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

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

(Stock Code: 00107)

2010 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of Sichuan Expressway Company Limited (the "**Company**" or "**Chengyu Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2010 (the "**Period**"), together with the comparative figures for the corresponding period in 2009 as follows:

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2010	2009
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited and restated)
REVENUE	3	**1,995,786**	956,061
Cost of sales and other direct operating costs		**(1,199,534)**	(358,196)
Gross profit		**796,252**	597,865
Other income and gains	3	**30,383**	27,281
Administrative expenses		**(37,629)**	(35,890)
Other operating expenses		**(4,400)**	(9,231)
Finance costs	4	**(49,618)**	(90,226)
Share of profits and losses of associates		**7,456**	4,587

		For the six months ended 30 June	
		2010	2009
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited and restated)
PROFIT BEFORE TAX	5	**742,444**	494,386
Income tax expense	6	**(112,834)**	(72,239)
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**629,610**	422,147
Attributable to:			
Owners of the Company		**617,965**	414,139
Non-controlling interests		**11,645**	8,008
		629,610	422,147
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
— basic and diluted	7	**RMB0.202**	RMB0.162

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2010** *RMB'000* **(Unaudited)**	31 December 2009 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**502,925**	514,154
Service concession arrangements		**7,808,607**	7,043,697
Prepaid land lease payments		**589,632**	605,142
Interests in associates		**60,797**	63,807
Available-for-sale investments		**33,295**	33,295
Long term compensation receivables		**71,920**	74,544
Payments in advance	8	**367,978**	399,095
Total non-current assets		**9,435,154**	8,733,734
CURRENT ASSETS			
Inventories		**12,916**	20,609
Prepayments, deposits and other receivables	9	**89,672**	44,717
Due from the ultimate holding company		**—**	955
Cash and bank balances		**1,756,249**	1,805,762
Total current assets		**1,858,837**	1,872,043
CURRENT LIABILITIES			
Tax payable		**78,034**	76,687
Other payables and accruals		**445,828**	486,037
Interest-bearing bank and other loans	10	**2,111,327**	2,098,327
Total current liabilities		**2,635,189**	2,661,051

	Notes	**30 June 2010** *RMB'000* **(Unaudited)**	31 December 2009 *RMB'000*
Net current liabilities		**(776,352)**	(789,008)
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,658,802**	7,944,726
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	10	**779,218**	499,036
Net assets		**7,879,584**	7,445,690
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**3,058,060**	3,058,060
Reserves		**4,706,306**	4,088,341
Proposed final dividend		**—**	195,716
		7,764,366	7,342,117
Non-controlling interests		**115,218**	103,573
Total equity		**7,879,584**	7,445,690

NOTES

1.1 BASIS OF PREPARATION

The unaudited interim condensed financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The unaudited interim condensed financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009.

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information is consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that are relevant to the Group's operations as set out in note 1.3 and changes in presentation of the consolidated statement of comprehensive income as set out in note 1.4 below.

Fundamental accounting concept

As at 30 June 2010, the current liabilities of the Group exceeded its current assets by approximately RMB776 million. The directors prepared this interim condensed financial information on a going concern basis notwithstanding the net current liabilities position because based on the correspondence received by the directors, banking facilities amounting to RMB1.69 billion, RMB1.5 billion,RMB0.4 billion granted by China Construction Bank, China Citic Bank, Bank of China, respectively, are available to the Group for the next year. As at 30 June 2010, all the above available banking facilities still remained unutilized. In addition, during the Period, the Company entered into a mid-long term syndicated loan with the sole mandated lead arranger, China CITIC Bank Corporation Limited (Chengdu Branch) and other eight banks in the PRC as joint lenders totalling RMB4.89 billion to finance the construction of the Chengdu-Meishan section of Chengdu-Zigong-Luzhou-Chishui Expressway ("Chengren Expressway Project"), of which RMB400 million has been drawn-down by the Company as at 30 June 2010.

