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 ANNUAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

- Revenue up approximately 78.27% to approximately RMB4,305,422,000
- Profit attributable to owners of the Company up approximately 38.41% to approximately RMB1,145,274,000
- Earnings per share up approximately 25.21% to approximately RMB0.375
- Proposed payment of 2010 final cash dividend of RMB0.087 per share (tax inclusive) (2009: RMB0.064)

The board of directors (the "**Board**") of Sichuan Expressway Company Limited* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2010 (the "**Reporting Period**"), prepared in conformity with the basis of presentation as stated in note 2.1 below, together with last year's comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Notes	**2010** *RMB'000*	2009 *RMB'000* (Restated)
REVENUE	4	**4,305,422**	2,415,175
Cost of sales and other direct operating costs		**(2,819,693)**	(1,254,332)
Gross profit		**1,485,729**	1,160,843
Other income and gains	4	**51,062**	59,363
Administrative expenses		**(63,877)**	(75,555)
Other operating expenses		**(24,436)**	(23,157)
Finance costs		**(94,952)**	(146,878)
Share of profits and losses of associates		**12,710**	11,430
PROFIT BEFORE TAX	5	**1,366,236**	986,046
Income tax expense	6	**(210,131)**	(148,475)
PROFIT FOR THE YEAR		**1,156,105**	837,571
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available-for-sale assets		**37,293**	—
Income tax effect		**(9,323)**	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**27,970**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,184,075**	837,571

	Note		
Profit attributable to:			
Owners of the Company		**1,145,274**	827,475
Non-controlling interests		**10,831**	10,096
		1,156,105	837,571
Total comprehensive income attributable to:			
Owners of the Company		**1,173,234**	827,475
Non-controlling interests		**10,841**	10,096
		1,184,075	837,571
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— basic and diluted	7	**RMB0.375**	RMB0.299

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**522,304**	514,154
Service concession arrangements	8	**8,789,880**	7,043,697
Prepaid land lease payments		**571,878**	605,142
Investments in associates		**66,077**	63,807
Available-for-sale investments		**85,817**	33,295
Long term compensation receivables		**71,921**	74,544
Payments in advance	9	**415,087**	399,095
Deferred tax assets		**354**	—
Total non-current assets		**10,523,318**	8,733,734
CURRENT ASSETS			
Inventories		**11,907**	20,609
Prepayments, deposits and other receivables	10	**78,743**	44,717
Due from the ultimate holding company		**—**	955
Pledged deposits		**10,000**	23,316
Cash and cash equivalents		**1,273,719**	1,782,446
Total current assets		**1,374,369**	1,872,043

	Notes		
CURRENT LIABILITIES			
Tax payable		**119,811**	76,687
Other payables and accruals	11	**661,923**	486,037
Interest-bearing bank and other loans	12	**1,297,727**	2,098,327
Total current liabilities		**2,079,461**	2,661,051
NET CURRENT LIABILITIES		**(705,092)**	(789,008)
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,818,226**	7,944,726
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	12	**1,377,419**	499,036
Deferred tax liabilities		**16,810**	—
Total non-current liabilities		**1,394,229**	499,036
Net assets		**8,423,997**	7,445,690
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	**3,058,060**	3,058,060
Reserves	14	**4,995,524**	4,088,341
Proposed final dividend	15	**266,051**	195,716
		8,319,635	7,342,117
Non-controlling interests		**104,362**	103,573
Total equity		**8,423,997**	7,445,690

Notes:

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China (the "**PRC**"). The registered office of the Company is located at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.

During the year, the principal activities of the Group were investment holding, and the construction, management and operation of expressways and a high-grade toll bridge.

On 16 April 2010, in order to facilitate the construction of an integrated transportation hub in western China and the economic development of western China, the People's Government of Sichuan Province established Sichuan Transport Industry Investment Group Company Limited* ("**Transport Investment Group**"). On 16 November 2010, Transport Investment Group and Sichuan Highway Development Company Limited* ("**Sichuan Highway Development**") entered into a share transfer agreement, pursuant to which Sichuan Highway Development agreed to transfer 975,060,078 A Shares (representing 31.88% of the total share capital of the Company) to Transport Investment Group for nil consideration. The completion of the transfer is conditional upon the following conditions being fulfilled: (i) the obtaining of the approvals of the State-owned Assets Supervision and Administration Commission ("**SASAC**") of Sichuan Provincial Government and SASAC of the State Council; (ii) the granting of a waiver of general offer by the China Securities Regulatory Commission ("**CSRC**"); and (iii) the granting of the wavier by the executive directors of the Corporate Finance Division of the Securities and Futures Commission (the "**Executive**") from strict compliance with the requirements under Rule 26.1 of the Codes on Takeovers and Mergers and Share Repurchases (the "**Takeovers Code**"). Upon completion of the share transfer, (i) Sichuan Highway Development will cease to have any interest in the Company's shares; and (ii) Transport Investment Group will hold 975,060,078 A Shares (representing 31.88% of the total share capital of the Company) and will succeed Sichuan Highway Development as the holding company of the Company.

On 23 November 2010, the Executive granted the waiver on the obligation of Transport Investment Group to make a general offer for all the Company's shares under Note 6(a) to Rule 26.1 of the Takeovers Code. On 13 December 2010, SASAC of the State Council approved the transfer and issued an official written reply to the SASAC of Sichuan Provincial Government. On 10 March 2011, a waiver of general offer was granted by the CSRC.

As at the date of this report, Sichuan Highway Development is still in the process of transferring its interest in the Company to Transport Investment Group.

