四川成渝高速公路股份有限公司
Sichuan Expressway Company Limited*

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

(Stock Code: 00107)

ANNOUNCEMENT OF ANNUAL RESULTS FOR 2008

The board of directors (the "**Board**") of Sichuan Expressway Company Limited (the "**Company**") is pleased to announce the audited results of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended 31 December 2008, prepared in conformity with the basis of presentation as stated in note 1 below, together with the 2007 comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2008** *RMB'000*	2007 *RMB'000* (Restated)
REVENUE	4	**1,347,146**	1,317,442
Other income and gains	4	**243,367**	249,090
Depreciation and amortisation expenses	5	**(278,919)**	(266,220)
Employee costs	5	**(129,756)**	(115,620)
Other operating expenses		**(416,871)**	(479,378)
Finance costs		**(124,824)**	(87,326)
Share of profits and losses of associates		**5,757**	4,699
PROFIT BEFORE TAX	5	**645,900**	622,687
Tax	6	**(95,877)**	(118,799)
PROFIT FOR THE YEAR		**550,023**	503,888

Attributable to:			
Equity holders of the Company		**544,493**	495,427
Minority interests		**5,530**	8,461
		550,023	503,888
DIVIDENDS	7		
Special		**—**	102,323
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic	8	**RMB0.213**	RMB0.194

CONSOLIDATED BALANCE SHEET

As at 31 December

	Notes	**2008** *RMB'000*	2007 *RMB'000* (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**419,712**	463,289
Service concession arrangements		**5,651,525**	5,668,805
Prepaid land lease payments		**485,573**	510,434
Interests in associates		**58,064**	57,508
Available-for-sale investments		**32,795**	32,795
Long term compensation receivables	9	**76,846**	78,868
Payment in advance	10	**100,000**	100,000
Total non-current assets		**6,824,515**	6,911,699

	Notes		
CURRENT ASSETS			
Inventories		**21,617**	12,519
Prepayments, deposits and other receivables	11	**37,490**	50,479
Cash and cash equivalents		**1,148,821**	640,169
Total current assets		**1,207,928**	703,167
CURRENT LIABILITIES			
Tax payable		**42,187**	49,918
Other payables and accruals	12	**238,494**	201,704
Interest-bearing bank and other loans		**1,607,727**	1,605,774
Total current liabilities		**1,888,408**	1,857,396
NET CURRENT LIABILITIES		**(680,480)**	(1,154,229)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,144,035**	5,757,470
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans		**240,964**	396,691
Net assets		**5,903,071**	5,360,779
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**2,558,060**	2,558,060
Reserves	13	**3,245,602**	2,701,109
		5,803,662	5,259,169
Minority interests		**99,409**	101,610
Total equity		**5,903,071**	5,360,779

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") (which also include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance ("**HK GAAP**"). They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to nearest thousand except when otherwise indicated.

Fundamental accounting concept

As at 31 December 2008, the current liabilities of the Group exceeded its current assets by approximately RMB680.5 million. The directors prepared these consolidated financial statements on a going concern basis notwithstanding the net current liabilities position because based on the correspondence received by the directors, banking facilities amounting to RMB0.2 billion, RMB1.3 billion and RMB1.5 billion granted by China Merchandise Bank, China Construction Bank and China Citic Bank, respectively, are available to the Group for the next year. As at 31 December 2008, all the above available banking facilities remained unutilised.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is dealt with in equity directly.

2.1 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements, which are relevant to its operations.

HKAS 39 & HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosure — Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HKFRS 8	Operating Segments

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKAS 39 Financial instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures — Reclassification of Financial Assets

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

Financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held to maturity category (in the case of debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term but only in rare circumstances.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situation described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) HK(IFRIC)-Int 12 Service Concession Arrangements

HK(IFRIC)-Int 12 ("**HK(IFRIC) 12**") requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC) 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction or upgrade of infrastructure used to provide public services and/or for the supply of public services. The application of this interpretation results in changes in accounting policies of the Group, which have been applied retrospectively and comparative amounts have been restated accordingly.

Pursuant to the respective service concession arrangements applicable to Chengyu Expressway, Chengya Expressway and Chengbei Exit Expressway (the "**Expressways**") that are constructed by the Group, the Group operates the Expressways for concession periods of between 25.5 and 30 years and will transfer the Expressways to the grantor at the end of the respective concession periods ("**Service Concession Arrangements**"). Such service concession arrangements fall within the scope of HK(IFRIC) 12.

In prior years, the Expressways were recorded as property, plant and equipment and were stated at cost less accumulated depreciation and impairment losses. Depreciation of the Expressways was calculated on a unit-of-usage basis whereby the depreciation was provided based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate the Expressways.

Service concession arrangement

Upon the adoption of HK(IFRIC) 12, the Expressways under the service concession arrangements are no longer recognised as property, plant and equipment of the Group and have been reclassified as intangible assets and are recorded in the consolidated balance sheet as "Service concession arrangements".

Intangible asset model

The Group applies the intangible asset model to account for the service concession arrangements where the Group is granted the rights to charge users of the Expressways at toll rates jointly approved by the Sichuan Provincial People's Government, the Sichuan Provincial Price Bureau and the Sichuan Provincial Communications Department. Once the underlying infrastructure of the service concession arrangements is completed, they are amortised, on the "unit-of-usage method", as allowed under HK Interpretation 1 (revised June 2006) The Appropriate Accounting Policies for Infrastructure Facilities ("**HK-Int 1**") issued by the HKICPA, over the respective concession periods granted.