1.3 ADOPTION OF NEW AND REVISED HKFRSS

During the Period, the Group adopted, for the first time, the following new and revised HKFRSs in this interim condensed financial information and are applicable to its operations:

HKFRS 3 (Revised)	Business combination
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
Improvements to HKFRSs (May 2009)*	Amendments to a number of HKFRSs

* The Group has adopted all the improvements to HKFRSs issued in May 2009 which are applicable to its operations.

The changes introduced by HKFRS 3 (Revised) and HKAS 27 (Revised) must be applied prospectively and will affect the accounting of future acquisitions, loss of control and transaction with non-controlling interest. HK(IFRIC)-Int 17 clarifies that (i) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (ii) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and (iii) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

While the adoption of the above new and revised HKFRSs may result in changes in certain accounting policies, the adoption of these new and revised HKFRSs is unlikely to have any significant financial effect on the interim condensed financial information.

1.4 CHANGES IN PRESENTATION OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In previous years, the Group presented an analysis of expenses on the face of its statement of comprehensive income using a classification based on their nature within the Group. Following the successfully listing of the Company's A Shares on the Shanghai Stock Exchange on 27 July 2009, the directors reviewed the presentation of the Group's consolidated statement of comprehensive income, taking into account of the various financial information filling requirements of the Shanghai Stock Exchange and Hong Kong Stock Exchange as well as the market practice, and concluded that to present an analysis of expenses using a classification based on their function would improve efficiency in operational and financial reporting processes in compliance with various filing requirements.

In addition to the above, the presentation of certain comparative information in this interim condensed financial information has been changed to conform with current period's presentation. Since the change only affects presentation aspects, there is no impact on the Group's profit for the period or the calculation of the Group's earnings per share.

Consequently, the presentation of the consolidated statement of comprehensive income for the six months ended 30 June 2009 has been restated and the comparative figures have been reclassified in order to conform with current period's presentation as follows:

	For the six months ended 30 June 2009	
	As restated	As previous stated
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Consolidated statement of comprehensive income (Extract):		
Revenue	**956,061**	890,388
Cost of sales and other direct operating expenses	**(358,196)**	—
Other income and gains	**27,281**	92,954
Administrative expenses	**(35,890)**	—
Depreciation and amortisation	**—**	(179,086)
Employee costs	**—**	(85,540)
Other operating expenses	**(9,231)**	(138,691)

1.5 ISSUED BUT NOT YET EFFECTIVE HKFRSS

The Group has not applied the following new and revised HKFRSs, which are relevant to its operations, that have been issued but not yet effective in this interim condensed financial information.

HKAS 24 (Revised)	Related Party Disclosures[1]
HKFRS 9	Financial Instruments[2]

1 Effective for annual periods beginning on or after 1 January 2011

2 Effective for annual periods beginning on or after 1 January 2013

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2010 which sets out amendments to a numbers of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 while the amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010 although there are separate transitional provisions for each standard or interpretation.

The Group anticipates the adoption of these new and revised HKFRSs is unlikely to have a significant impact on the Group's results of operation and financial position upon initial application.

2. SEGMENT INFORMATION

The Group's revenue and contribution to profit from operating activities for the Period were mainly derived from the construction, management and operation of expressways and a high-grade toll bridged. The principal assets employed by the Group are located in Sichuan Province, the PRC. Accordingly, no segment analysis is presented.

3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Toll income from operation of expressways and a high-grade toll bridge		
— Chengyu Expressway	**557,915**	456,640
— Chengya Expressway	**310,681**	254,609
— Chengle Expressway	**192,109**	163,785
— Chengbei Exit Expressway and Qinglongchang Bridge	**53,267**	43,778
Less: Revenue taxes	**(34,436)**	(28,424)
Total toll income, net of revenue taxes	**1,079,536**	890,388
Construction revenue in respect of service concession arrangements	**880,577**	44,217
Construction revenue in respect of construction works performed for third parties	**26,289**	11,798
Others (including income from rental and advertising)	**9,384**	9,658
	1,995,786	956,061
Other income and gains		
Interest income from discounting of long term compensation receivables	**10,697**	11,075
Interest income from bank deposits	**9,636**	9,529
Miscellaneous	**10,050**	6,677
	30,383	27,281
Total revenue, other income and gains	**2,026,169**	983,342

