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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)

2010 First Quarterly Results Announcement For the Three Months Ended March 31

This set of 2010 first quarterly results announcement of Zhejiang Expressway Co., Ltd. (the “Company”) has been prepared in satisfaction of section 4.3 of the Disclosure and Transparency Rules of the United Kingdom Listing Authority. The accounting policies adopted for the financial information of this announcement set out below are consistent with the accounting policies adopted in the Group’s annual report for the year ended December 31, 2009.

The audit committee of the Company has reviewed the quarterly results of the Company and its subsidiaries (the “Group”) for the three months ended March 31, 2010 (the “Period”). Set out below are the Group’s unaudited condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position and condensed consolidated statement of cash flow for the Period together with the comparative figures for 2009:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**

		For the three months ended March 31,	
		2010	2009
	<i>Notes</i>	<u>Rmb'000</u>	<u>Rmb'000</u>
Revenue	1	1,500,679	1,296,566
Operating costs		<u>(835,362)</u>	<u>(693,682)</u>
Gross profit		665,317	602,884
Securities investment gains		37,352	20,184
Other income	2	33,071	27,810
Administrative expenses		(14,354)	(14,507)
Other expenses		3,029	(6,841)
Share of losses of associates		(4,903)	(9,240)
Share of profit of a jointly controlled entity		—	5,420
Finance costs		<u>(15,007)</u>	<u>(15,150)</u>
Profit before tax		704,505	610,560
Income tax expense		<u>(177,814)</u>	<u>(154,547)</u>
Profit for the Period		<u>526,691</u>	<u>456,013</u>
Other comprehensive income			
Available-for-sale financial assets:			
- Fair values gain during the Period		3,821	—
- Reclassification adjustments for cumulative gain included in profit or loss upon disposal		(17,365)	—
Income tax relating to components of other comprehensive income		<u>3,386</u>	<u>—</u>
Other comprehensive loss for the Period (net of tax)		<u>(10,158)</u>	<u>—</u>
Total comprehensive income for the Period		<u><u>516,533</u></u>	<u><u>456,013</u></u>

	For the three months ended March 31,	
	2010	2009
<i>Notes</i>	<u>Rmb'000</u>	<u>Rmb'000</u>
Profit for the Period attributable to:		
Owners of the Company	418,495	358,992
Minority interests	<u>108,196</u>	<u>97,021</u>
	<u>526,691</u>	<u>456,013</u>
Total comprehensive income for the Period attributable to:		
Owners of the Company	413,225	358,992
Minority interests	<u>103,308</u>	<u>97,021</u>
	<u>516,533</u>	<u>456,013</u>
Earnings per share - Basic	3	
	<u>Rmb9.64 cents</u>	<u>Rmb8.27 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at March 31, 2010 <i>Rmb'000</i> <i>(Unaudited)</i>	As at December 31, 2009 <i>Rmb'000</i> <i>(Audited)</i>
Non-current assets	<u>14,344,765</u>	<u>14,499,001</u>
Current assets	18,467,161	17,903,780
Current liabilities	<u>13,827,830</u>	<u>13,931,561</u>
Net current assets	<u>4,639,331</u>	<u>3,972,219</u>
Total assets less current liabilities	<u>18,984,096</u>	<u>18,471,220</u>
Non-current liabilities	<u>1,402,709</u>	<u>1,406,366</u>
	<u>17,581,387</u>	<u>17,064,854</u>
Capital and reserves		
Share capital	4,343,115	4,343,115
Reserves	<u>10,253,730</u>	<u>9,840,505</u>
Equity attributable to owners of the Company	14,596,845	14,183,620
Minority interests	<u>2,984,542</u>	<u>2,881,234</u>
	<u>17,581,387</u>	<u>17,064,854</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
(UNAUDITED)**

