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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)

2012 INTERIM RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Director(s)**”) 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 2012 (the “**Period**” or “**Reporting Period**”), together with the comparative figures for the corresponding period in 2011 as follows (the data herein are presented in Renminbi (“**RMB**”) except where otherwise indicated).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		For the six months ended 30 June	
		2012	2011
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	3,444,354	2,654,907
Cost of sales and other direct operating costs		<u>(2,585,539)</u>	<u>(1,817,415)</u>
Gross profit		858,815	837,492
Other income and gains	4	67,395	45,882
Administrative expenses		(64,069)	(42,598)
Other operating expenses		(3,424)	(11,162)
Finance costs	5	(79,926)	(64,906)
Share of profits and losses of associates		<u>11,002</u>	<u>5,598</u>
PROFIT BEFORE TAX	6	789,793	770,306
Income tax expense	7	<u>(122,431)</u>	<u>(192,586)</u>
PROFIT FOR THE PERIOD		<u>667,362</u>	<u>577,720</u>
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available-for-sale assets		(682)	(10,401)
Income tax effect		<u>127</u>	<u>2,600</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>(555)</u>	<u>(7,801)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>666,807</u>	<u>569,919</u>

		For the six months ended 30 June	
		2012	2011
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit attributable to:			
Owners of the Company		646,934	567,538
Non-controlling interests		20,428	10,182
		<u>667,362</u>	<u>577,720</u>
Total comprehensive income attributable to:			
Owners of the Company		646,379	559,740
Non-controlling interests		20,428	10,179
		<u>666,807</u>	<u>569,919</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS			
OF THE COMPANY			
— Basic and diluted	8	<u>RMB0.212</u>	<u>RMB0.186</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

		30 June 2012 <i>RMB'000</i> (Unaudited)	31 December 2011 <i>RMB'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	596,899	611,927
Service concession arrangements	9	12,744,118	11,205,184
Prepaid land lease payments	9	491,443	507,502
Investments in associates		63,823	64,790
Available-for-sale investments		66,721	67,403
Long term compensation receivables		65,527	68,932
Other receivables	12	72,000	72,000
Payments in advance	10	524,897	484,987
Total non-current assets		14,625,428	13,082,725
CURRENT ASSETS			
Inventories		73,716	26,950
Due from customers for contract work	11	22,910	938,099
Trade and other receivables	12	1,752,776	918,012
Pledged deposits		77,300	20,522
Cash and bank balances		2,408,159	1,768,418
Total current assets		4,334,861	3,672,001

		30 June	31 December
		2012	2011
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	
CURRENT LIABILITIES			
Tax payable		130,251	196,106
Trade and other payables	13	1,769,958	1,823,220
Interest-bearing bank and other loans	14	1,457,067	2,099,727
Dividends payable	15	61,478	—
Total current liabilities		3,418,754	4,119,053
NET CURRENT ASSETS/ (LIABILITIES)			
		916,107	(447,052)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		15,541,535	12,635,673
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	14	5,633,748	3,120,744
Deferred tax liabilities		7,527	7,653
TOTAL NON-CURRENT LIABILITIES		5,641,275	3,128,397
Net assets		9,900,260	9,507,276

	30 June	31 December
	2012	2011
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
EQUITY		
Equity attributable to owners of the Company		
Issued capital	3,058,060	3,058,060
Reserves	6,658,254	6,011,875
Proposed final dividend	—	275,225
	9,716,314	9,345,160
Non-controlling interests	183,946	162,116
Total equity	9,900,260	9,507,276

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 Period, the principal activities of the Group were investment holding, the construction, management and operation of expressways and a high-grade toll bridge, and the operation of gas stations along expressways.

In the opinion of the directors of the Company, the parent and the ultimate holding company of the Company is Sichuan Transportation Investment Group Corporation (“**STI Group**”).

2.1 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 (the “**HKICPA**”).

The unaudited interim condensed financial information does 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 2011.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011, except for the adoption of amendments issued by the HKICPA that are mandatory for annual periods beginning on or after 1 July 2011 and 1 January 2012. The amendments have had no significant financial effect on the financial position or performance of the Group.

