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(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 0576)

**2009 First Quarterly Results Announcement
For the Three Months Ended March 31**

This set of 2009 first quarterly results announcement of Zhejiang Expressway Co., Ltd. (“the Company”) has been prepared pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in satisfaction of section 4.3 of the Disclosure and Transparency Rules of the United Kingdom Listing Authority.

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, 2009 (the “Period”). Set out below are the unaudited condensed consolidated income statement, condensed consolidated balance sheet and condensed consolidated cash flow statement for the Period together with the comparative figures for the same period in 2008:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		For the three months ended March 31,	
		2009	2008
	Notes	<u>Rmb'000</u>	<u>Rmb'000</u>
Revenue	1	1,296,566	1,685,068
Operating costs		<u>(693,682)</u>	<u>(807,073)</u>
Gross profit		602,884	877,995
Security investment gains (losses)		20,184	(137,156)
Other income	2	27,810	56,240
Administrative expenses		(14,507)	(14,374)
Other expenses		(6,841)	(7,445)
Finance costs		(15,150)	(19,537)
Share of loss of associates		(9,240)	(4,946)
Share of profit of a jointly controlled entity		<u>5,420</u>	<u>4,098</u>
Profit before tax		610,560	754,875
Income tax expense		<u>(154,547)</u>	<u>(188,960)</u>
Profit for the Period		<u>456,013</u>	<u>565,915</u>
Attributable to:			
Equity holders of the Company		358,992	479,119
Minority interests		<u>97,021</u>	<u>86,796</u>
		<u>456,013</u>	<u>565,915</u>
Earnings per share - Basic		<u>Rmb8.27 cents</u>	<u>Rmb11.03 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	As at March 31, 2009 <i>Rmb'000</i> <u>Unaudited</u>	As at December 31, 2008 <i>Rmb'000</i> <u>Audited</u>
Non-current assets	<u>14,673,081</u>	<u>14,837,324</u>
Current assets	11,934,741	10,450,197
Current liabilities	<u>8,349,856</u>	<u>7,489,124</u>
Net current assets	<u>3,584,885</u>	<u>2,961,073</u>
Total assets less current liabilities	<u>18,257,966</u>	<u>17,798,397</u>
Non-current liabilities	<u>1,504,685</u>	<u>1,501,129</u>
	<u>16,753,281</u>	<u>16,297,268</u>
Capital and reserves		
Share capital	4,343,115	4,343,115
Reserves	<u>9,698,927</u>	<u>9,339,935</u>
Equity attributable to equity holders of the Company	14,042,042	13,683,050
Minority interests	<u>2,711,239</u>	<u>2,614,218</u>
	<u>16,753,281</u>	<u>16,297,268</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	For the three months ended March 31,	
	2009	2008
	<u>Rmb'000</u>	<u>Rmb'000</u>
Net cash from operating activities	485,529	533,648
Net cash used in investing activities	(1,062,385)	(204,294)
Net cash (used in) / from financing activities	<u>(63,373)</u>	<u>126,627</u>
Net (decrease) increase in cash and cash equivalents	(640,229)	455,981
Cash and cash equivalents at the beginning of the Period	3,736,945	2,773,811
Effect of exchange rate changes	<u>(2)</u>	<u>42</u>
Cash and cash equivalents at the end of the Period	<u><u>3,096,714</u></u>	<u><u>3,229,834</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,			
	2009		2008	
	Revenue <i>Rmb'000</i>	Profit Contribution <i>Rmb'000</i>	Revenue <i>Rmb'000</i>	Profit Contribution <i>Rmb'000</i>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Segment by business activities				
- Toll road	720,168	437,639	901,356	594,150
- Service areas	266,747	5,443	410,204	16,522
- Advertising	18,937	9,614	19,227	10,388
- Securities business	<u>290,714</u>	<u>150,188</u>	<u>354,281</u>	<u>256,935</u>
	<u><u>1,296,566</u></u>	<u><u>602,884</u></u>	<u><u>1,685,068</u></u>	<u><u>877,995</u></u>
Security investment gains (losses)		20,184		(137,156)
Other income		27,810		56,240
Administrative expenses		(14,507)		(14,374)
Other expenses		<u>(6,841)</u>		<u>(7,445)</u>
		<u><u>629,530</u></u>		<u><u>775,260</u></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,	
	2009	2008
	<i>Rmb'000</i>	<i>Rmb'000</i>
	<u>Unaudited</u>	<u>Unaudited</u>
Interest income on bank balances	5,464	11,491
Rental income	9,621	9,887
Net exchange gain	(93)	22,076
Handling fee income	2,272	2,595
Towing income	2,559	4,151
Interest from structured deposit	2,000	—
Others	<u>5,987</u>	<u>6,040</u>
 Total	 <u><u>27,810</u></u>	 <u><u>56,240</u></u>

3. **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 Rmb358,992,000 (2008: Rmb479,119,000) and the 4,343,114,500 ordinary shares (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 dilutive ordinary shares in issue for the Period.