In the opinion of the directors of the Company, the parent and the ultimate holding company of the Company is Sichuan Highway Development.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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 intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 FUNDAMENTAL ACCOUNTING CONCEPT

As at 31 December 2010, the Group's current liabilities exceeded its current assets by approximately RMB705.1 million. The directors have 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 of RMB1.5 billion, RMB1.05 billion, RMB0.6 billion, RMB0.5 billion, RMB0.3 billion granted by China CITIC Bank, Industrial and Commercial Bank of China, Bank of China, Shanghai Pudong Development Bank, Huaxia Bank, respectively, are available to the Group for the next one year and two years aggregated amounts of RMB2.55 billion and RMB1.4 billion, respectively. As at 31 December 2010, banking facilities amounting to RMB1.0 biillion in aggregate were utilised. In addition, during the year, the Company entered into a mid-long term syndicated loan with the sole mandated lead arranger, China CITIC Bank (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 (the "**Chengren Expressway Project**"), of which RMB1.114 billion has been drawn-down by the Company as at 31 December 2010.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment - Group Cash-settled Share-based *Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: *Recognition and Measurement - Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs issued in* October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Operations - Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	Presentation of Financial Statements - *Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 included in *Improvements* to HKFRSs *2009*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) Improvements to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities. Due to the retrospective application of this amendment, there is a restatement of the cash consideration paid for the acquisition of a non-controlling interest during the year ended 31 December 2009, which was previously classified under investing activities has been reclassified to financing activities in the consolidated statement of cash flows.

2.4 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 successful listing of the Company's A Shares on the Shanghai Stock Exchange on 27 July 2009, the directors of the Company reviewed the presentation of the Group's consolidated statement of comprehensive income, taking into account of the various financial information filing requirements of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited (the "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 operation and the financial reporting processes for the compliance with various filing requirements.

Consequently, the presentation of the consolidated statement of comprehensive income for the year ended 31 December 2009 has been restated and the comparative amounts have been reclassified in order to conform with the current year's presentation as follows:

	For the year ended 31 December 2009	
	As restated	**As previously stated**
	RMB'000	*RMB'000*
Consolidated statement of comprehensive income (Extract):		
Revenue	**2,415,175**	1,878,814
Cost of sales and other direct operating expenses	**(1,254,332)**	—
Other income and gains	**59,363**	605,028
Administrative expenses	**(75,555)**	—
Depreciation and amortisation	**—**	(357,394)
Employee costs	**—**	(193,782)
Other operating expenses	**(23,157)**	(811,172)

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

3. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions. For the years ended 31 December 2009 and 2010, the directors of the Company concluded that there was no separate reporting segment apart from the toll operation segment. The Board reviews and assesses the performance on the toll operation segment based on the information available for the purpose of allocating resources to the segment and assessing its performance. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

All external revenue of the Group during each of the two years ended 31 December 2010 was attributable to the operation of expressways in the PRC, the place of domicile of the Group's operating entities. The Group's non-current assets are all located in the PRC.

4. RENENUE, OTHER INCOME AND GAINS

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

	2010 *RMB'000*	2009 *RMB'000*
Revenue		
Toll income		
— Chengyu Expressway	**1,139,230**	960,431
— Chengya Expressway	**645,119**	550,735
— Chengle Expressway	**419,133**	340,665
— Chengbei Exit Expressway and Qinglongchang Bridge	**92,449**	86,951
	2,295,931	1,938,782
Less: Revenue taxes	**(71,431)**	(59,968)
Total toll income, net of revenue tax	**2,224,500**	1,878,814
Construction revenue in respect of service concession arrangements	**2,010,150**	455,819
Construction revenue in respect of construction works performed for third parties	**51,464**	60,282
Others (including income from rental and advertising)	**19,308**	20,260
	4,305,422	2,415,175
Other income and gains		
Interest income from bank deposits	**19,305**	16,298
Interest income from discounting long term compensation receivables	**10,697**	10,978
Gain on disposal of land use rights	**2,285**	—
Rental income	**3,128**	3,281
Government grants	**193**	2,500
Dividend income from available-for-sale investments	**1,007**	1,345
Miscellaneous	**14,447**	24,961
	51,062	59,363
Total revenue, other income and gains	**4,356,484**	2,474,538

5. PROFIT BEFORE TAX

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

	2010	2009
	RMB'000	*RMB'000*
Employee costs (including directors' remuneration):		
Wages and salaries	**151,324**	122,740
Pension scheme contributions		
— Defined contribution fund	**23,085**	19,253
Accommodation benefits		
— Defined contribution fund	**16,657**	15,245
Supplementary pension scheme		
— Defined contribution fund	**8,600**	7,882
Other staff benefits	**30,941**	28,662
	230,607	193,782
Depreciation	**58,313**	102,019
Amortisation of service concession arrangements	**238,782**	223,217
Amortisation of prepaid land lease payments	**32,223**	32,158
Depreciation and amortisation expenses	**329,318**	357,394
Repairs and maintenance	**195,098**	162,315
Construction costs in respect of service concession arrangements*	**1,971,958**	449,620
Construction costs in respect of construction works performed for third parties	**51,121**	56,468
Minimum lease payments under operating leases:		
Land and buildings	**21,566**	20,673
Auditors' remuneration	**1,768**	2,296
Loss on disposal of items of property, plant and equipment	**6,617**	4,578
Provision for impairment of other receivables	**—**	401
Reversal of provision for impairment of other receivables	**(15,809)**	(910)

* During the year, depreciation charges of RMB520,000 (2009: RMB286,000) are included in the construction costs in respect of service concession arrangements.

6. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the two years ended 31 December 2010.