4. FINANCE COSTS

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other loans	**22,697**	78,463
Interest on short term commercial papers	**28,850**	11,216
Bank charges	**228**	547
	51,775	90,226
Less: Interest capitalized in service concession arrangements	**(2,157)**	—
	49,618	90,226
Interest rate of borrowing costs capitalized	**5.35%**	—

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Construction costs in respect of service concession arrangements*	**867,631**	37,570
Construction costs in respect of construction works performed for third parties	**24,643**	11,149
Depreciation and amortisation expenses	**164,532**	179,086
Employee costs	**95,849**	85,540
Repairs and maintenance expenses	**35,067**	28,252
Auditors' remuneration	**453**	646
Minimum lease payments under operating leases:		
Land and buildings	**10,214**	11,434
Loss on disposal of items of property, plant and equipment	**766**	4,602
Reversal of provision for impairment of other receivables	**—**	(259)

* During the Period, depreciation charges of RMB254,000 (six months ended 30 June 2009: nil) is included in the construction costs in respect of service concession arrangements.

6. TAX

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the Period.

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 corporate income tax ("CIT") at the standard rate of 25%.

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 the approval documents, "Cai Shui [2001] No. 202" dated 30 December 2001, issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, and "Guo Fa [2007] No.39" dated 26 December 2007 issued by the State Council, Sichuan Chengle Expressway Compnay Limited("Chengle Company") , the Company's subsidiary, was granted a tax concession to pay CIT at a preferential rate 15% for the period from 1 January 2001 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, Chengdu Chengbei Exit Expressway Company Limited, the Company's subsidiary, 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 Period are as follows:

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Group:		
Current - PRC		
Charge for the period	**112,834**	71,538
Deferred	**—**	701
Total tax charge for the period	**112,834**	72,239

The share of tax attributable to associates amounting to RMB1,417,000 (six months ended 30 June 2009: RMB935, 000) is included in "share of profits and losses associates" on the face of the interim consolidated statement of comprehensive income.

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of earnings per share is based on the profit attributable to owners of the Company for the Period amounting to RMB617,965,000 (six months ended 30 June 2009: RMB414,139,000) and the 3,058,060,000 (six months ended 30 June 2009: 2,558,060,000) Domestic and H Shares in issue during the Period.

No adjustment has been made to the basic earnings per share amounts in respect of a dilution, as the Company did not have any potential dilutive shares in issue.

8. PAYMENTS IN ADVANCE

		30 June	31 December
		2010	2009
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	
Advance payments in respect of:			
Construction of Chengren Expressway Project	(a)	**364,055**	399,095
Purchase of property, plant and equipment		**3,923**	—
		367,978	399,095

(a) As at 30 June 2010, payment in advance represented RMB302,255,000 (31 December 2009: RMB135,845,000) and RMB61,800,000 (31 December 2009: RMB263,250,000) paid by the Company to independent subcontractors before the commencement of the construction works and Chengdu Land and Resources Bureau, Jingjiang District Branch (31 December 2009: paid to Shuang Liu Government) for resettlement of residents and removal of obstacles, respectively, for the construction of Chengren Expressway Project.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in the prepayments, deposits and other receivables at 30 June 2010 and 31 December 2009, there is a bidding deposit of RMB10,000,000 paid to Chengdu Municipal Committee of Communication ("**CMCC**") in respect of the bidding of construction of Chengren Expressway Project.

The bidding deposit is expected to be refunded and released within this year when the Company make the payment of performance guarantee deposit of RMB200,000,000 to CMCC in respect of the Chengren Expressway Project.

10. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	**30 June 2010** *RMB'000* **(Unaudited)**	31 December 2009 *RMB'000*
Bank loans:	(a)		
Secured and guaranteed		**206,400**	306,400
Secured		**179,600**	179,600
Syndicated loan	(b)	**400,000**	—
Short term commercial papers			
Within one year	(c)	**2,000,000**	2,000,000
Other loans, unsecured	(d)	**104,545**	111,363
		2,890,545	2,597,363
Current portion		**2,111,327**	2,098,327
Non-current portion		**779,218**	499,036

At 30 June 2010, all interest-bearing bank and other loans of the Group are denominated in RMB.