Business Review

Entering the first quarter of 2009, the impact of the global financial crisis continued to spread and the real economy also slipped into further recession. Affected by substantial decreases in various areas including export trade, China, the most dynamic economic system, witnessed a continued slowdown of its GDP growth for the first quarter of 2009, recording a year-on-year growth rate of 6.1%, representing a decrease of 4.5 percentage-points over the same period last year. During the Period, Zhejiang Province's economic growth was no exception and saw a trend of continued decline, recording a GDP growth rate for the first quarter of 3.4%, representing a decrease of 8.4 percentage-points over the same period last year. The continued decline in the macro-economic growth, decreases in organic growth of traffic volume, and the traffic diversions caused by neighbouring newly constructed highways and bridge led to a continued falling trend of traffic volumes and toll incomes for the Group's two expressways.

The Group realized a total income of Rmb1,341.16 million during the Period, representing a decrease of 23.1% year-on-year. Among the total income, Rmb742.15 million was attributable to the two main expressways owned and operated by the Group, representing 55.3% of the total income; Rmb292.42 million was attributable to toll road-related business operations of the Group, representing 21.8% of the total income; and the securities business generated an income of Rmb306.59 million for the Group, representing 22.9% of the total income.

Toll Road Operations

During the Period, as impacted by the gradual decrease in the organic growth of traffic volume caused by a continued slowdown in growth of the macro-economy, coupled with marked diversions brought forth by the opening-to-traffic of the Hangpu Expressway and the Hangzhou Bay Bridge, the Group's two expressways saw their traffic volumes and toll incomes continue to incur substantial decreases.

Impacted by the fact that the Hangpu Expressway and the Hangzhou Bay Bridge were opened to traffic in February and early-May 2008 respectively, especially the opening to truck traffic of the Hangzhou Bay Bridge since mid-October 2008, the traffic volumes of the Group's two expressways decreased significantly as compared to the same period last year. Meanwhile, the commencement of widening works on the Shanghai Section of the Shanghai-Hangzhou Expressway at the end of year 2008 has also affected the traffic volume on the Group's Shanghai-Hangzhou Expressway. In addition, the substantial decrease in Zhejiang Province's foreign trade and export and the toll free policy for carrier vehicles carrying fresh agricultural products and

materials have also exerted their impact on the traffic volume of the Group's expressways. The afore-mentioned factors resulted in significant decreases in traffic volumes on the Shanghai-Hangzhou-Ningbo Expressway and the Shangsang Expressway during the Period.

The average daily traffic volume in full-trip equivalents for the Shanghai-Hangzhou-Ningbo Expressway was 32,488 during the Period, representing a decrease of 19.7% 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 31,888, representing a decrease of 23.2% year-on-year. The average daily traffic volume in full-trip equivalents along the Hangzhou-Ningbo Section was 32,916, representing a decrease of 17.0% year-on-year. The average daily traffic volume in full-trip equivalents along the Shangsang Expressway was 19,112 during the Period, representing a decrease of 13.4% year-on-year.

During the Period, toll income from the Shanghai-Hangzhou-Ningbo Expressway amounted to Rmb557.04 million, representing a decrease of 22.3% year-on-year, while toll income from the Shangsang Expressway amounted to Rmb185.11 million, representing a 13.4% drop year-on-year.

Toll Road-related Business Operations

The Company also operates certain toll road-related businesses, including gas stations, restaurants and shops in service areas, as well as roadside advertising and vehicle service businesses, along the expressways through its subsidiaries and associated companies.

During the Period, as impacted by the economic downturn in the PRC and the diversions caused by the Hangzhou Bay Bridge, traffic volumes of large and small passenger vehicles on the Shanghai-Hangzhou-Ningbo Expressway and the Shangsang Expressway incurred significant decreases. Meanwhile, a weakened consumption sentiment also led to decreases in business volume and income at the service areas of these two expressways. In addition, a significant decrease in the sales of petroleum products caused a considerable decline in income from the gas station operation. Accordingly, income from toll road-related business operations amounted to Rmb292.42 million during the Period, representing a decrease of 33.1% year-on-year.

Securities Business

During the Period, the successive implementation of proactive financial policies and the relaxing of the monetary policies by the government have given a boost to the sluggish securities market in the PRC. Nevertheless, decreases in turnover of stocks

and funds in the securities market and escalating competition in the brokering business led to decreases in commission rates. As a result, the securities business realized an operating income of Rmb306.59 million during the Period, representing a decrease of 18.4% year-on-year, of which brokerage commission income amounted to Rmb280.18 million, representing a decrease of 16.5% year-on-year; and bank interest income amounted to Rmb26.41 million, representing a decrease of 34.4% year-on-year. In addition, the proprietary securities trading business recorded Rmb20.18 million as accounted for in the income statement during the Period.