Except for the companies discussed below that are entitled to a preferential tax rate, the subsidiaries and associates of the Company are required to pay 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, the Company's subsidiary, Chengle Expressway Company Limited ("**Chengle Company**") 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, 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 expense for the year are as follows:

	2010	2009
	RMB'000	*RMB'000*
Current - Mainland China		
Charge for the year	**198,995**	142,739
Underprovision in prior years	**4,003**	5,035
Deferred	**7,133**	701
Total tax charge for the year	**210,131**	148,475

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary owners of the Company, and the weighted average number of ordinary shares of 3,058,060,000 (2009: 2,766,393,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during those years.

8. SERVICE CONCESSION ARRANGEMENTS

(a) At 31 December 2010, the concession rights pertaining to Chengbei Exit Expressway and Chengle Expressway with the net carrying amounts of RMB181,706,000 and RMB1,212,637,000 (2009: RMB184,788,000 and RMB1,122,452,000), respectively were pledged to secure bank loans amounting to RMB166,000,000 and RMB106,400,000 (2009: RMB179,600,000 and RMB306,400,000), respectively.

(b) During the year, construction costs of RMB1,620,119,000 (2009: RMB356,858,000) were incurred for the Chengren Expressway Project. Those construction costs were included in the additions to service concession arrangements which will be amortised upon the commencement of operation of the Chengren Expressway Project. In addition, those construction costs of RMB1,620,119,000 (2009: RMB356,858,000) and construction revenue of RMB1,620,119,000 (2009: RMB356,858,000) were recognised in respect of the construction service provided by the Group for the Chengren Expressway Project using the percentage of completion method during the year. All construction activities of the Chengren Expressway Project are sub-contracted to third parties subcontractors and the Group only performs project management.

(c) Additions to service concession arrangements during the year include interest capitalised in respect of bank loans amounting to RMB20,488,000 (2009: Nil).

9. PAYMENTS IN ADVANCE

Payments in advance as at 31 December 2010 and 2009 were in respect of prepayments for the construction of the Chengren Expressway Project.

Included in payments in advance at 31 December 2010, RMB370,707,000 (2009: RMB135,845,000) were paid by the Company to independent subcontractors before the commencement of the construction works and RMB44,380,000 (31 December 2009: RMB263,250,000) paid by the Company to Renshou County People's Government and Shuangliu County People's Government (2009: Paid to Shuangliu County People's Government) for resettlement of residents and removal of obstacles, for the construction of the Chengren Expressway Project.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Deposits and other receivables	**188,785**	171,890
Impairment of other receivables	**(113,342)**	(129,151)
Deposits and other receivables, net of impairment	**75,443**	42,739
Prepayments	**3,300**	1,978
	78,743	44,717

Deposits and other receivables at 31 December 2010 included a bidding deposit of RMB10,000,000 (2009: RMB10,000,000) paid to Chengdu Municipal Committee of Communication ("**CMCC**") in respect of the bidding of the Chengren Expressway Project and the current portion of the long term compensation receivables to be received within one year of RMB2,623,000 (2009: RMB2,303,000).

In accordance with the bidding arrangement, the Company was required to set aside a bidding deposit of RMB20,000,000, of which RMB10,000,000 was paid by the Company to CMCC and the remaining RMB10,000,000 was satisfied by the pledge of the Company's time deposits.

The bidding deposits and pledged time deposits are expected to be refunded and released within 30 days after the Company makes payment of performance guarantee deposits of RMB200,000,000 to CMCC in respect of the Chengren Expressway Project.

11. OTHER PAYABLES AND ACCRUALS

	2010	2009
	RMB'000	*RMB'000*
Accruals	**1,704**	6,876
Other payables	**660,219**	479,161
	661,923	486,037

Included in other payables at 31 December 2010, there is a performance guarantee deposit of approximately RMB97,388,000 (2009: RMB258,438,000) received from sub-contractors in respect of the construction of the Chengren Expressway Project and the deposit bears interest at a rate of 0.36% (2009: 0.36%) per annum.

Except for the performance guarantee deposit for the construction of the Chengren Expressway Project and retention payables for the construction of expressways which have a longer term of approximately two years, other payables are non-interest-bearing and have an average term of three months.

12. INTEREST-BEARING BANK AND OTHER LOANS

	Notes	**2010** **RMB'000**	2009 RMB'000
Bank loans:	(a)		
Secured and guaranteed		**1,220,510**	306,400
Secured		**1,366,000**	179,600
Short term commercial papers	(b)	**—**	2,000,000
Other loans, unsecured	(c)	**88,636**	111,363
		2,675,146	2,597,363
Portion classified as current liabilities		**(1,297,727)**	(2,098,327)
Non-current portion		**1,377,419**	499,036

(a) The bank loans bear interest at the respective fixed rates ranging from 4.86% to 5.35% (2009: from 4.78% to 7.05%) per annum. Bank loans amounting to RMB166,000,000 and RMB106,400,000 (2009: RMB179,600,000 and RMB306,400,000) are secured by the pledge of the concession rights of Chengbei Exit Expressway and Chengle Expressway, respectively. In addition, the Company's holding company, Sichuan Highway Development, has guaranteed certain of the Group's bank loans aggregating RMB106,400,000 (2009: RMB306,400,000) free of charge.

(b) On 27 November 2009, the Company issued 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 was repaid on 29 November 2010.

(c) Other loans are unsecured and bear interest at rates ranging from 2.82% to 5.00% (2009: from 2.82% to 5.00%) per annum.

