd. (a 23.45% owned associate company of the Company) operates the 69.7 kilometre Jinhua Section of the Ningbo-Jinhua Expressway. During the Period, the Company achieved a satisfactory growth in toll income benefitting from an increase in traffic volume driven by the opening of nearby road networks. The Jinhua Section of the Ningbo-Jinhua Expressway recorded an average daily traffic volume in full-trip equivalents of 10,604 during the Period, representing an increase of 17.2% year-on-year; while toll income amounted to Rmb105.78 million, representing an increase of 19.7% year-on-year. Due to its heavy financial burden, the associate company still incurred a loss of Rmb30.13 million during the Period but the Directors believe that the loss is gradually decreasing.

JoinHands Technology Co., Ltd. (a 27.582% owned associate company of the Company) did not show any improvement to its operations during the Period and realized a loss of Rmb1.20 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 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 Rmb900.32 million, representing an increase of 5.2% year-on-year; return on shareholders' equity was 6.2%, representing an increase of 1.0% year-on-year; while earnings per share for the Company was Rmb20.73 cents.

Liquidity and Financial Resources

As at June 30, 2011, current assets of the Group amounted to Rmb16,629.86 million in aggregate (December 31, 2010: Rmb19,673.10 million), of which bank balances and cash accounted for 30.6% (December 31, 2010: 30.5%), bank balances held on behalf of customers accounted for 52.0% (December 31, 2010: 59.4%), and held-for-trading investments accounted for 7.9% (December 31, 2010: 4.1%). Current ratio (current assets over current liabilities) as at June 30, 2011 was 1.5 (December 31, 2010: 1.3). Excluding the effect of customer deposits arising from the securities business, the resultant current ratio of the Group (current assets less bank balances held on behalf of customers over current liabilities less balance of accounts payable to customers arising from the securities dealing business) was 3.1 (31 December 2010: 2.6).

The amount for held-for-trading investments of the Group as at June 30, 2011 amounted to Rmb1,309.51 million (December 31, 2010: Rmb803.77 million), of which 81.6% was invested in corporate bonds, 18.0% was invested in the stock market, and the rest was invested in open-end equity funds.

During the Period, net cash inflow generated from the Group's operating activities amounted to Rmb666.12 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, 2011, total liabilities of the Group amounted to Rmb12,429.60 million (December 31, 2010: Rmb15,956.94 million), of which 15.7% was borrowings and 69.4% was accounts payable to customers arising from the securities dealing business.

Total interest-bearing borrowings of the Group as at June 30, 2011 amounted to Rmb1,952.61 million, representing an increase of 7.2% over December 31, 2010. The borrowings comprised outstanding balances of loans from domestic foreign banks, denominated in HK dollar, totalling approximately Rmb320.61 million equivalent; outstanding balances of loans from domestic commercial banks totalling Rmb632.00 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, 51.2% were not repayable within one year.

As at June 30, 2011, the Group's loans from domestic commercial banks are one-year short-term loans, of which Rmb100.00 million was fixed-rate loans with interest rates ranging from 5.31% to 6.06% per annum and Rmb532.00 million was floating-rate loans with interest rates ranging from 5.68% to 6.31% per annum. The annual coupon rate for corporate bonds was fixed at 4.29%, with interest payable annually. The annual interest rate for accounts payable to customer arising from the securities dealing business was fixed at 0.36%. The annual interest rate for the Group's loan denominated in HK dollars was 4.95% per annum.

Total interest expense for the Period amounted to Rmb41.85 million, while profit before interest and tax amounted to Rmb1,435.77 million. The interest cover ratio (profit before interest and tax over interest expenses) stood at 34.3 (June 30, 2010: 31.0).

The asset-liability ratio (total liabilities over total assets) was 41.0% as at June 30, 2011 (December 31, 2010: 47.4%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of accounts payable to customers arising from the securities dealing business over total assets less bank balances held on behalf of customers) of the Group was 17.6% (December 31, 2010: 19.7%).

Capital Structure

As at June 30, 2011, the Group had Rmb17,873.70 million total equity, Rmb10,041.85 million fixed-rate liabilities, Rmb532.00 million floating-rate liabilities and Rmb1,855.75 million interest-free liabilities, representing 59.0%, 33.1%, 1.8% and 6.1% of the Group's total capital, respectively. The gearing ratio, which was computed by dividing the total liabilities less accounts payable to customers arising from the securities dealing business by total equity, was 21.3% as at June 30, 2011 (December 31, 2010: 24.4%).