	For the three months ended March 31,	
	2010	2009
	<i>Rmb'000</i>	<i>Rmb'000</i>
	<u> </u>	<u> </u>
Net cash from operating activities	363,449	485,527
Net cash used in investing activities	(173,921)	(1,062,385)
Net cash used in financing activities	<u> —</u>	<u> (63,373)</u>
 Net increase (decrease) in cash and cash equivalents	 189,528	 (640,231)
Cash and cash equivalents at beginning of the Period	<u>5,049,003</u>	<u>3,736,945</u>
 Cash and cash equivalents at end of the Period	 <u><u>5,238,531</u></u>	 <u><u>3,096,714</u></u>

Notes:

1. **Segment Information**

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

	For the three months ended March 31,			
	2010		2009	
	Segment		Segment	
	Revenue	Profit	Revenue	Profit
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Segment by business activities				
- Toll income	787,123	498,802	718,779	436,250
- Toll road-related operations	374,321	10,550	287,073	16,446
- Securities operation	<u>339,235</u>	<u>155,965</u>	<u>290,714</u>	<u>150,188</u>
	<u>1,500,679</u>	<u>665,317</u>	<u>1,296,566</u>	<u>602,884</u>
Securities investment gains		37,352		20,184
Other income		33,071		27,810
Administrative expenses		(14,354)		(14,507)
Other expenses		3,029		(6,841)
Share of loss of associates		(4,903)		(9,240)
Share of profit of a jointly controlled entity		—		5,420
Finance costs		<u>(15,007)</u>		<u>(15,150)</u>
Profit before tax		<u>704,505</u>		<u>610,560</u>

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

2. Other Income

	For the three months ended March 31,	
	2010	2009
	<i>Rmb'000</i>	<i>Rmb'000</i>
	<u>Unaudited</u>	<u>Unaudited</u>
Interest income on bank balances and entrusted loan receivable	9,930	5,464
Rental income	13,779	9,621
Net exchange gain (loss)	115	(93)
Handling fee income	2,093	2,272
Towing income	2,583	2,559
Interest income from structured deposit	—	2,000
Others	<u>4,571</u>	<u>5,987</u>
Total	<u><u>33,071</u></u>	<u><u>27,810</u></u>

3. Earnings per Share

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the Period of Rmb418,495,000 (2009: Rmb358,992,000) and the 4,343,114,500 ordinary shares (2009: 4,343,114,500 ordinary 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.

4. Provisions

Subsequent to the relevant disclosure made in the Company's 2009 annual report (pages 105 - 106) relating to "Provisions", as at the date of this announcement, there is no material change for the Period except for the following.

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, and thus caused a loss. During the Period, a compensation amount of Rmb2,700,000 was paid.

BUSINESS REVIEW

With the State's implementation of an array of measures to cope with the international financial crisis, the momentum toward an overall recovery of the domestic economy developed further and economic growth continued to rebound. The GDP growth rate of the country for the first quarter of 2010 was 11.9%, representing an increase of 5.7 percentage points over the same period last year. During the Period, the economy of Zhejiang Province also showed a trend of rapid recovery, with its GDP for the first quarter of 2010 increasing by 15% over the same period last year. Benefiting from a further recovery of the macro-economy, the two expressways owned by the Group witnessed growths in traffic volumes to different extents during the Period.

The Group realized a total income of Rmb1,547.23 million during the Period, representing an increase of 15.6% year-on-year. Of the total income, Rmb812.78 million was attributable to the two main expressways owned and operated by the Group, representing 52.5% of the total income; Rmb377.83 million was attributable to toll road-related businesses of the Group, representing 24.4% of the total income; and the securities business generated an income of Rmb356.62 million for the Group, representing 23.1% of the total income.

Toll Road Operations

Benefiting from a further recovery of the macro-economy and completion of the widening project of the Shanghai Section of the Shanghai-Hangzhou Expressway, the Shanghai-Hangzhou-Ningbo Expressway enjoyed a recovery of traffic volume faster than expected during the Period, while its organic growth of traffic volume was also greater than expected. Different road sections recorded growths in traffic volumes to different extents, while growth on the Shanghai-Hangzhou Section of the Shanghai-Hangzhou-Ningbo Expressway was particularly significant, with its growth rate of traffic volume reaching 17.8% for the first quarter of 2010.