13. ISSUED CAPITAL

	2010 **Number of shares'000**	2009 Number of shares'000	**2010** **Nominal value** ***RMB'000***	2009 Nominal value *RMB'000*
Authorised, issued and fully paid:				
A Shares of RMB1.00 each	**2,162,740**	2,162,740	**2,162,740**	2,162,740
H Shares of RMB1.00 each	**895,320**	895,320	**895,320**	895,320
	3,058,060	3,058,060	**3,058,060**	3,058,060

The H Shares have been issued and listed on the main board of Hong Kong Stock Exchange since October 1997. All A Shares have been listed on the Shanghai Stock Exchange since July 2009.

All A and H Shares rank pari passu with each other in terms of dividend and voting rights.

14. 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 the accounting principles and the relevant financial regulations applicable to enterprises established in the PRC ("**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 2010, the Company's reserves available for distribution amounted to RMB1,204,777,000, as calculated in accordance with HK GAAP. The Company's distributable reserves as at 31 December 2010 determined under HK GAAP were lower than those determined under PRC GAAP.

15. DIVIDENDS

	2010	2009
	RMB'000	*RMB'000*
Interim - Nil (2009: RMB0.13) per ordinary share	**—**	397,548
Proposed final - RMB0.087 (2009: RMB0.064) per ordinary share	**266,051**	195,716
	266,051	593,264

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

16. EVENT AFTER THE REPORTING PERIOD

(a) As disclosed in note 1, Sichuan Highway Development is in the process of transferring its interest in the Company to Transport Investment Group. On 10 March 2011, a waiver of general offer was granted by the CSRC.

(b) On 17 March 2011, the Company completed the issue of short term commercial aggregating RMB2 billion to domestic institutional investors participating in the PRC interbank debt market. The short term commercial papers were issued at a par value of RMB100 per unit, with an interest rate of 4.58% and are due for repayment on 16 March 2012.

RESULTS AND DIVIDENDS

During the year, the revenue of the Group amounted to RMB4,305,422,000, representing an increase of 78.27% as compared with last year. For the year ended 31 December 2010, the profit attributable to owners of the Company increased significantly to RMB1,145,274,000, representing an increase of 38.41% as compared with last year. For the year ended 31 December 2010, earnings per share was RMB0.375 (2009: RMB0.299).

As at 31 December 2010, the Group's total assets and the net asset attributable to the owners of the Company were approximately RMB11,897,687,000 and RMB8,319,635,000, respectively.

Pursuant to the resolution made by the Board on 23 January 2009, the Board resolved that within three years after the listing of the Company's A shares, no less than 40% of profit distributable for the underlying year realized by the parent company would be paid to the shareholders of the Company (the "**Shareholders**") as cash dividend (this resolution was approved by the Shareholders at the 2008 annual general meeting on 15 April 2009), the Board has recommended a final cash dividend for 2010 of RMB0.087 per share (tax inclusive), aggregating to approximately RMB266,051,000 and representing 40.14% of the distributable profit for Shareholders for the year. The proposed dividend distribution is subject to the approval of the Shareholders at the Company's forthcoming annual general meeting for the year 2010. If approved, the final dividend is expected to be paid on or around Friday, 10 June 2011 to the Shareholders whose names appear on the H Share register of members of the Company on Wednesday, 25 May 2011.

According to the Law on Corporate Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008 and other relevant rules, the Company is required to withhold corporate income tax at the rate of 10% before distributing the 2010 dividend to non-resident enterprise shareholders as appearing on the H Share register of members of the Company. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the corporate income tax.

The time and arrangement of distribution of the final dividend in respect of A Shares are not applicable to this announcement.

BUSINESS REVIEW AND ANALYSIS

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

In 2010, China's economy returned from the special status in coping with financial crisis to its normal growth track and demonstrated a healthy operation trend as a whole, and the Group also witnessed a more stable operating environment. Against such backdrop, the Group strengthened and improved the operation and management of its existing assets to ensure and enhance its operating performance, and thus successfully recorded a substantial growth in operating results. Meanwhile, the Group's development strategy and operational tactics had been effectively implemented. The Group had made remarkable progress in business expansion, business management, capital operation and corporate governance, all laying solid foundation for further investment and opening new vista of corporate development.

1. Operating results of the Company and its major branch and subsidiaries

Item	Toll income for 2010 *(RMB'000)*	Percentage in the total toll income *(%)*	Toll income for 2009 *(RMB'000)*	Percentage in the total toll income *(%)*	Profit for 2010 *(RMB'000)*	Year-on-year increase in profit for 2010 *(%)*
The Company *(Note 1)*	1,139,230	49.62	960,431	49.54	657,819	34.90
Chengya Branch *(Note 2)*	645,119	28.10	550,735	28.41	288,985	39.25
Chengle Company *(Note 3)*	419,133	18.25	340,665	17.57	181,954	56.42
Chengbei Company *(Note 4)*	92,449	4.03	86,951	4.48	26,992	11.97
Total	2,295,931	100	1,938,782	100	1,155,750	38.31

Notes:

1. For the purpose of this table only, the Company does not include Chengya Branch. The Company is responsible for the operation and management of the Sichuan section of the Chengyu (Chengdu-Chongqing) Expressway (the "**Chengyu Expressway**"). Its profit for the year includes its share of profit and loss of its associates;

2. Sichuan Expressway Company Limited Chengya Branch, a branch company of the Company, which is responsible for the operation and management of Sichuan Chengya (Chengdu-Yaan) Expressway (the "**Chengya Expressway**"). Its profit for the year includes its share of profit or loss of its associates companies;

3. Sichuan Chengle Expressway Company Limited, a wholly owned subsidiary of the Company, which is responsible for the operation and management of Sichuan Chengle (Chengdu-Leshan) Expressway (the "**Chengle Expressway**");

4. Chengdu Chengbei Exit Expressway Company Limited, a subsidiary of the Company, which is responsible for the operation and management of Chengdu Chengbei Exit Expressway (the "**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 year includes its share of profit and loss of its associate companies.