Construction contracts

Upon the adoption of HK(IFRIC) 12, the Group recognises income and expenses associated with construction and upgrade services provided under the service concession arrangements in accordance with HKAS 11 Construction Contracts.

Revenue generated by construction and upgrade services rendered by the Group is measured at fair value of the consideration received or receivable. The consideration represents the rights to attain an intangible asset.

The Group uses the percentage of completion method to determine the appropriate amount of income and expenses to be recognised in a given period, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The stage of completion is measured by reference to the construction costs of the related infrastructure incurred up to the balance sheet date as a percentage of the total estimated costs for each contract. Provision is made for foreseeable losses as soon as they are anticipated by management.

HK(IFRIC) 12 has been applied by the Group retrospectively and comparative amounts have been restated. The effect of the above changes is summarised below:

	2008	2007
	RMB'000	*RMB'000*
Consolidated income statement for the year ended 31 December:		
Increase in other income and gains	**158,053**	171,357
Increase in other operating costs	**(159,306)**	(147,479)
Increase in amortisation of intangible assets	**(168,710)**	(151,458)
Decrease in depreciation of property, plant and equipment	**168,058**	135,183
Total increase/(decrease) in net profit	**(1,905)**	7,603
Increase/(decrease) in basic earnings per share *(RMB cents)*	**(0.07)**	0.30

	2008	2007
	RMB'000	*RMB'000*
Consolidated balance sheet and equity at 1 January:		
Increase in service concession arrangements	**5,559,529**	5,539,630
Decrease in property, plant and equipment	**(5,547,063)**	(5,534,767)
	12,466	4,863
Increase in reserves (retained earnings)	**12,466**	4,863
Consolidated balance sheet and equity at 31 December:		
Increase in service concession arrangements	**5,548,872**	5,559,529
Decrease in property, plant and equipment	**(5,538,310)**	(5,547,063)
	10,562	12,466
Increase in reserves (retained earnings)	**10,562**	12,466

(c) HKFRS 8 Operating Segments

HKFRS 8 will be effective for financial years beginning on or after 1 January 2009. HKFRS 8, which will replace HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

The Group early adopted HKFRS 8 as of 1 January 2008. HKFRS 8 requires a "management reporting approach" under which segment information is presented on the same basis as that used for internal reporting purpose. The Group concluded that there is no separate reporting segment apart from the toll operation segment. The board of directors reviews and assesses the performance on the toll operation segment based on the information available for purpose of allocating resources to the segment and assessing their performance. As a result of early adopting HKFRS 8, the Group has evaluated and determined that there is no separate segment apart from the toll operating segment.

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued and are relevant to these financial statements but not yet effective, in these financial statements:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]

Apart from the above, the HKICPA has also issued Improvements to HKFRSs[*] which sets out amendments to a number of HKFRSs. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

[1] Effective for accounting periods beginning on or after 1 January 2009

[2] Effective for accounting periods beginning on or after 1 July 2009

[*] Improvements to HKFRSs contain amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs and anticipated that the adoption of the above revised and amended standards will not have a material impact on the results of operations and the financial position of the Group in the period of initial application.

2.3 SIGNIFICANT CHANGE IN ACCOUNTING ESTIMATE

Amortisation of costs of service concession arrangements

Amortisation of costs of service concession arrangements is calculated under the unit-of-usage method, whereby the amortisation is provided based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate those service concession arrangements. The projected total traffic volume over the respective concession periods could change significantly. The Group reviews regularly the projected total traffic volume throughout the operating periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume.

During the year, the Group appointed professional traffic consultants to perform independent professional traffic studies on the projected total traffic volume of Chengyu Expressway and Chengbei Exit Expressway. The Group provided amortisation of Chengyu Expressway and Chengbei Exit Expressway for the year based on the adjusted projected total traffic volume according to the results of the traffic studies. This change in estimate has been accounted for prospectively from 1 January 2008 and has resulted in an increase in amortisation of service concession arrangements and a decrease in profit for the year by approximately RMB21,249,000 and RMB18,062,000, respectively, during the year.

3. SEGMENT INFORMATION

The Group's revenue and contribution to profit from operating activities for the two years ended 31 December 2008 were mainly derived from toll operation. The principal assets employed by the Group are located in the Sichuan Province, the PRC. Accordingly, no segment analysis by operating or geographical segments is required.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Revenue		
Toll income		
Chengyu Expressway	**843,929**	890,289
Chengya Expressway	**469,318**	394,124
Chengbei Exit Expressway and Qinglongchang Bridge	**75,902**	74,103
	1,389,149	1,358,516
Less: Revenue taxes	**(42,003)**	(41,074)
	1,347,146	1,317,442
Other income and gains		
Road maintenance income	**31,997**	32,845
Rental income	**21,604**	19,186
Construction revenue for upgrade services	**158,053**	171,357
Interest income from bank deposits	**16,341**	8,384
Interest income from discounting of long term compensation receivables	**11,225**	11,442
Miscellaneous	**4,147**	5,876
	243,367	249,090
Total revenue, other income and gains	**1,590,513**	1,566,532