(a) Bank loans bear interest at the respective fixed rates ranging from 4.78% to 5.35% (six months ended 30 June 2009: from 5.27% to 7.83%) per annum. Bank loans amounting to RMB206,400,000 and RMB179,600,000 (31 December 2009: RMB306,400,000 and RMB179,600,000) are secured by the pledge of the concession rights of Chengbei Exit Expressway and Chengle Expressway, respectively. In addition, the Company's ultimate holding company, Sichuan Highway Development has guaranteed certain of the Group's bank loans up to RMB206,400,000 (31 December 2009: RMB306,400,000).

(b) During the Period, the Company entered into a mid-long term syndicated loan with the sole mandated lead arranger, China CITIC Bank Corporation Limited (Chengdu Branch) and other eight banks in the PRC as joint lenders totaling RMB4.89 billion to finance the construction of the Chengren Expressway Project, of which RMB400,000,000 has been drawn-down by the Company as at 30 June 2010. The syndicated loan is secured by the pledge of the future concession rights of Chengren Expressway Project and bear interest at the rate of 5.35% per annum.

(c) On 27 November 2009, the Company issued another short term commercial papers totalling RMB2 billion to domestic institutional investors participating in the PRC interbank debt market. The short term commercial paper was issued at a par value of RMB100 per unit, with an interest rate of 3.49% per annum, and will expire on 29 November 2010.

(d) Other loans are unsecured and bear interest at the respective fixed rates ranging from 2.82% to 5.00% (six months ended 30 June 2009: from 4.17% to 5.00%) per annum.

11. DIVIDENDS

(a) Dividends attributable to the interim period

At a meeting of the board of directors held on 19 August 2010, the directors of the Company resolved not to pay an interim dividend to shareholders (six months ended 30 June 2009: RMB397,547,800).

(b) Dividends attributable to the previous financial year, declared and paid during the interim period

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividend in respect of the financial year ended 31 December 2009 of RMB0.064 per share (2008: nil)		
Declared during the interim period	**195,716**	—
Paid during the interim period	**(195,716)**	—
	—	—

RESULTS

For the half year ended 30 June 2010, the revenue of the Group amounted to RMB1,995,786,000 (RMB956,061,000 for the same period in 2009), representing a year-on-year increase of 108.75%. Net toll income was RMB1,079,536,000 (RMB890,388,000 for the same period in 2009), representing a year-on-year increase of 21.24%. Profit attributable to owners of the Company was RMB617,965,000 (RMB414,139,000 for the same period in 2009), representing a year-on-year increase of 49.22%. Basic earnings per share was RMB0.202 (RMB0.162 for the same period in 2009).

PROFIT DISTRIBUTION

1. 2010 Interim Dividend

The Board resolved not to recommend an interim dividend for the six months ended 30 June 2010, nor transfer any capital reserve into share capital.

2. Profit Distribution Plan for 2009 and its Implementation

As considered and approved at the 2009 annual general meeting, the Company declared a dividend of RMB0.064 (tax inclusive) per share to holders of H shares and A shares in cash respectively, which was based on the total share capital of 3,058,060,000 shares as at the year end of 2009, totalling RMB195,715,840 (tax inclusive).

The dividends were distributed to holders of H shares and holders of A shares on 28 May 2010 and 23 June 2010 respectively.

BUSINESS REVIEW AND ANALYSIS

The earnings of the Group were mainly derived from the operation and investment of toll expressways. As at the end of the Period, the Group operated 4 major expressways: Sichuan section of Chengyu Expressway ("**Chengyu Expressway**"), Chengya Expressway, Chengbei Exit Expressway, and Chengle Expressway, with a total length of approximately 467km.