2. Operation of major expressways of the Group

As at 31 December 2010, the Group mainly operated 4 toll expressways in Sichuan Province, namely, Chengyu Expressway, Chengya Expressway, Chengle Expressway and Chengbei Exit Expressway. The total mileage of these expressways reached 467 km.

Operating performance of major expressways of the Group:

Item	Shareholding percentage	Converted average daily traffic flow *(vehicles/times)* 2010	2009	Increase *(%)*	Toll income *(RMB'000)* 2010	2009	Increase *(%)*
Chengyu Expressway	100%	**20,972**	19,035	10.18	**1,139,230**	960,431	18.62
Chengya Expressway	100%	**16,079**	14,455	11.23	**645,119**	550,735	17.14
Chengle Expressway	100%	**25,095**	20,525	22.27	**419,133**	340,665	23.03
Chengbei Exit Expressway (including Qinglongchang Bridge)	60%	**33,493**	29,968	11.76	**92,449**	86,951	6.32

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

(1) In 2010, as the government continued to carry out large-scale development strategy of the western region and rendered full support for Sichuan post-disaster reconstruction, the economy of Sichuan witnessed a good start in the first quarter, a steady recovery and accelerated growth trend in the second quarter and a stable and rapid development in the second half of the year, which in turn boosted the strong growth in operating results of the Group's expressway business;

(2) The upgrade of consumption structure continued to spur the citizen's demand for vehicles. Full-year sales of vehicles in 2010 in China amounted to 18,060,000, up 32.37% year-on-year; and the output stood at 18,264,700, up 32.44% year-on-year. Both sales and output hit record highs and ranked top around the globe for the second consecutive year. Meanwhile, boosted by consumption-encouraging policies such as purchase tax incentives, trade-in deals, subsidies to encourage sales of autos in rural areas and subsidies for energy-saving products, vehicle consumption in Sichuan saw big growth in 2010, with retail sales reaching RMB62.25 billion, a further 22.2% year-on-year increase after the 42% rise in 2009, pushing the total retail sales of social consumer goods up by 2.0 percentage points. The regional surging demand for vehicles has presented the Group with an operating advantage and further growth potential;

(3) In 2010, post-disaster reconstruction projects were fully rolled out in the province, boosting the demands for Sichuan highway transportation. As the trunk highways in Sichuan, the Group's expressways played a key role in the post-disaster reconstruction of Sichuan, which facilitated the operation of expressway business of the Group;

(4) Thanks to the rapid growth of Sichuan's economy and the successful completion of post-disaster reconstruction within two years ahead of the three-year schedule, tourism, which has achieved a robust recovery, contributed a total of RMB188.609 billion revenue to Sichuan in 2010, up 28.1% year-on-year and representing 11.2% of its GDP, thus effectively driving the growth of traffic volume;

(5) Sichuan implemented a toll-by-weight policy for trucks travelling on expressways since 1 June 2007. During the trial period (ended on 30 September 2010), normally loaded vehicles were given a 20% toll discount. Currently, the trial period has expired, but the toll discount preferential policy is still being implemented in the province because no official reply regarding such issue has been received from relevant governmental authority.

(6) In 2010, vehicles participating in the Qinghai Yushu earthquake rescue were allowed to travel toll-free on highways in our province, which, coupled with the decrease in truck traffic volume due to oil shortage as a result of the tight diesel supply since November 2010, brought some negative impact on the Group's toll income from expressways;

(7) Meanwhile, the Group put more efforts in operation and management of its expressways. By strengthening research on road network, improving traffic organization plans, ensuring road operation order, enhancing toll collection inspection and controlling operating cost, the Group effectively improved its overall profitability.

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

Chengyu Expressway: Traffic volumes for Chengyu Expressway is expected to be affected by traffic diversions from Leyi (Leshan-Yibin) Expressway ("**Leyi Expressway**") which was completed and opened to traffic on 26 December 2010, a new route from Chengdu to Yinbin via Chengle and Leyi Expressways in addition to the existing route via Chengyu and Neiyi (Neijiang-Yibin) Expressways.

Chengya Expressway: On 9 November 2010, Qiongming (Qionglai City-Mingshan County of Ya'an City) Expressway, with its beginning and ending connected to Chengwenqiong (Chengdu City-Wenjiang District- Qionglai City) Expressway and Chengya Expressway respectively, was completed and opened to traffic to become the second fast route from Chengdu to Ya'an, and hence became a competitor of Chengya Expressway. However, considering that the technical standards (the 40-kilometer section from Chengdu to Qinglongchang is two-way with six lanes) of Chengya Expressway such as conditions for road passage, designed driving speed are higher than Chengming Expressway (the collective name for Chengwenqiong Expressway and Qiongming Expressway); the entrance of Chengya Expressway is accessible via a two-way 6-lane viaduct (approximately 6 kilometres in length), which is more convenient than the entrance and exit of Chengming Expressway; the total distance from Chengdu loop expressway via Chengya Expressway to Qiongming Expressway is 105 kilometers, 3 kilometers shorter than the travelling distance of Chengming Expressway; and a tourism loop route formed in fact by Chengming Expressway and Chengya Expressway will further stimulate the development of tourism in western Sichuan, which will in turn increase the traffic volume brought by tourism buses for Chengya Expressway as a whole, it is therefore expected that the opening of Qiongming Expressway will not have any significant impact on Chengya Expressway in terms of traffic flow diversion.