Long-term Investments

1. Jointly-controlled entity

Hangzhou Shida Highway Co., Ltd. (a 50% owned jointly-controlled entity of the Company) operates the 9.45 km Shida Road. During the Period, the widening project on the Shida Road was completed and the entire Shida Road opened to traffic on July 16, 2008. As a result, the traffic volume on the Shida Road resumed growth and saw an increase of 19.9% year-on-year. Toll income totalled Rmb23.35 million, representing an increase of 23.4% year-on-year. During the Period, net profit for the jointly-controlled entity amounted to Rmb10.84 million, up 32.3% as compared to the same period last year.

2. Associates

Zhejiang Expressway Petroleum Development Co., Ltd. (a 50% owned associate of the Company) recorded a decrease of 26.9% in income year-on-year with a loss of Rmb2.68 million, resulting from a significant decrease in sales volume of petroleum products as impacted by the downturn of the macro-economy during the Period.

JoinHands Technology Co., Ltd. (a 27.582% owned associate of the Company) obtained its income mainly from its printing operations and property leasing during the Period. Due to a lack of improvement in its operating conditions, the said associate company incurred a loss of Rmb0.53 million during the Period.

Zhejiang Jinhua Yongjin Expressway Co., Ltd. (a 23.45% owned associate of the Company) owns 100% interest in the Jinhua Section of the Ningbo-Jinhua Expressway. During the Period, the average daily traffic volume in full-trip equivalents on the section was 7,201, while toll income amounted to Rmb32.19 million, representing a decrease of 10.1% year-on-year. However, due to heavy financial burden, the associate company incurred a loss of Rmb28.56 million during the Period.

Financial Analysis

Liquidity and Financial Resources

As at March 31, 2009, current assets of the Group amounted to Rmb11,934.74 million (December 31, 2008: Rmb10,450.20 million), of which bank balance and cash accounted for 36.6% (December 31, 2008: 38.8%), bank balance held on behalf of customers accounted for 57.1% (December 31, 2008: 54.0%) and held-for-trading investments accounted for 2.3% (December 31, 2008: 2.4%). Current ratio (current assets over current liabilities) as at March 31, 2009 was 1.4 (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 3.3 (December 31, 2008: 2.6).

During the Period, net cash inflow generated from the operating activities of the Group amounted to Rmb485.53 million, representing a decrease of 9.0% year-on-year.

Borrowings and Solvency

As at March 31, 2009, the total liabilities of the Group amounted to Rmb9,854.54 million (December 31, 2008: Rmb8,990.25 million), of which 16.0% were borrowings and 68.9% were customer deposits arising from securities dealings.

Total interest expenses for the Period amounted to Rmb15.15 million, whilst profit before interest and tax amounted to Rmb625.71 million. Therefore, the interest cover ratio (profit before interest and tax over interest expenses) stood at 41.3 (March 31, 2008: 39.6).

The asset-liability ratio (total liabilities over total assets) was 37.0% as at March 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 15.5% (December 31, 2008: 17.2%).

Capital Structure

As at March 31, 2009, the Group had Rmb16,753.28 million in total equity, Rmb7,823.47 million of fixed-rate liabilities, Rmb542.46 million of floating-rate liabilities and Rmb1,488.61 million of interest-free liabilities, representing approximately 63.0%, 29.4%, 2.0% and 5.6% 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 18.3% as at March 31, 2009 (December 31, 2008: 20.8%).

Outlook

Mired in the international financial crisis, the global economy continued to see sluggish sentiment and recession. Although China's economy made some initial improvements under the stimulation of the timely adjusted macro-economic measures by the government, economic growths in different regions continued to face tough challenges. The economic growth rate of the Yangtze River Delta Region in 2009 is expected to continue to decline based on the foundation of 2008.

Amid a downturn in the entire macro-economy, the prospect of the organic growth of the Group's traffic volume is not optimistic. Although the impact of traffic diversions caused by the neighbouring highways and bridge is stabilizing for the time being, the opening-to-traffic of the Zhuyong Expressway in the second half of 2009 is expected to cause traffic diversions from certain sections of the Group's Shangsang Expressway and the Shanghai-Hangzhou-Ningbo Expressway in the future. Meanwhile, with a decline in Zhejiang Province's economic growth and a decrease in vehicles traveling on the Group's toll roads, it is expected that income from the Group's toll road-related business operations will continue to see a falling trend.

Following the rolling out of relaxed monetary policies, market valuations tending to reasonable levels as well as the launching of various new businesses, the PRC's securities market, which has been affected by the domestic and global economic and financial environments as well as relevant policies, is expected to bring forth a considerable positive impact on the Group's securities business.

The situation in 2009 remains tough. Nevertheless, under the effective implementation of economic growth revival policies and stimulation measures by the government, the new management of the Company firmly believes that by continuing to enhance service standards and economic benefits and increasing the Company's mileage through project investments and acquisitions, it will actively develop the financial business, strengthen its principal toll road operations, and refine and enhance its derivative business operations, with a view to achieving greater new developments and providing satisfactory returns for shareholders.

By Order of the Board
CHEN Jisong
Chairman

Hangzhou, the PRC, May 4, 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.