Benefiting from the economic recovery, the Shangsang Expressway, which had witnessed a significant decrease in truck traffic volume last year as a result of sluggish external trade demand, recorded a growth in traffic volume for the first quarter of 2010. However, the dual-path identification system implemented in mid-October 2009 has brought certain negative effects to the traffic volume allocated to on the Shangsang Expressway. Thus, its traffic growth was not as significant as that of the Shanghai-Hangzhou-Ningbo Expressway during the Period.

The average daily traffic volume in full-trip equivalents for the Shanghai-Hangzhou-Ningbo Expressway was 36,848 during the Period, an increase of 13.4% year-on-year. In particular, the average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou Section of the expressway was 37,574, an increase of 17.8% year-on-year, while the average daily traffic volume in full-trip equivalents along the Hangzhou-Ningbo Section was 36,329, an increase of 10.4% year-on-year. The average daily traffic volume in full-trip equivalents along the Shangsang Expressway was 19,246 during the Period, an increase of 0.7% year-on-year.

During the Period, toll income from the Shanghai-Hangzhou-Ningbo Expressway amounted to Rmb635.76 million, an increase of 14.1% year-on-year, while toll income from the Shangsang Expressway amounted to Rmb177.02 million, a 4.4% decrease 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, as the macro-economy continued to recover, traffic volumes of the two expressways owned by the Group have picked up. With the traffic return and a surge in prices of petroleum products, income from the aforementioned toll road-related businesses amounted to Rmb377.83 million during the Period, representing a year-on-year increase of 30.3%.

Securities Business

In the first quarter of 2010, given a steadily and rapidly growing macro-economy and a positive trading atmosphere in the stock market, the two markets in Shanghai and Shenzhen performed steadily. Zheshang Securities has been actively expanding various businesses, while its market share of the brokerage business, total number of transactions and customer assets entrusted continued to rise, continuing a positive development trend. The Company's various businesses including investment banking, asset management, fixed income and futures intermediary services have made notable progress. However, with market competition further intensifying, average commission rates of the brokerage business have decreased.

During the Period, Zheshang Securities recorded an operating income of Rmb356.62 million, representing an increase of 16.3% year-on-year. Of this income, brokerage commission income amounted to Rmb310.57 million, a year-on-year increase of 10.8%; and bank interest income amounted to Rmb46.05 million, a year-on-year increase of 74.3%. In addition, Zheshang Securities invested more than 90% of the proprietary securities trading business in relatively low-risk bonds in order to control risks. As a result, an income of Rmb37.26 million from securities investment was accounted for during the Period in the condensed consolidated statement of comprehensive income.

Long-term Investments

For Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associated company of the Company), benefiting from a further recovery of the macro-economy and a surge in prices of petroleum products, sales of petroleum products increased significantly during the Period. The associated company realized sales income of Rmb751.42 million, representing an increase of 37.0% year-on-year. During the Period, net profit of the associated company was Rmb1.07 million.

During the Period, as traffic diversions to the new neighboring road network have stabilized, the 69.7km Jinhua Section of the Ningbo-Jinhua Expressway, operated by Zhejiang Jinhua Yongjin Expressway Co., Ltd. (a 23.45% owned associated company of the Company), recorded an average daily traffic volume in full-trip equivalents of 9,056; while toll income amounted to Rmb40.85 million, an increase of 26.9% year-on-year. However, due to its heavy financial burden, the associated company incurred a loss of Rmb19.66 million during the Period.

JoinHands Technology Co., Ltd. (a 27.582% owned associated 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 associated company incurred a loss of Rmb0.77 million during the Period.