Chengle Expressway: Due to factors such as aggravation of road surface damage, deterioration of passage conditions, the Meishan section (Qinglong to Meishan, Meishan to Simeng, Jiajiang to E'mei, Meishan to Pengshan) of the old road was partially closed during the year with the road surface and bridges undergoing repair and renovation work. As such, some of its traffic flow was diverted to Chengle Expressway. In addition, Leyi Expressway which was completed and opened to traffic on 26 December 2010, became the extended line of Chengle Expressway, and in turn brought more traffic flow to Chengle Expressway.

Chengbei Exit Expressway: from 18 October 2009 to the end of 2010, the Dajian section of Chuanshan Highway underwent reconstruction work with an aim for expansion and the highway was partially closed, which led to increased traffic flow for Chengbei Exit Expressway. 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, starting from 2010, pay toll compensation to Chengbei Company calculated on the basis of RMB1,800,000 and 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. Chengmian (Chengdu-Mianyang) Expressway, an extension line of Chengbei Exit Expressway, commenced overall road repair and maintenance from April to December 2010, which diverted traffic flow from Chengbei Exit Expressway.

3. OTHER BUSINESSES

In 2010, the Group recorded RMB2,080,922,000 of other income (other than those from operation of toll roads), representing an increase of 287.97% over the previous year. During the year, other business of the Company was mainly attributable to three subsidiaries of the Company (namely Sichuan Shusha Enterprise Company Limited ("**Shusha Company**"), Sichuan Shugong Expressway Engineering Company Limited ("**Shugong Company**") and Chengdu Shuhai Investment Management Company Limited ("**Shuhai Company**")), and Sichuan Expressway Company Limited Chengren Branch ("**Chengren Branch**"). The operating results of them during the year were set out as follows:

During the year, Shusha Company's revenue from operations was approximately RMB14,346,870, and the profit was approximately RMB2,628,070, representing an increase of 9.78% and 15.09% respectively as compared to last year. Shugong Company's revenue from operations was approximately RMB559,284,910, and the profit was approximately RMB21,716,520, representing an increase of 95.80% and 194.99% respectively as compared to last year. Shugong Company's business developed rapidly in recent years. On 11 June 2010, Shugong Company established its wholly-owned Sichuan Shugong Road Construction Engineering Testing Company Limited(四川蜀工公路工程試驗檢測有限公司) to enhance its testing business in road, bridge and channel engineering. The testing company obtained Grade-B qualification issued by both the Quality Inspection Station of Department of Transportation(交通廳質檢站) and Technical Supervision Bureau of Sichuan Province (四川省技術監督局). In addition, Shugong Company vigorously developed its road construction business. At present, it actively proceeds with the upgrade of its road construction contractor qualification, the application for which has obtained approval from the Department of Housing and Urban-Rural Development of Shichuan Province(四川省住房與城鄉建設廳) and Department of Transportation of Shichuan Province(四川省交通運輸廳) and has been submitted to relevant ministries or commissions of the country for approval. Shuhai Company, as an investment management company focusing on investment in infrastructure projects, is currently concentrating on the investigation, study, argumentation and project planning in respect of quality road projects as well as investment opportunities in related or other industries within Sichuan Province. As at the end of the Reporting Period, there was no material investments made by Shuhai Company. Chengren Branch recorded a contractual revenue of RMB1,620,119,000 from construction of Chengren Expressway (Chengdu-Meishan (Renshou) Section of Chengdu-Zigong- Luzhou-Chishui Expressway), representing an increase of 354% over last year (2009: RMB356,858,000).

4. 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 of Chengren Expressway is expected to commence around the end of 2012. 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. As at the end of the Reporting Period, the construction of the project had been progressing smoothly. A total of RMB1,619.76 million was invested during the year, representing 135% of the target we ensure to achieve for the year which is RMB1,200 million, 108% of the target we seek to achieve for year which is RMB1,500 million or 22% of the total investment budget of the project which is RMB7,311.14 million. Since commencement of construction of this project, a total of RMB1,980.03 million had been invested on an accumulative basis, representing 27% of the total investment budget of the project which is RMB7,311.14 million, including a total of RMB813.66 million investment in respect of installation of relevant facilities.

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 ability.

— Investment in and construction of road project within Renbao Industry Park, Tianfu New District, Shuangliu County, Chengdu City in the form of build-transfer ("**Renbao BT Project**")

At the board meetings held on 24 November 2010 and 28 January 2011, the Company considered and approved relevant work and arrangement regarding contract signing, preparation, construction and transfer of phrase I and phrase II of Renbao BT Project. The two phrases include 4 roads with a total length of 12.1 km (Industry Park Avenue, Cargo Transportation Avenue, West 2nd section of Zheng road and Zhongbao Road) , roads with a total length of 15.96 km comprising Industry Park Avenue east section, Wulian Avenue, Warehouse Road, Zhongbaoheng Road, Patrol Road and Zhongbao section of Shuanghuang Road) as well as electricity shallow groove which is a part of infrastructure construction in Renbao park. The estimated investment amounts for them are approximately RMB687 million and RMB665 million, respectively. The project commenced construction in January and February 2011 respectively and are expected to complete and become ready for intended uses in May and June 2011 respectively. On 6 January 2011, the Company established its wholly-owned Sichuan Shunan Investment Management Company Limited as the project company to develop and construct the project.

The project, marking the first time for the Company to invest and construct transportation infrastructure projects in the form of BT, not only expanded and enriched the Company's business development approach and experience, but also created a new profit driver, which in turn will further increase the Group's overall profitability.