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Employee costs (including directors' remuneration):		
Wages and salaries	**95,217**	88,750
Pension scheme contributions		
— Defined contribution fund	**15,480**	13,262
Accommodation benefits		
— Defined contribution fund	**12,680**	10,908
Supplementary pension scheme		
— Defined contribution fund	**6,379**	2,700
	129,756	115,620
Depreciation	**78,725**	83,585
Amortisation of service concession arrangements	**175,333**	158,081
Amortisation of prepaid land lease payments	**24,861**	24,554
Depreciation and amortisation expenses	**278,919**	266,220
Repairs and maintenance	**145,569**	176,969
Construction costs for upgrade services	**159,306**	163,536
Minimum lease payments under operating leases:		
Land and buildings	**3,871**	4,235
Auditors' remuneration	**1,726**	1,634
Loss on disposal of items of property, plant and equipment	**3,974**	4,658
Loss on disposal of a subsidiary	**—**	581
Provision for impairment of other receivables	**63**	5,223
Reversal of provision for impairment of other receivables	**(7,659)**	(3,565)

6. TAX

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the year (2007: Nil).

On 16 March 2007, the National People's Congress approved the Corporate Income Tax law of the PRC (the "**new CIT law**"), which became effective from 1 January 2008. Under the new CIT law, the standard CIT rate starting from 1 January 2008 became 25%, replacing the previous applicable rate of 33%, and the entities that were entitled to a preferential tax rate will continue to enjoy the tax benefits. As such, except for the companies discussed below that are entitled to a preferential tax rate, the other subsidiaries and associates of the Company are required to pay CIT at the standard rate of 25% from 1 January 2008.

Pursuant to the approval document, "Chuan Guo Shui Zhi Jian Mian [2008] No. 26" dated 2 June 2008, issued by the Sichuan Provincial Branch of the State Tax Bureau, the Company is granted a tax concession to pay CIT at a preferential rate of 15% for the three years from 1 January 2008 to 31 December 2010.

Pursuant to an approval document "Chuan Di Shui Han [2004] No. 283" dated 19 July 2004 issued by the Sichuan Provincial Branch of the State Tax Bureau, the Company's subsidiary, Chengdu Chengbei Exit Expressway Company Limited ("**Chengbei Company**"), was granted a tax concession to pay CIT at a preferential rate of 15% for the period from 1 January 2003 to 31 December 2010.

Pursuant to a document "Guo Ban Fa [2001] No. 73" dated 29 September 2001 issued by the State Council of the PRC and the approval of the local tax authorities, Chengdu Airport Expressway Company Limited, an associate of the Company, was granted a tax concession to pay CIT at a preferential rate of 15% for a period of 10 years from 1 January 2001 to 31 December 2010.

The major components of income tax expenses for the year are as follows:

	2008	2007
	RMB'000	*RMB'000*
Group:		
Current — Mainland China		
Charge for the year	**95,877**	82,471
Deferred	**—**	36,328
Total tax charge for the year	**95,877**	118,799

7. DIVIDENDS

(a) Dividends declared and paid in 2007

	RMB'000
Final dividend in respect of the financial year ended 31 December 2006 of RMB0.04 per share	102,322
Special dividends of RMB0.04 per share	102,323
	204,645

During the year ended 31 December 2007, a special dividend of RMB0.04 per share of approximately RMB102,323,000 was declared and paid on 19 December 2007.

(b) Dividend for the year

The Company will not pay a final dividend for the year ended 31 December 2008 to the shareholders.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company for the year of RMB544,493,000 (2007: RMB495,427,000) and 2,558,060,000 (2007: 2,558,060,000) Domestic and H Shares in issue during the year.

No diluting events existed as the Company did not have any potential shares for the two years or at each of the balance sheet dates. Accordingly, diluted earnings per share amounts for the years ended 31 December 2008 and 2007 have not been disclosed.

9. LONG TERM COMPENSATION RECEIVABLES

Pursuant to a compensation agreement dated 29 December 2006 entered into among Xindu District Finance Bureau and Communications Bureau (collectively Xindu District Government, "**XDG**"), Chengdu Municipal Department of Communications and Chengbei Company, a subsidiary of the Company, on 30 December 2006, Chengbei Company disposed of the operating rights of Dajian Road to XDG for a compensation of RMB211,802,000.

The compensation can be analysed as follows:

	2008			2007		
	Compensation	**Imputed interest**	**Net present value**	Compensation	Imputed interest	Net present value
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Receivable:						
Within one year	**13,000**	**10,978**	**2,022**	13,000	11,225	1,775
In the second to fifth years, inclusive	**52,000**	**40,678**	**11,322**	52,000	42,061	9,939
Over five years	**120,802**	**55,278**	**65,524**	133,802	64,873	68,929
	185,802	**106,934**	**78,868**	198,802	118,159	80,643
Portion classified as current assets			**(2,022)**			(1,775)
Non-current portion			**76,846**			78,868

As the compensation will be paid by instalment over 17 years, the Group calculated the discounted value of the compensation receivable in future using an imputed rate of interest of 13.92% per annum. The imputed rate of interest adopted reflects risk premium accounted for after considering the credit risk incurred due to the fact that the compensation will be paid over 17 years.