Capital Expenditure Commitments and Utilization

During the Period, capital expenditures of the Group totaled Rmb117.53 million, while capital expenditures of the Company totaled Rmb4.97 million. Amongst the total capital expenditures of the Group, Rmb76.24 million was incurred for acquisition and construction of properties and Rmb38.14 million for purchase of equipment.

As at June 30, 2011, capital expenditures committed by the Group and the Company totaled Rmb648.12 million and Rmb221.75 million, respectively. Amongst the total capital expenditures committed by the Group, Rmb283.94 million was used for acquisition and construction of properties, Rmb304.62 million for acquisition of equipment, Rmb46.62 million for the widening project between the Shaoxing-Zhuji hub and the Shaoxing-Jiaxing hub of the Shangsan Expressway, and Rmb12.94 million for service area renovation and expansion.

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

Contingent Liabilities and Pledge of Assets

As at June 30, 2011, the Group did not have any contingent liabilities nor any pledge of assets or guarantees.

Foreign Exchange Exposure

Save for the repayment of a domestic foreign bank loan in HK dollar amounting to an equivalent of approximately Rmb320.61 and dividend payments to the holders of H shares in HK dollars, the Group's principal operations are transacted and booked in Renminbi. Therefore, the Group's exposure to foreign exchange fluctuations is limited.

With an aim to hedge against foreign exchange risks arising from borrowings denominated in HK dollar, the Group has purchased Hong Kong dollar equivalent forward contracts with one-year term at a rate lower than the spot exchange rate on the borrowing date during the Period. Save for the above-mentioned, 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

During the Period, China's economic growth slowed moderately as expected under the State's policy of continuously strengthening and improving the macro-economic control initiatives. The corresponding slowdown in growth in domestic automobile sales and foreign trade exports had affected the organic growth of traffic volume on expressways. It is anticipated that as inflationary pressures begin to subside in the second half of 2011, the intensity of the macro-economic control initiatives is likely to be eased such that economic growth may demonstrate a trend of "first decelerating then accelerating".

Although the increase in both traffic volume and toll income of the Group's two expressways dipped significantly during the Period as a result of slackened growth in the province's economy as well as the impact of traffic diversions to the Zhuyong Expressway, it is anticipated that the organic growth in traffic volume on the Group's expressways is likely to improve in the second half of 2011 as the impact from traffic diversions to the Zhuyong Expressway is stabilizing and the economic environment in Zhejiang Province is improving.

Meanwhile, following the commencement of operation of eight toll stations and 20 electronic toll collection (ETC) lanes, seven toll stations and 18 ETC lanes commenced operation upon completion on 1 August 2011 as planned in the first half of 2011. The remaining 17 toll stations and 52 ETC lanes are expected to be built and to commence operation next year. The Group will then be able to offer more convenient and efficient services to traveling vehicles and to further enhance the traffic capacity of its expressways.

As regards the policy announced in mid-June 2011 by five national ministries and commissions of China for specifically rectifying highway tolling, relevant implementation policies expected to be formulated by Zhejiang Province in the second half of the year will perhaps affect the current toll standards, thereby triggering uncertainties over the toll income to be generated on the Group's expressways.

As China's stock market will experience quite a high level of uncertainties once the stock indices are being consolidated at low levels, the Group's securities business will be affected by the volatility in the A-share market and the intense competition in the securities brokerage industry. Zheshang Securities will enhance the competitiveness of its operating network by establishing more new outlets in the Zhejiang market. It will aggressively expand investment banking, fixed income, asset management and other operations, while striving to create new businesses for further promoting a sound development of the securities business.

The Company will face unprecedented challenges, given the extremely complex internal and external environments for economic development as well as the uncertainties due to recent policy changes or adjustments for the toll road industry. We expect that during the second half of 2011, we will be facing increasing uncertainties regarding the traffic volumes on the Group's expressways, the service area operations and the performance of the capital market. Under such a complex situation, the Company's management will closely monitor the changes in policies for the industry and the impact of road networks within the province on the Group. We will adjust business strategies on a timely basis to strengthen the expressway core business, and strive to seek and cultivate new businesses and new income bases so as to achieve a sustainable and healthy development of the Company.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

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

COMPLIANCE WITH LISTING RULES APPENDIX 14

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

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

Hangzhou, PRC, August 23, 2011

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