— Proposed investment in land-linked pilot project in Renshou county, Meishan City and the connection line of Renshou Avenue in the form of build -transfer ("**Renshou BT project**")

At the 34th meeting of the fourth session of the Board of the Company on 28 January 2011, the proposal regarding proposed investment of Renshou BT Project was approved. The Renshou land-linked pilot project is located in Gaotan village, Wenlin town (where the county government is located), Renshou county which involves a land area of 4,848 Mu. The investment specifically includes relocation of farmer's house, "San Tong Yi Ping" project (generally referred to as clearance of the site and resettlement, connecting temporary water and electricity supply to the site and road connection to the site) as well as construction of ancillary facilities and roads at the resettlement site, preparation and reclamation of farmer's house site and construction of resettlement house. Renshou road connecting line project, commencing from Renshou Avenue which is under construction and ending at Renshou interchange toll plaza of Chengren Expressway, has a total length of 4,693 meters covering a land area of 823 Mu and is designed in accordance with municipal road standard. The total investment amount for this project is estimated to be approximately RMB713million. The Company plans to finance the investment and construction of the project from its self-owned funds and a multiple other financing channels such as funds raised by the issued non-financial corporate bonds, bank loans and loans (trust) from non-financial institutions.

— Proposed acquisition of the Sichuan section of Suiyu (Suining-Chongqing) Expressway ("**Suiyu Expressway**") and Sichuan Chengnan (Chengdu-Nanchong) Expressway ("**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. 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). However, the proposed acquisition has been postponed due to the pending land disposals of Chengnan Company.

In order to facilitate the construction of an integrated transportation hub in western China and the economic development of western China, Sichuan provincial government established Transport Investment Group on 16 April 2010. According to such SCI Group organization plan, all the Company's shares held by Sichuan Highway Development shall be transferred to Transport Investment Group at nil consideration. As such, the controlling shareholder of the Company will change to Transport Investment Group. At present, the said share transfer is still underway and change of controlling shareholder has not been completed, which, to some extent, also impeded the proposed asset acquisition.

(2) Financing activities of the Company

— Issue of Short-Term Commercial Papers

At the general meeting of the Company on 28 August 2007, resolutions were passed to approve the proposed issue of short-term commercial papers with a total amount not exceeding RMB2 billion per annum for a term of three years. The Company successfully issued short-term commercial papers with a total amount of RMB1.5 billion on 19 February 2008, which were fully repaid by the Company on 19 February 2009. On 27 November 2009, the Company further issued short-term commercial papers with a total amount of RMB2 billion, which were fully repaid by the Company in 29 November 2010.

At the extraordinary general meeting of the Company held on 16 November 2010, it was approved that, for a period of three years commencing from the date of the meeting, the Company will register the debt financing instruments in a principal amount not more than 40% of the latest audited consolidated net asset value (including minority shareholders' interests) of the Company and its subsidiaries in one or several tranches in the PRC, which will be issued within the effective period of the registration; and the RMB2 billion short-term commercial papers registered with the National Association of Financial Market Institutional Investors* (中國銀行間市場交易商協會) on 10 November 2009 will continue its issuance within its effective registration period. On 17 March 2011, the Company completed the aforesaid issue of RMB2 billion shot-term commercial papers as registered with the National Association of Financial Market Institutional Investors with a term of 365 days, a par value of RMB100 each and at interests rate of 4.58%.

Funds raised from this tranche of short term commercial papers will be mainly used to optimize our debt structure and reduce finance costs.

— Medium-long term syndicated loan

In March 2010, the Company and 9 banks including China CITIC Bank Corporation Limited Chendu Branch 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 proceeds from the loan will be used for the construction of Chengren Expressway (For details, please refer to the announcement of the Company dated 12 March 2010). As at 31 December 2010, drawdown of loan made by the Company was RMB1,114 million.

5. Continuing Connected Transactions

On 6 March 2008, the Company entered into a service agreement (the "**Chengyu & Chengya Service Agreement**") 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**") in relation to the provision of a computer system on expressways network toll fee collection and technological services to the expressways wholly owned by the Company, namely, Chengyu Expressway and Chengya Expressway. Sichuan Zhineng is a subsidiary of Sichuan Highway Development (the controlling shareholder of the Company). On the same date, Chengbei Company (a subsidiary of the Company) and Sichuan Zhineng entered into a service agreement (the "**Chengbei Service Agreement**") in relation to the provision of a computer system on expressways network toll fee collection and technological services to Chengbei Exit Expressway, an expressway wholly owned by Chengbei Company. According to the Listing Rules of the Stock Exchange, entering into each of the Chengyu & Chengya Service Agreement and Chengbei Service Agreement constituted the continuing connected transaction of the Company, which were subject to the reporting and announcement requirement but were exempt from the independent Shareholders' approval requirement.

The annual caps for the service fees payable under the Chengyu & Chengya Service Agreement and the Chengbei Service Agreement for the three years ended 31 December 2008, 31 December 2009 and 31 December 2010 was approximately RMB9,270,000, RMB10,540,000 and RMB12,000,000 respectively.

BUSINESS DEVELOPMENT PLAN

2011 started as the first year of "12th Five-Year Plan". In such a new era, we anticipate that as the State continues to proceed with western China development scheme, the Sichuan-Chongqing Economic Zone Regional Plan is implemented step by step and Sichuan fully embarks on the strategic deployment on construction of western comprehensive traffic pivot, the Group will continue to enjoy a stabilized, healthy and favourable operating environment as well as more and bigger development opportunities. Accordingly, in line with our strategic goals, we formulated the following operation strategy and business plan for the year 2011:

1. The Group will continue to enhance and improve operation and management of existing assets to safeguard and improve our overall operating benefits and realize sustained growth of our operating results, and on the other hand, the Group will increase efforts in business expansion, investment and financing, talents team and system innovation to vigorously open up new vista for corporate development.