1. Operating Conditions of the Group's Principal Operations

Operating results of the Company and its major branch and subsidiaries:

Item	Toll income for the period *(RMB'000)*	Percentage in the total toll income *(%)*	Toll income for the same period in 2009 *(RMB'000)*	Percentage in the total toll income *(%)*	Profit for the period *(RMB'000)*	Year-on-year increase/decrease *(%)*
Chengyu Company *(Note 1)*	**557,915**	**50.08**	**456,640**	**49.70**	**343,306**	**35.70**
Chengya Branch *(Note 2)*	**310,681**	**27.89**	**254,609**	**27.71**	**158,648**	**67.17**
Chengle Company *(Note 3)*	**192,109**	**17.25**	**163,785**	**17.83**	**111,288**	**111.57**
Chengbei Company *(Note 4)*	**53,267**	**4.78**	**43,778**	**4.76**	**29,079**	**45.48**
Total	**1,113,972**	**100.00**	**918,812**	**100.00**	**642,321**	**52.76**

Notes:

1. For the purpose of this table only, Chengyu Company does not include Chengya Branch. Chengyu Company is responsible for the operation and management of Chengyu Expressway. Its profit for the period includes its share of profit and loss of its associated company;

2. 四川成渝高速公路股份有限公司成雅分公司 (Sichuan Expressway Company Limited Chengya Branch), a branch of the Company, is responsible for the operation and management of Chengya Expressway. The profit of Chengya Branch for the period, on which the corporate income tax was deducted according to a 15% tax rate, includes its share of profit and loss of its associated company;

3. 四川成樂高速公路有限責任公司 (Sichuan Chengle Expressway Company Limited), a wholly owned subsidiary of the Company, is responsible for the operation and management of Chengle Expressway;

4. 成都城北出口高速公路有限公司 (Chengdu Chengbei Exit Expressway Company Limited), a subsidiary of the Company, is responsible for the operation and management of Chengbei Exit Expressway and Qinglongchang Bridge. The toll income of Chengbei Company was the aggregate amount of the toll incomes of Qinglongchang Bridge and Chengbei Exit Expressway. Its profit for the period includes its share of profit and loss of its associated company.

Operating performance of major expressways of the Group:

Item	Shareholding percentage	Converted average daily traffic flow for a journey *(vehicle)* For the period	For the same period in 2009	Increase / (decrease) *(%)*	Toll income *(RMB'000)* For the period	For the same period in 2009	Increase / (decrease) *(%)*
Chengyu Expressway	100%	20,661	18,934	9.12%	557,915	456,640	22.18
Chengya Expressway	100%	15,224	13,473	13.00%	310,681	254,609	22.02
Chengle Expressway	100%	24,775	20,008	23.83%	192,109	163,785	17.29
Chengbei Exit Expressway (including Qinglongchang Bridge)	60%	34,123	28,759	18.65%	53,267	43,778	21.68

During the Period, each of the Group's expressway recorded a significant growth in terms of traffic flow and toll income, driving up the overall operating results of the Group. Major factors affecting the operational performance of toll expressways during the Period are as follows:

— Since the beginning of 2010, China's economy has further consolidated its steady and fast growth momentum following last year's recovery from the global financial crisis, which drove the operating results of the Group's expressways to grow in a sustainable way;

— The Group's expressways are all located in Sichuan. As a large-scale infrastructure enterprise in Sichuan, the Group's operation and development was positively and profoundly influenced by further progress of China's development campaign of the western regions as well as the establishment and development of Chengyu reform and experimental zone;

— The upgrade of consumption structure was spurred citizen's demand for vehicles and significantly boosted the vehicle population in Sichuan. As at the end of June 2010, number of private vehicles in Sichuan has increased by 221,694 as compared with the year end of 2009 to over 1,500,000, representing an increase of more than 1,000 per day. Such consumption characteristic has put the Group's business in an advantageous position and drove potential growth;

— In the two years after the "May 12" earthquake, relevant authorities further carried on the post-disaster reconstruction according to the central government's requirement to "complete three year's targets within two years." It is expected that construction and investment of over 85% of the post-disaster reconstruction projects will be completed by the end of September 2010. Post-disaster reconstruction projects were fully put into construction, boosting the demands for Sichuan highway transportation. As the trunk highways in Sichuan, the Group's expressways plays a key role in the post-disaster reconstruction of Sichuan and facilitates the operation of expressway of the Group;

— During the Period, while intensifying road maintenance, the Group has strengthened management and developed new technology on expressways maintenance by strictly implementing Road Maintenance Management Method, which effectively controlled the project cost. Accordingly, favourable results were achieved in both cost and quality control.