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 of directors of the Company that makes strategic decisions. For management purposes, the Group is organised into business units based on their services and products and has four reportable operating segments as follows:

- (a) the toll operation segment comprises the operation of expressways and a high-grade toll bridge in Mainland China;
- (b) the construction contracts segment comprises construction and upgrade services provided under the service concession arrangements and construction contracts;
- (c) the gas stations operation segment comprises the operation of gas stations along expressways; and

(d) the “others” segment mainly comprises advertising and the rental of properties along expressways.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that interest income on bank deposits, dividend income and unallocated gains, as well as head office, corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude pledged deposits, cash and cash equivalents, available-for-sale investments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present the Group's consolidated revenue, consolidated results and other consolidated information by operating segment for each of the six months ended 30 June 2012 and 2011:

For the six months ended 30 June 2012

	Toll operation RMB'000 (Unaudited)	Construction contracts RMB'000 (Unaudited)	Gas stations operation RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
SEGMENT REVENUE	1,158,241	1,805,224	474,166	6,723	3,444,354
SEGMENT RESULTS	797,509	(5,199)	29,001	855	822,166
<i>Reconciliation:</i>					
Interest income on bank deposits					10,587
Dividend income and unallocated income and gains					17,780
Corporate and other unallocated expenses					(60,740)
Profit before tax					789,793
OTHER SEGMENT INFORMATION					
Share of profits and losses of associates	11,190	(188)	—	—	11,002
Depreciation and amortisation	183,135	3,751	1,136	613	188,635

For the six months ended 30 June 2011

	Toll operation <i>RMB'000</i> (Unaudited)	Construction contracts <i>RMB'000</i> (Unaudited)	Gas stations operation <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT REVENUE	1,162,632	1,483,929	—	8,346	2,654,907
SEGMENT RESULTS	799,016	(1,617)	—	9	797,408
<i>Reconciliation:</i>					
Interest income on bank deposits					9,319
Dividend income and unallocated income and gains					17,339
Corporate and other unallocated expenses					<u>(53,760)</u>
Profit before tax					<u><u>770,306</u></u>
OTHER SEGMENT INFORMATION					
Share of profits and losses of associates	5,824	(226)	—	—	5,598
Depreciation and amortisation	<u>173,661</u>	<u>3,393</u>	<u>—</u>	<u>809</u>	<u>177,863</u>

The following tables present the Group's consolidated assets, consolidated liabilities and other consolidated information by operating segment as at 30 June 2012 and 31 December 2011:

As at 30 June 2012

	Toll operation	Construction contracts	Gas stations operation	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SEGMENT ASSETS	14,518,223	1,789,929	79,642	20,315	16,408,109
<i>Reconciliation:</i>					
Available-for-sale investments					66,721
Cash and cash equivalents					2,408,159
Pledged deposits					77,300
Total assets					<u>18,960,289</u>
SEGMENT LIABILITIES	7,306,985	1,507,807	24,938	21,043	8,860,773
<i>Reconciliation:</i>					
Tax payable					130,251
Dividends payable					61,478
Deferred tax liabilities					7,527
Total liabilities					<u>9,060,029</u>
OTHER SEGMENT INFORMATION					
Investments in associates	59,360	13	—	4,450	63,823
Capital expenditure [#]	<u>1,693,641</u>	<u>1,567</u>	<u>2,401</u>	<u>47</u>	<u>1,697,656</u>

As at 31 December 2011

	Toll operation <i>RMB'000</i>	Construction contracts <i>RMB'000</i>	Gas stations operation <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT ASSETS	12,917,683	1,919,766	39,829	21,105	14,898,383
<i>Reconciliation:</i>					
Available-for-sale investments					67,403
Cash and cash equivalents					1,768,418
Pledged deposits					20,522
Total assets					<u>16,754,726</u>
SEGMENT LIABILITIES	5,483,110	1,534,964	5,628	19,989	7,043,691
<i>Reconciliation:</i>					
Tax payable					196,106
Deferred tax liabilities					7,653
Total liabilities					<u>7,247,450</u>
OTHER SEGMENT INFORMATION					
Investments in associates	60,138	202	—	4,450	64,790
Capital expenditure [#]	<u>2,779,512</u>	<u>28,530</u>	<u>31,385</u>	<u>333</u>	<u>2,839,760</u>

Capital expenditure consists of additions to service concession arrangements and property, plant and equipment.