FINANCIAL ANALYSIS

Liquidity and Financial Resources

As at March 31, 2010, current assets held by the Group amounted to Rmb18,467.16 million in aggregate (December 31, 2009: Rmb17,903.78 million), of which bank balance and cash accounted for 29.9% (December 31, 2009: 29.5%), bank balance held on behalf of customers accounted for 63.5% (December 31, 2009: 64.4%) and

held-for-trading investments accounted for 3.7% (December 31, 2009: 2.9%). Current ratio (current assets over current liabilities) as at March 31, 2010 was 1.3 (December 31, 2009: 1.3). 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) was 3.1 (December 31, 2009: 2.6).

During the Period, net cash inflow generated from the operating activities of the Group amounted to Rmb363.45 million.

Borrowings and Solvency

As at March 31, 2010, total liabilities of the Group amounted to Rmb15,230.54 million (December 31, 2009: Rmb15,337.93 million), of which 76.6% was customer deposits arising from securities dealings and 10.7% was borrowings.

Total interest expenses for the Period amounted to Rmb15.01 million, whilst profit before interest and tax amounted to Rmb719.51 million. Therefore, the interest cover ratio (profit before interest and tax over interest expenses) stood at 47.9 (2009: 41.3).

The asset-liability ratio (total liabilities over total assets) was 46.4% as at March 31, 2010 (December 31, 2009: 47.3%). Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of customer deposits arising from securities dealings over total assets less balance of cash held on behalf of customers) of the Group was 16.9% (December 31, 2009: 18.4%).

Capital Structure

As at March 31, 2010, the Group had total equity of Rmb17,581.39 million, fixed-rate liabilities of Rmb12,871.78 million, floating-rate liabilities of Rmb422.27 million and interest-free liabilities of Rmb1,936.49 million, representing 53.6%, 39.2%, 1.3% and 5.9% 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 20.2% as at March 31, 2010 (December 31, 2009: 22.5%).

OUTLOOK

As a result of the stimulation upon investments and consumption by the government's domestic demand-boosting policies, as well as the recovery growth in import and export trades, China's economy recorded a rapid, double-digit growth for the first quarter of 2010. Since the beginning of this year, Zhejiang Province's economy continued the upward trend extended from the fourth quarter of 2009. As economic recovery continues, the economic growth rate of Zhejiang Province is expected to be higher than that of the country.

As the macro-economy has been further improving since the beginning of the year, the traffic volumes of the two expressways of the Group have rallied and resumed growth. Toll incomes and the toll road-related businesses are expected to continue to improve. The ShenJiaHuHang Expressway, which was opened to traffic in early-February of this year, has so far brought less-than-expected traffic diversions to the Group's expressways. On the other hand, the ZhuYong Expressway, which plans to be opened to traffic in July, is expected to cause traffic diversions to certain sections of the expressways of the Group after its opening.

The long-awaited toll-by-weight policy for trucks on expressways in Zhejiang Province has been officially implemented since mid-April of this year. The policy aims at reducing overloading practices by trucks and road accidents, thus lowering road maintenance costs and enhancing travelling capacity. Based on preliminary statistics, the policy will bring a slight increase on the Company's toll income.

Meanwhile, the grand opening of the Shanghai World Expo on May 1 will stimulate traffic growth within the Yangtze River Delta region. As a result, traffic volumes along the Group's expressways are expected to grow, thereby bringing further positive impact to the Company.

Zheshang Securities will continue to maintain a steady growth momentum for its various businesses as it further increases its number of branch offices and enhances its business network deployment; expands the market shares of its various businesses; and embarks on other securities businesses including investment banking and asset management. However, costs are expected to increase significantly during the business expansion process.

Despite further improvements, the domestic macro-economy still faces uncertainties concerning the recovery of the international economy, with a number of contradictions and difficulties remaining to be resolved. Having experienced an economic downturn, the various businesses of the Company are heading toward an upward trend. Although neighboring expressway networks have been getting more extensive and unfavorable factors such as traffic diversions remain, the management of the Company is confident that it will continue to strengthen the core expressway business and increase the core competitiveness of the securities business, whilst stepping up the process of project acquisitions to cultivate new sources of profit growth, with a view to achieving greater operating results for the Company.

By Order of the Board
Chen Jisong
Chairman

Hangzhou, the PRC, May 10, 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.