10. PAYMENT IN ADVANCE

Payment in advance represents RMB100 million paid by the Company to Sichuan Highway Development (the parent and the ultimate holding company of the Company) and Leshan City Xing Yuan Traffic Development Holding Company (an independent third party) (collectively "**Vendors**") in relation to the acquisition of entire interest in Sichuan Chengle Expressway Company Limited ("**SC Expressway**"). The acquisition is subject to the successful Proposed A Share Issue, which is a condition precedent to closing. If the Company is unsuccessful with its Proposed A Share Issue, the acquisition will be terminated. In such case, the Vendors shall refund the advance payment paid by the Company with no accrual of interest to the Company within 10 working days after the receipt of written notice from the Company. Upon completion, SC Expressway will become a wholly-owned subsidiary of the Company.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2008	2007
	RMB'000	*RMB'000*
Prepayments	**7,873**	15,812
Deposits and other receivables	**88,346**	100,992
	96,219	116,804
Impairment for other receivables	**(58,729)**	(66,325)
	37,490	50,479

12. OTHER PAYABLES AND ACCRUALS

	2008	2007
	RMB'000	*RMB'000*
Accruals	**83,767**	6,998
Other payables	**154,727**	194,706
	238,494	201,704

Other payables are non-interest-bearing and have an average term of three months, except for warranty payables for the construction of expressways, which have a longer term of approximately two years.

13. RESERVES

In accordance with the Company Law of the PRC and the respective articles of association of the Company, its subsidiaries and associates, the Company, its subsidiaries and associates are required to allocate 10% of their profits after tax, as determined in accordance with PRC GAAP applicable to the Company, its subsidiaries and associates, to the statutory surplus reserve (the "**SSR**") until such reserve reaches 50% of the registered capital of the Company, its subsidiaries and associates. Subject to certain restrictions set out in the Company Law of the PRC and the respective articles of association of the Company, its subsidiaries and associates, part of the SSR may be converted to increase the share capital of the Company, its subsidiaries and associates, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

According to the relevant regulations in the PRC, the amount of reserves available for distribution is the lower of the amount determined under PRC GAAP and the amount determined under HK GAAP. As at 31 December 2008, the Company's reserves available for distribution amounted to RMB924,021,000, as calculated in accordance with HK GAAP. The Company's distributable reserves as at 31 December 2008 determined under HK GAAP were lower than those determined under PRC GAAP.

RESULTS AND DIVIDENDS

In 2008, the Group achieved revenue of RMB1,347,146,000, representing an increase of 2.25% as compared with last year; profit attributable to shareholders of the Company was RMB544,493,000, up 9.90% from last year (if not taking into account of the retrospective adjustment resulting from changes in the accounting policies, the profit attributable to shareholders of the Company increased by 11.62% as compared with last year). Earnings per share was RMB0.213 (2007: RMB0.194. If not taking into account of the retrospective adjustment resulting from changes in the accounting policies, earnings per share in 2007 was RMB0.191).

The Company is committed to achieving a win-win situation between the Company's profit and the shareholders' benefit. While accelerating its business expansion and improving its profitability, the Company is also pursuing the best investment return for the shareholders as its duty. Since its H shares were listed, the Company kept reciprocating investors with cash dividends for ten consecutive years, aggregating RMB1,015,550,000 in cash dividend.

In consideration of the pending A Share Issue and the acquisition of equity interest in Sichuan Chengle Expressway Company Limited ("**SC Expressway**") by the proceeds raised, and from the perspective of balancing the long-term interest and present income of investors, the Board discussed and decided at a meeting on 23 January 2009 that no final dividend will be paid to shareholders for the year ended 31 December 2008. But at the meeting it had also finalized the dividend policy for future i.e. within three years after the A Share Issue, no less than 40% of profit distributable for underlying year realized by the parent company will be paid to shareholders as cash dividend.

BUSINESS REVIEW AND ANALYSIS

The earnings of the Group were mainly derived from the operation and investment of toll roads.

In 2008, despite numerous difficulties and challenges, the Group recorded good overall performance and steady growth in results with the supports from all walks of life and the unrelenting efforts of our staff. Meanwhile, the Group's development strategy and operational tactics had been effectively implemented. The Group had made remarkable progress in business expansion, management, capital operation and corporate governance, all laying solid foundation for further investment and the establishment of new development pattern.

1. Revenue from the Group's principal operations

Toll income	**For the year ended 31 December 2008** *(RMB'000)*	**Percentage to total income**	**Increase/ (decrease) as compared with 2007**
Sichuan Expressway Company Limited ("**Chengyu Company**")	843,929	60.75%	(5.21%)
Sichuan Expressway Company Limited Chengya Branch ("**Chengya Branch**")	469,318	33.79%	19.08%
*Chengdu Chengbei Exit Expressway Company Limited ("**Chengbei Company**")	75,902	5.46%	2.43%
Total	1,389,149	100%	2.25%

* The toll income of Chengbei Company was the total aggregate amount of the toll income of Qinglongchang Bridge and Chengbei Exit Expressway.

2. Operating results of the Company and its major branches and holding subsidiaries

Unit: RMB'000

	Toll Income	Operating Profit	Net Profit/ (Loss)
Chengyu Company	843,929	462,963	376,837
Chengya Branch	469,318	272,170	163,312
Chengbei Company	75,902	33,492	14,468

3. Operation of major expressways of the Group

The major toll roads operated and managed by the Group include: Sichuan Chengyu Expressway ("**Chengyu Expressway**"), Sichuan Chengya Expressway ("**Chengya Expressway**") and Chengdu Chengbei Exit Expressway ("**Chengbei Exit Expressway**"). Being the traffic arteries and the major routes in Sichuan Province, such expressways play a key role in the provincial transportation networks.