— Pursuant to the "Approval on guidelines for dealing with matters concerning cancellation of toll concessions for the overweight portion of vehicles"(《關於對取消計重收費車輛超限部分通行費優惠有關事項處理原則的批覆》) issued by Sichuan Highway Development, commencing from 15 October 2009, all expressways in Sichuan had cancelled the preferential toll collection policy for the overweight portion (the total weight of a vehicle and a cargo minus the applicable standard load-bearing capacity for such vehicle and cargo) of over-loaded vehicles, that says, the toll for the overweight portion is calculated at normal basic rates without the 20% preferential toll cut. However, during the trial period of toll-by-weight on expressways (scheduled to end on 30 September 2010), the 20% toll cut preferential policy applicable to normally loaded vehicles will continue to be effective.

The operating performance of the Group's expressways was also affected either positively or negatively by the changes of competing or cooperative road network as well as the maintenance and repairing work conducted in nearby areas. During the Period, the following expressways were affected to various extents by these factors:

Chengya Expressway: From 4 March to 30 June 2010, three bridges in the Chengdu section of Chengdu-Xinjin Dajian Road commenced reconstruction and reinforcement work in tandem, which led to traffic congestion and prompted certain vehicles to use Chengya Expressway instead. Therefore, Chengya Expressway has experienced an increase in traffic flow.

Chengbei Exit Expressway: (1) since 18 October 2009, the Dajian section of Chuanshan Highway has commenced reconstruction work and the highway was partially closed. It is expected that the reconstruction work will not be completed until the end of 2010, which will lead to increased traffic flow for Chengbei Exit Expressway during such period. (2) Toll station at ramp of No. 3 Ring Road of Chengbei Exit Expressway has stopped toll collection since 5 February 2010. After closure of the station, Chengdu Municipal Committee of Transportation will pay toll compensation to Chengbei Company on the basis of RMB1,800,000, commencing in 2010 at a growth rate of 8% per year. Considering factors such as comprehensive income and cost reduction arising from closure of the station, closure of toll station at ramp of No. 3 Ring Road will not have significant impact on the operation of Chengbei Company. (3) Chengmian Expressway, an extension line of Chengbei Exit Expressway, commenced overall road repair and maintenance from April 2010. In particular, certain sections were closed for construction in June, which significantly diverted traffic flow from Chengbei Exit Expressway. It is expected that road repair and maintenance project of Chengmian Expressway will be completed by the end of September 2010.

2. Project Investment and Financing

(1) Investments

— Investment in and construction of Chengren Expressway

At the Company's third extraordinary general meeting of 2009, held on 15 July 2009, resolutions were passed to approve the investment in and the construction of Chengren Expressway.

The total length of Chengren Expressway is approximately 106.613km, commencing from Chengdu Ring Expressway (K34+600) and ending at Zhichanggou at the boundary of Renshou County, Meishan and Weiyuan County, Neijiang. The operation period for Chengren Expressway will last for 29 years and 300 days from the first day when Chengren Expressway commences to charge toll fees. The operation of Chengren Expressway is expected to commence around the end of 2012. The estimated budget for the project was RMB7,329,510,000 and the approved budget was RMB7,311,140,000. As at the end of June 2010, the capital available for the project was approximately RMB979,500,000 and bank loan available was RMB400,000,000. The capital was funded in a reasonable and timely way, which guaranteed the progress of construction in a proper order. For the first half of 2010, a total of RMB785,350,000 was invested in this project, accounting for 166% of the planned investment of RMB473,800,000. Since its commencement of construction, an aggregate of RMB1,142,210,000 has been invested in the project, accounting for 15.62% of total investment of the project. Land resumption and relocation is progressing steadily. Approximately 10,504 Mu of land has been resumed and RMB981,000,000 has been paid as compensation for land resumption and relocation.

The investment in and construction of Chengren Expressway will further consolidate the business position of the Company in the investment, management and operation of expressways in Sichuan and western China, and boost the core competitiveness of the Company, so as to enhance its sustainable development.