2. The Group will efficiently and systematically press ahead the Chengren Expressway Project and phase I and II of Renbao BT Project which are all under construction, enhance project management and supervision and ensure achievement of pre-set goals in respect of time schedule, quality, construction cost and safety. We will expedite the proposed investment in Renshou BT Project and proactively foster more profit drivers to expand the scale of our assets and operation and step up our development pace.

3. Under the premises of financial security, the Company will enhance research on the variety of financial tools and broaden financing channels, 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. The Company will put more efforts in preventive maintenance of the Group's expressway assets, improving daily maintenance of road surface, so as to ensure the Group's expressways are properly maintained and safely and smoothly operated. 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. We will further improve construction of the system of human resources. The Group will intensify introduction and training of talents, and through implementing and improving incentive mechanism, constraint mechanism, talent training and selection mechanism to stimulate the staff's enthusiasm and creativity, we expect an overall improvement in the staff's professional skills and comprehensive capability. Meanwhile, we will enhance building of corporate culture to foster harmonious cultural environment for our growth. In addition, we are to speed up and improve the management systems such as appointment, assessment and incentive system for management team, in order to cater for the need by the Group's rapid growth.

6. Scientific management is an important guarantee for sustained corporate development. As the Company further develops, its corporate management standard and capacity are facing stricter requirements. As such, the Company aims to step up efforts in corporate management system building and innovation. In compliance with "Basic Standard For Enterprise Internal Control " (企業內部控制基本規範) jointly issued by five national ministries and commissions and its application guidelines, in 2011, we will continue to realign, complement and improve internal control system of throughout the Group with an aim of an internal control system with definite division between power and obligations, scientific management and high efficiency , so as to upgrade comprehensive management capacity and efficiency and safeguard acceleration of development of the Group.

Cherishing the spiritual wealth gained from the "**11th Five-Year Plan**", we have now embarked on the dynamic journey of "**12th Five-Year Plan**" to receive even more demanding tasks and challenges . In pursue of our development positioning of "**consolidating internal resources, focusing on principal business, utilizing professional advantages, expanding into relevant industries**" and guided by "**one main-body and two wings**" development philosophy, we are to actively foster new point drivers, with a view to build the Company into a large infrastructure conglomerate with distinguish principal business, healthy operation, sound governance structure and supreme management capacity.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company and its subsidiaries have not purchased, redeemed or sold the Company's listed securities.

EMPLOYEES, REMUNERATION AND TRAINING

As at 31 December 2010, the Company (including its branches) had 1,821 employees (996 in Chengyu Company, 759 in Chengya Branch and 66 in Chengren Branch). Detailed information is set out below:

1. Composition

Composition by Expertise

Type	**Number**
Management (including professional technicians)	427
Technicians	1,394

Educational level

Type of educational level	**Number**
Postgraduate	34
University graduate	359
Junior college graduate and below	1,428

2. Employee's Remuneration

The total remuneration of the Company's employees is correlated with the operating results of the Company. The salary of the Company's employees comprises fixed wage (including basic salary, and salaries determined by the position and period of service) and performance incentive. Employee's salary is determined with reference to his position (i.e. the salary changes in accordance with the position of service) and performance. The total employees' salary of the Company was RMB105,488,000 for the year ended 31 December 2010 (including RMB62,248,000 for Chengyu Company, RMB37,250,000 for Chengya Branch and RMB5,990,000 for Chengren Branch).

3. Employee's Insurance and Welfare

The Company cherishes employees and protects their lawful interests. The Company improved various types of social insurance for employees in strict compliance with all applicable Chinese labor security policies. The Company has paid in full for the employees expenses for various types of social insurances, including retirement insurance, healthcare insurance, unemployment insurance, work related injury insurance, child birth insurance, mutual supplementary medical insurance for serious diseases and accident insurance 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. It held training courses of various kinds to improve the comprehensive quality and business standard of the employees at various levels. During the year, the Company organised a number of trainings for various positions in respect of standard operation and internal control system of listed companies, job-specific skills as well as further education for professional technical staff and other concentrated and theme trainings. A total of over 2,600 employees have attended the above training courses.

CORPORATE GOVERNANCE

1. Code on Corporate Governance Practices

During the year, the Company has not set up a remuneration committee with written terms of reference in accordance with relevant code provisions contained in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. At present, the remunerations of directors 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 are subject to the Shareholders' consideration and approval at the general meeting. Save for the above, the Company has fully complied with the code provisions contained in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules during the year.

2. Audit Committee

The Audit Committee comprises three independent non-executive directors of the Company who are all professionals experienced in finance and transportation industries.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2010 and considers that the Group has complied with all applicable accounting standards and requirements and made adequate disclosure.

COMPLIANCE WITH MODEL CODE

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 (the "**Model Code**") set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all directors and supervisors, each of them confirmed that he or she had complied with the standards on securities transactions as set out in the Model Code and the code of conduct of the Company during the Reporting Period, and there were no violation of the Model Code throughout the year.

CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The H Share register of members of the Company will be closed from Thursday, 21 April 2011 to Wednesday, 25 May 2011 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to attend the annual general meeting and to qualify for the final dividend, H Share Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates are lodged with the Company's H Share Registrar, Hong Kong Registrars Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 20 April 2011.

The Company will make separate announcement on the Shanghai Stock Exchange in respect of details of the arrangement regarding (i) the distribution of 2010 final dividend to A Share Shareholders and (ii) details of A Share Shareholders' eligibility for attending the annual general meeting.

PUBLICATION OF ANNUAL REPORT

An annual report of the Company for the year ended 31 December 2010 containing all the data required by the Listing Rules will be dispatched to its Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Sichuan Expressway Company Limited*
Tang Yong
Chairman

Chengdu, Sichuan Province, the PRC
22 March 2011

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 purpose only*