	Average daily traffic flow *(Number of vehicles)*			Average daily toll income *(RMB'000)*		
Toll roads	2008	2007	Increase/ (decrease) year-on-year	2008	2007	Increase/ (decrease) year-on-year
Chengyu Expressway	15,289	16,220	(5.74%)	2,306	2,439	(5.45%)
Chengya Expressway	13,151	12,752	3.13%	1,282	1,080	18.70%
Chengbei Exit Expressway (including Qinglongchang Bridge)	24,244	22,250	8.96%	207	203	1.97%

Chengyu Expressway

During the year, the traffic volume of Chengyu Expressway decreased while its toll income increased significantly as compared with last year during the first half of the year but decreased remarkably during the second half. This was mainly due to:

— Suiyu (Suining-Chongqing) Expressway commenced operation on 29 December 2007. The expressway which connects to Chengnan (Chengdu-Nanchong) Expressway at Suining forms the Chengsuiyu Expressway (成遂渝高速公路) linking up Chengdu and Chongqing and is 45 kilometres shorter than Chengyu Expressway, which has caused a diversion of direct traffic between Chengdu and Chongqing (representing approximately 10% of the toll income of Chengyu Expressway, which has become stable);

— The snow storm in South China during January and February this year had a greater impact on Guizhou, Guangxi, Guangdong as well as Luzhou and Yibin in the south of Sichuan, and part of the sections had been blocked. As Chengyu Expressway is the beginning section of the southwest sea route, the only access from Chengdu to Guizhou, Guangxi and Guangdong and to cities of strategic importance in the south of Sichuan such as Luzhou and Yibin, long-distance vehicles passing through Chengyu Expressway decreased during this period;

— The devastating Wenchuan Earthquake on 12 May 2008 caused a remarkable decrease in the traffic volume of Chengyu Expressway in the same month. Meanwhile, the toll income of Chengyu Expressway was also affected by the temporary toll free for rescue vehicles after the earthquake;

— Due to the implementation of "toll-by-weight" policy since 1 June 2007 in Sichuan Province on cargo vehicles which accounted for approximately 40% of the traffic volume of Chengyu Expressway, toll income of Chengyu Expressway had shown a strong year-on-year increase during the first half of 2008. In the second half of the year, with toll policy unchanged from last year, the rapidly spreading global financial crisis led to the slowdown of China's economy. That was the main reason why Chengyu Expressway suffered a sharp year-on-year decrease in traffic volume and income.

On the other hand, the pressure from the slowdown in the macro economy was effectively relieved by factors such as the establishment and development of Chengyu Experimental Zone of Comprehensive Coordinated Reforms for Urban and Rural Area, the emerging back feeding effect from Chengyu expressway economic zone, the important role of Chengyu Expressway as a main traffic route for reconstruction after the Sichuan disaster, continuous implementation of "toll-by-weight" policy and the planned termination of 20% toll cut policy on normally loaded vehicles in 2009. Therefore, the Company is confident of the sustainable profitability of Chengyu Expressway which is the core asset of the Company.

Chengya Expressway

In 2008, despite the ordeal to Chengya Expressway from the successive snow storm and earthquake catastrophe, its toll income continued strong growth momentum and increased by nearly 20% over last year. Its traffic volume also continued to increase. This is mainly attributable to the flourishing local tourism, economic zones formed along the expressway during the growth period giving new impetus to traffic volume of Chengya expressway, and the continuous implementation of "toll-by-weight" policy on cargo vehicles. Such factors largely offset the impact from the slowdown in the macro economy. It is anticipated that with the completion and commencement of operation of Chengya Expressway's extensions Yapan Expressway (Yaan-Panzhihua), Yale Expressway (Yaan-Leshan) and Leyi Expressway (Leshan-Yibin), which are under construction, Chengya Expressway will increasingly ride on the competitive advantage as a major transportation hub and a golden travel route in Sichuan province thus further expending its profitability.

Chengbei Exit Expressway

In 2008, traffic volume of Chengbei Exit Expressway recorded significant growth while toll income merely recorded a small growth as compared with last year, which was far less than that of the traffic volume. The main reasons are:

— since 15 December 2007, Cheungdu Municipal Government has implemented a transportation organization plan on the Third Ring Road of Chengdu which links Chengbei Exit Expressway to restrict cargo vehicles to use the Third Ring Road in several phases. Accordingly, cargo vehicles subject to higher toll were diverted significantly. As a result, despite the significant growth in traffic volume of Chengbei Exit Expressway, its toll income only recorded moderate increase as the growth was mainly contributed by small vehicles;

— The cargo vehicles accounted for a smaller proportion (approximately 20% only) in the traffic volume of Chengbei Exit Expressway. Consequently, the increase in toll income attributed by the implementation of "toll-by-weight" policy was not as remarkable as that of the two expressways mentioned above.

4. Other Businesses

In 2008, the Company achieved RMB243,367,000 of other income and gains (excluding operation of toll roads) in total, representing a decrease of 2.30% over the previous year. The Company's other businesses are mainly operated and managed by the following subsidiaries:

Shusha Company, a wholly owned subsidiary of the Company, is principally engaged in gas station operation, advertisement billboard leasing, vehicle maintenance and mobile emergency repair services along Chengyu Expressway and multiple operations beyond the road. The registered capital of Shusha Company is RMB30,000,000.