— Potential acquisition of the Sichuan section of Suiyu Expressway and Chengnan Expressway

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 and related matters" and the "Intentional agreement regarding an asset acquisition of Chengnan Expressway", both of which are non-legally binding, with Sichuan Chengnan Expressway Company Limited(四川成南高速公路有限責任公司) ("Chengnan Company"), the owners of Sichuan Section of Suiyu Expressway and Chengnan Expressway, and Sichuan Highway Development, the controlling shareholder of Chengnan Company, respectively.

Parties to these two intentional agreements intended to complete the proposed acquisition contemplated thereunder before 31 December 2009. However, the proposed acquisition has been postponed due to the pending land disposals of Chengnan Company. The Company has completed the selection of intermediaries in relation to this proposed acquisition, and Chengnan Company has completed most of its pre-acquisition work (such as sorting out its assets).

(2) Financing activities of the Company

On 11 March 2010, the Company and 9 banks including China CITIC Bank entered into a medium-long term syndicated loan contract with a total amount not exceeding RMB4.89 billion for a term of 20 years (from 12 March 2010 to 11 March 2030). The loan will be used for the construction of Chengren Expressway. As at 30 June 2010, RMB400 million of loan has been drawndown. For details, please refer to the announcement of the Company dated 11 March 2010.

3. Other Businesses

During the Period, the Company's businesses other than toll expressways recorded a revenue of RMB946,633,000, representing an increase of 918.39% as compared with the same period last year. This was mainly attributable to RMB785,350,000 of construction revenue (2009: nil) from the construction of Chengren Expressway in the Period, which was recognized under the percentage-of-completion method.

BUSINESS DEVELOPMENT PLAN

In the second half of 2010, China's economy is expected to maintain its steady and rapid growth momentum, thus enabling the Group to operate and develop in a more stable, healthy and favorable environment. In view of such, the Company has formulated its operating strategies and business plans for the second half of 2010 after careful assessment as follows:

1. The Company will effectively execute the Group's strategies for development and operation. Based on provincial market and principal business, the Company aims to accelerate its development and sustain the growth of the Group's operating results. Meanwhile, capitalizing on intrinsic advantages and speeding up expansion of expressway related business, the Company is seeking new sources of profit for the Group.

2. The Group will press ahead the construction of Chengren Expressway in an efficient and orderly way, ensuring a timely, high quality, cost-effective and safety objective could be achieved and the management quality for this construction project could be further enhanced.

3. The Company will strive to control financial risk, broaden financing channels and reduce financial costs, with an aim to ensure sufficient cash flow and financial resources to support the Group's liability level and business expansion, so as to safeguard its healthy development.

4. Maintenance and management of expressway, which are the extension of expressway construction, play a vital role in protecting the functioning of expressways. In the second half of the year, the Company will put more efforts in preventive maintenance of the Group's expressway assets, improving daily maintenance of road surface, carrying out repair and maintenance of Chengyu Expressway, Chengya Expressway and Chengle Expressway, so as to ensure the Group's expressways are properly maintained, safe and unblocked. Meanwhile, the Company will actively promote application of new process, new materials, and new technologies to upgrade technology and construction level of expressway maintenance, laying a solid foundation for the long-term stable conditions of the Group's expressways.

5. The Company will strengthen the development of modern and scientific management system of human resources, intensify introduction and training of talents, and create harmonious and positive corporate culture. Through implementing and improving incentive mechanism, constraint mechanism, talent training and selection mechanism to stimulate the staff's enthusiasm and creativity, the Company expects an overall improvement in the staff's professional skills and comprehensive capability to cater for the Group's need to accelerate growth.

6. In response to the surging traffic volume of the Group's expressways and higher demand for service quality from expressway users, the Group will vigorously press ahead the renovation project of service zones, increase auxiliary facilities, and intensify comprehensive improvement of environment, so as to provide safe and quality services as well as a more graceful and comfortable environment for users. The optimization and upgrade of service zones will sharpen expressway's edges over alternative transportations, increase the percentage of added value services, and help to diversify the Group's income.

7. The Company will further streamline and optimize its internal control system, which will be implemented in the Group 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 in view of new circumstances.