During the year, Shusha Company's revenue from operations was approximately RMB11,881,000, with net profit amounting to approximately RMB2,470,000, representing an increase of 7.01% and 16.67% respectively as compared to last year.

Shugong Company, another wholly owned subsidiary of the Company, is mainly engaged in the construction and maintenance of infrastructures such as road, bridge and tunnel, and the sale of engineering machine equipment and materials. The original registered capital of Shugong Company was RMB30,000,000, and its net assets was RMB40,000,000. On 25 November 2008, the Board of the Company resolved to increase the registered capital of Shugong Company by RMB40,000,000, with an aim to accelerate the company's marketization, address the need of its business and scale expansion and meet relevant requirements for its application for Grade-A qualifications of the main contractor for road construction. After the capital increase, Shugong Company's registered capital amounted to RMB70,000,000. Shugong Company had completed the relevant change of business registration on 25 December 2008.

In 2008, Shugong Company's revenue from operations was approximately RMB141,256,000, with net profits amounting to approximately RMB1,168,000, representing a decrease of 34.70% and 69.12% over the previous year respectively.

Shuhai Company, invested and established by the Company and Sichuan Jingchuan Highway Engineering Group Limited (四川京川公路工程集團有限公司), is principally engaged in investment in road infrastructure projects and other industrial projects, investment consulting services (excluding financial and securities business), hi-tech products and technological development. The Company holds 99.9% equity interest in Shuhai Company. The registered capital of Shuhai Company is RMB200,000,000.

As an investment management company specializing in infrastructure projects, Shuhai Company is focusing on building up a project reserve of expressways and other transportation infrastructure in Sichuan Province through investigation and study. The company did not make any material investments during the year.

5. Project Investment and Financing

The reconstruction of the earthquake-stricken areas, the need for fast recovery and comprehensive, coordinated development of the economic, social life and all kinds of businesses in Sichuan province, and the expansion of investment in infrastructure by all levels of government as a major measure to maintain economic growth during the macroeconomic downturn have created higher and more pressing demands for the Sichuan's road construction. During this special historical period, the Group will contribute its best efforts to Sichuan's traffic development and strive for its organic growth at the same time by planning with a new historical perspective and accelerating growth.

In view of the foregoing, we have implemented and intend to implement the following financing and investment plans so as to accelerate the Group's asset growth and its pace of becoming larger and stronger:

- ***Implementation of A Share Issue proposal***

  On 12 December 2007, the matters in relation to A Share Issue were considered and approved at the third extraordinary general meeting of 2007 and the class meetings for the holders of H shares and holders of domestic shares respectively. The Company proposed to issue not more than 500,000,000 A shares to the public, raising proceeds of not more than RMB2 billion. On 19 December 2007, the Company formally filed the application documents regarding the issuance and listing of A shares with the CSRC. On 27 June 2008, the issue of the Company's A shares and listing application was approved by Securities Issue Approval Committee（股票發行審核委員會）of CSRC. However, the Company currently has not obtained the approval documents from the CSRC regarding the A Share Issue due to the tumbled international and domestic financial and securities markets in the second half of the year. As the Company failed to proceed with the A Share Issue before the expiry date (i.e. 11 December 2008) of the validity period for the A Share Issue, the Board of the Company presented the resolutions in relation to refreshment of specific mandate for issuance of A shares, refreshment of specific mandate for the amendments to the articles of the Company and refreshment of specific mandate for the adoption of the rules of procedures and internal rules to the shareholders on 23 January 2009 at the extraordinary general meeting and class meetings held on the same date, which were approved by the shareholders. The Company will continue to update relevant application materials on the issue of A shares in due course so as to ensure compliance with rules and legality of all application procedures. Upon obtaining the approval from CSRC, the Company will issue and list A shares on Shanghai Stock Exchange as soon as possible.

  For details, please refer to the circulars of the Company dated 26 October 2007 and 8 December 2008 and the announcements of the Company dated 5 October 2007, 23 June 2008 and 25 November 2008.

- ***Proposal for acquisition of 100% equity interests in SC Expressway***

  On 26 September 2007, the Company, Sichuan Highway Development and Leshan City Xing Yuan Traffic Development Holding Company (樂山市星源交通投資開發總公司) (the holding companies of SC Expressway) jointly entered into an agreement to acquire 100% equity interests in SC Expressway. Pursuant to the agreement, the acquisition agreement shall become effective upon the successful issue and listing of the Company's A shares. On 12 December 2007, the acquisition was considered and approved at the third extraordinary general meeting of 2007 and the class meetings for the holders of H shares and holders of domestic shares respectively. Meanwhile, it was approved that the acquisition of SC Expressway's equity interests will be financed by proceeds raised from the issue of A shares (Details of SC Expressway are disclosed in the circular dated 26 October 2007).

  The Company is optimistic about the business prospect of Chengle Expressway and believes that the acquisition will help the Group further increase the asset scale and expand its basis of earnings which are in line with the sustainable development strategy of the Group.

- ***Other proposals for acquisition of quality expressways assets***

  On 20 March 2008 and 9 May 2008, the Company entered into the "Intentional agreement regarding an asset acquisition of Sichuan section of Suiyu Expressway (遂渝高速公路) and relevant matters" and the "Intentional agreement regarding an asset acquisition of Chengnan Expressway", both of which are non-legally binding, with the owners of Sichuan section of Suiyu Expressway and Chengnan Expressway, Sichuan Chengnan Expressway Company Limited (四川成南高速公路有限責任公司) ("**Chengnan Company**") and the controlling shareholder of Chengnan Company, Sichuan Highway Development respectively. During the year, the Company also initiated the asset acquisitions of Sichuan section of Suiyu Expressway and Chengnan Expressway. Such acquisitions are planned to be completed before 31 December 2009.

Suiyu Expressway, a dual four-lane close expressway with the total length of approximately 148 kilometres has been put into full operation since 29 December 2007. Sichuan Section is measuring approximately 36.6 kilometres and Chongqing Section is measuring approximately 111.8 kilometres. The expressway connected with Chengnan (Chengdu-Nanchong) Expressway at Suining with 147 kilometres long from Chengdu to Suining, which links Chengdu and Chongqing and is 45 kilometres shorter than Chengyu Expressway, leading to a diversion of direct traffic between Chengdu and Chongqing.

Chengnan Expressway, which commenced operation in 2002, is a dual four-lane close expressway (six lanes in part) with the total length of 214 kilometres. This expressway is an integral part of Hurong (Shanghai-Chengdu) National Trunk Highway under construction. Hurong Expressway is expected to be put into full operation in 2009. By then Chengnan Expressway will become another great corridor beyond the province, and its advantageous location in Sichuan road network will become prominent.

By investing in and acquiring quality expressway assets in the province, the Company plans to actively integrate and optimize the resource allocation of the Group's expressway assets, improve the layout of the Group's expressway assets, and fundamentally resolve the issue of competition between the abovementioned two expressway assets and Chengyu Expressway (core assets of the Company), so as to ensure the stable enhancement of the Group's sustainable profitability and risk resistance ability.

- ***Proposal for Issue of Short-Term Commercial Papers***

The Company's plan for issue of short-term commercial papers with a total amount not exceeding RMB2 billion per annum for a term of three years was approved at the extraordinary general meeting held on 28 August 2007. The Company completed the issue of short-term commercial papers with a total amount of RMB1.5 billion on 19 February 2008. On 23 January 2009, the Company held a Board meeting and approved the application for banks loans of RMB2.5 billion to supplement the working capital, and planned to further apply for the issue of short-term commercial papers with a total amount not exceeding RMB2 billion as when appropriate during 2009 when the short-term commercial papers expire in February 2009.

6. Continuing Connected Transactions

On 6 March 2008, the Company entered into a service agreement in relation to the provision of a computer system on expressways network toll fee collection and technological services to Chengyu Expressway and Chengya Expressway, which are wholly owned by the Company, with Sichuan Zhineng Transportation System Management Company（四川智能交通系統管理有限責任公司）(“**Sichuan Zhineng**”), a subsidiary of Sichuan Highway Development (the “**Service Agreement**”). On the same date, Chengbei Company, a subsidiary of the Company holding 60% of its equity interests, and Sichuan Zhineng entered into a service agreement in relation to the provision of a computer system on expressways network toll fee collection and technological services to Chengbei Exit Expressway, which is wholly owned by Chengbei Company, (“**Chengbei Service Agreement**”). The annual caps for the service fees payable under the Service Agreement and the Chengbei Service Agreement for the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 will be approximately RMB9,270,000, RMB10,540,000 and RMB12,000,000 respectively. Both the Service Agreement and the Chengbei Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

For details, please refer to the announcement of the Company dated 7 March 2008.

BUSINESS DEVELOPMENT PLAN

Against the background that the impact of the global economic crisis on the economy is yet to be ascertained, the economic development of the PRC will face serious challenges. Under such circumstances, the Company needs to carefully consider, analyze, study and be prepared for the future operating environment of the Group, possible difficulties and challenges, characteristics of the industry, as well as is strengths and opportunities of development. The Group will maintain stable growth in its operating results through refined management. To ensure that the Group will leap forward to achieve the planned strategic target, the Group will increase the use of capital and capture opportunities to expand its investment in expressways. In view of such, the Company has formulated major business plans in 2009 in the following areas after careful assessment:

1. Addressing the change in operating environment to various extents for its existing expressway assets, the Group will reinforce the analysis and research in factors including the changing local expressway network and its impacts, vehicle traffic constituents and price and demand elasticity, while timely updating management concepts and framework and launching practicable marketing programmes to optimize service quality for better competitiveness of existing expressways. The Group will maintain good communications with governmental bodies, regulators and peers corporations to rationalise the distribution and linkage within local expressway network, or aggressively integrate and improve the distribution of the Group's expressway assets through investment and acquisition as well as participation in construction, etc. to ensure steady growth of its operating results.

2. The Company will closely monitor changes of the local and foreign financial and securities markets, capture favourable opportunities, strive to complete the A Share Issue and the acquisition of equity interests in SC Expressway as soon as possible, and complete the issue of second tranche of short term commercial papers as scheduled. Meanwhile, the Company will fully take advantages of its acquisitions of expressways in Sichuan and the concessions and pre-emptive rights of constructions of the Company, the non-competition undertakings made by the Company's substantial shareholders, and procure the asset acquisition of the Suiyu Expressway (Sichuan section) and Chengnan Expressway in order to achieve safe and effective expansion of the Group's assets.

3. The accelerating pace of the Group's development also calls for better study in financing products, broadening funding channel and optimizing capital structure as well as adjusting term structure and interest rate structure for debts, lowering financial costs, and maintaining a reasonable gearing ratio for effective protection from financial risks.