Looking into the future, we will continue our mission statement which is "to construct and operate high quality expressways leveraging on modern management". With the support of preferential policies from central and local governments, and seizing the opportunity of building economic highland and constructing a traffic pivot in western China at Sichuan Province, we strive to build the Company into a large infrastructure conglomerate with distinguish principal business, stable operation, sound governance structure and supreme management capacity.

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 Period.

EMPLOYEES AND THEIR REMUNERATION AND TRAINING

As at 30 June 2010, the Company (including its branches) had 1,725 employees (982 in Chengyu Company, 680 in Chengya Branch and 63 in Chengren Branch), details of which are as follows:

1. Composition by Expertise

Type of expertise	Number
Management (including professional technicians)	426
Technicians	1299

2. Composition by Educational Level

Educational level	Number
Postgraduate	34
University graduate	334
Junior college graduate or below	1,357

2. Employee's Remuneration

The total remuneration of the employees is correlated with the operating results of the Company. The wages of the Company's employees are comprise of fixed wages (including basic salary, and salaries determined by the position and period of service) and performance incentive bonus. Employee's salary is determined with reference to his position (i.e. the salary changes in accordance with the position of service) and performance. For the half year ended 30 June 2010, the employees' salary totalled RMB45,145,000 (of which RMB27,960,000 for Chengyu Company, RMB15,496,000 for Chengya Branch and RMB1,689,000 for Chengren Branch).

3. Employee’s Insurance and Welfare

The Company cherishes employees and protects their lawful interests. The Company has improved various types of social insurance for employees in strict compliance with all applicable Chinese labor security policies. Expenses for various types of social insurance for retirement, healthcare, unemployment, work related injury, child birth and accident have been paid in full by the Company for the employees. Meanwhile, the Company made contributions to the housing accumulation fund and enterprise annuity fund for the employees in compliance with the requirements under applicable laws and policies.

4. Staff Training

The Company highly values staff training to improve the comprehensive quality and business standard. During the Period, the Company has organised various skills training in respect of transportation and production safety, financial software, and other intensive training course for different levels of staff. A total of 932 employees have attended the above training courses.

CORPORATE GOVERNANCE

1. Code on Corporate Governance Practices

During the Period, the Company has not set up a remuneration committee with specific authority and obligations in accordance with relevant code provisions contained in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange. At present, the remunerations of Directors, Supervisors and 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 capital income of the working population of Chengdu, where the Company is situated, and are subject to shareholders’ approval at the Company’s general meeting. Save for the above, the Company has fully complied with the provisions contained in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules of the Stock Exchange during the Period.

2. Audit Committee

The Audit Committee of the Company comprises three independent non-executive Directors including Madam Luo Xia, Mr. Feng Jian and Mr. Zhao Zesong, who are all professionals experienced in finance and transportation industries. The Audit Committee has reviewed and confirmed the interim condensed financial information and interim report of the Group for the half year ended 30 June 2010.

3. Model Code for Securities Transactions by Directors and Supervisors

During the Period, the Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors and Supervisors, 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 its standards of code of conduct and there had not been any non-compliance with the relevant requirements of the Model Code.

4. Publication of Interim Report on the Stock Exchange

The interim results announcement has been published on the website of the Company (http://www.cygs.com) and the Stock Exchange (http://www.hkex.com.hk). The Company's 2010 interim report will be dispatched to the shareholders and published on the aforesaid websites in due course.

By order of the Board
Sichuan Expressway Company Limited*
Zhang Yongnian
Company Secretary

Chengdu, Sichuan, the PRC
19 August 2010

As at the date of this announcement, the Board comprises: Mr. Tang Yong (Chairman), Mr. Zhang Zhiying (Vice Chairman and General Manager), Madam Zhang Yang (Vice Chairman), Mr. Gao Chun, Mr. Zhou Liming, Mr. Wang Shuanming, Mr. Liu Mingli, Madam Hu Yu, Madam Luo Xia#, Mr. Feng Jian#, Mr. Zhao Zesong# and Mr. Xie Bangzhu#.

Independent non-executive Director

* *For identification purposes only*