4. Having completed major maintenance works at the end of 2007, the repair and maintenance costs of the Chengyu Expressway, being the Company's core asset, in the next three years will be lower than that of the previous three years. Keeping effective control over repair and maintenance costs of roads will be favourable to the internal growth of the Group's results. The Group will pay extra attention to strengthen the preventive maintenance of its expressways through leveraging modern information management resources and innovations to improve management and maintenance of expressways, laying a solid foundation for long-term stable conditions of the Group's expressways.

5. The Group will strengthen building-up, nurturing, reserve and management of human resources. Through implementing and improving incentive mechanism, constraint mechanism, talent fostering and selection mechanism to stimulate the staff's enthusiasm and creativity, the Group expects an overall improvement in the staff's professional skills and comprehensive capability to cater for its need to accelerate growth.

6. Efforts will also be put in the management of investor relations. Accordingly, the Group will further enhance the transparency of information disclosure, adopt various means to improve communications and two-way interaction with investors, and cultivate corporate culture which respects and is accountable to investors, thus establishing a sound and harmonious external environment for corporate development.

7. Through careful investigation and taking into account of the Company's operating and developing situation, the Company will timely adjust its existing management framework and modes, and fully implement a system of internal control in order to achieve higher level of standardized and refined management, to strengthen its efficiency in execution and innovative ability, and to improve the overall management of the corporation.

Looking ahead, the Company's management will proactively tacke challenges by upholding a standardized and market-oriented operation model, and endeavor to achieve continual growth in the Company's profits and higher returns for shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

EMPLOYEES, REMUNERATION AND TRAINING

As of 31 December 2008, the Company had 1,646 employees, of which 389 were management and professional technical staff, and 1,257 were toll collection staff.

1. Employee's Remuneration

Employee's wages compose of fixed wage (which consist of basic salary, and salaries determined by the position and period of service) and performance incentive. Employee's salary is determined based on his position (i.e. the salary changes in accordance with the position of service), performance as well as the operational efficiency of the Company with reference to the appraisal of employee's overall performance.

The employee's wages and salary of the Company totalled RMB76,512,000 for the year ended 31 December 2008.

2. Training to employees

The Company pays much attention to staff training and endeavors to improve the comprehensive quality and professional ability of employees at all levels through multi-level training. During the year, the Company organized various centralized training in respect of transportation and production safety, financial software, "Implementation Methods of Highway Law of the People's Republic of China in Sichuan Province", skills for the position, continuous training for professional technical staff and corporate culture, as well as training on specialized topic. A total of 706 employees attended.

CORPORATE GOVERNANCE

1. Code of Corporate Governance Practices

During the year, the Board has not set up a remuneration committee with specific statutory authority and obligations in accordance with relevant provisions contained in the Code of Corporate Governance Practices as set out in the Appendix 14 to the Listing Rules. At present, the remunerations of directors, supervisors and members of senior management of the Company are determined on the basis of related PRC policies or regulations, the Company's actual operation and applicable percentage of per capita income of the working population of Chengdu, where the Company is situated, and is subject to shareholders' approval in the general meeting. Save for the above, the Company has fully complied with the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the year.

2. Audit Committee

The Audit Committee comprises 3 independent non-executive directors, which are professionals experienced in the finance and transportation industries.

The Audit Committee has reviewed and confirmed this results announcement.

3. Model Code for Securities Transactions by Directors and Supervisors

During the year, the Company has adopted a code of conduct regarding directors' and supervisors' securities transactions on terms not less exacting than the standards set out in Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all directors and supervisors of the Company, it was confirmed that the directors and supervisors of the Company have complied with the Model Code in relation to securities transactions by the directors and the standards of code of conduct as set out in Model Code and there had not been any non-compliance with the Model Code.

Note: This results announcement was reviewed and approved by the Board comprising Mr. Tang Yong, Mr. Zhang Zhiying, Madam Zhang Yang, Mr. Gao Chun, Mr. Zhou Liming, Mr. Wang Shuanming, Mr. Liu Mingli, Mr. Nie Xinquan, Madam Luo Xia, Mr. Feng Jian, Mr. Zhao Zesong and Mr. Xie Bangzhu. At the extraordinary general meeting of the Company held at the date hereof but after the meeting of the Board approving this results announcement, the resignation of Mr. Nie Xinquan as a Director and the appointment of Mr. Liu Xianfu as a Director were approved by the shareholders effective at the conclusion of the said extraordinary general meeting.

By Order of the Board
Zhang Yongnian
Company Secretary

Chengdu, Sichuan, the PRC
23 January 2009

As at the date of this announcement, the Board comprises: Mr. Tang Yong, Mr. Zhang Zhiying, Madam Zhang Yang, Mr. Gao Chun, Mr. Zhou Liming, Mr. Wang Shuanming, Mr. Liu Mingli, Mr. Nie Xinquan+, Mr. Liu Xianfu+, Madam Luo Xia#, Mr. Feng Jian#, Mr. Zhao Zesong# and Mr. Xie Bangzhu#.

\+ *At the extraordinary general meeting of the Company held at the date hereof, the resignation of Mr. Nie Xinquan as a Director and the appointment of Mr. Liu Xianfu as a Director were approved by the shareholders effective at the conclusion of the extraordinary general meeting*

\# *Independent Non-executive Director*

* *For identification purpose only*

The annual report containing all the information required by the Listing Rules will soon be published on the website of the Stock Exchange at www.hkex.com.hk.