Entity-wide disclosures

Geographical information

The Group is domiciled in Mainland China. All external revenues of the Group are generated in Mainland China. The Group's non-current assets are all located in Mainland China. Thus, no geographic information is presented.

Information about major customers

No revenue from a single external customer accounted for 10% or more of the Group's revenue during each of the six months ended 30 June 2011 and 2012.

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Toll income		
— Chengyu Expressway	591,714	576,809
— Chengya Expressway	336,130	326,010
— Chengle Expressway	215,970	247,999
— Chengbei Exit Expressway and Qinglongchang Bridge	55,666	53,047
	1,199,480	1,203,865
Less: Revenue taxes	(41,239)	(41,233)
Sub-total	1,158,241	1,162,632
Construction revenue in respect of		
— Service concession arrangements	1,681,392	1,249,783
— Construction works performed for third parties	129,187	244,378
	1,810,579	1,494,161
Less: Revenue taxes	(5,355)	(10,232)
Sub-total	1,805,224	1,483,929

	For the six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from operation of gas stations	474,166	—
Others (including income from rental of properties and advertising)	6,723	8,346
Total revenue	3,444,354	2,654,907
Other income and gains		
Interest income from bank deposits	10,587	9,319
Interest income from discounting of long term compensation receivables	10,011	10,377
Interest income from construction contracts	29,016	8,847
Rental income	3,443	2,759
Dividend income from available-for-sale investments	5,621	1,613
Compensation	7,267	8,678
Miscellaneous	1,450	4,289
	67,395	45,882
Total revenue, other income and gains	3,511,749	2,700,789

5. FINANCE COSTS

	For the six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other loans		
wholly repayable within five years	153,138	72,262
Interest on other bank loans	3,322	2,936
Interest on short term commercial papers	17,560	26,971
Interest on medium term notes	317	—
Cost on issuance of short		
term commercial papers	—	8,000
Cost on issuance of medium term notes	600	—
Bank charges	3,080	286
	178,017	110,455
Less: Interest and bank charges capitalised in		
service concession arrangements	(98,091)	(45,549)
	79,926	64,906
Interest rate of borrowing costs capitalised		
in the range of:	5.85% - 7.05%	5.35% - 6.12%

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction costs in respect of:#		
— Service concession arrangements	1,681,392	1,236,573
— Construction works performed for third parties	126,458	239,574
Depreciation and amortisation expenses (<i>note 9</i>)	188,635	177,863
Employee costs	151,915	115,842
Repairs and maintenance expenses	21,525	27,626
Auditors' remuneration	674	360
Minimum lease payments under operating leases:		
Land and buildings	9,842	10,960
Loss on disposal of items of property, plant and equipment	542	136

During the Period, employee costs of RMB16,287,000 (six months ended 30 June 2011: RMB9,575,000) and depreciation charge of RMB3,302,000 (six months ended 30 June 2011: RMB291,000) are included in the construction costs.

7. INCOME TAX EXPENSE

The major component of income tax expense for the Period is as follows:

	For the six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China		
Charge for the Period	122,431	192,586

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 mentioned 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, “[2012] No. 12” dated 6 April 2012 issued by the State Administration of Taxation, enterprises in encouraged industries that are established in the western region are able to enjoy a preferential tax rate of 15% from 2011 to 2020. The Group has made reference to the 2011 Version of the Guiding Catalog for Adjustment in the Industrial Structure (產業結構調整目錄 (2011年本)) issued by the National Development and Reform Commission of the People’s Republic of China. For entities within the scope of the transportation industry, e.g., the Company, Sichuan Chengle Expressway Company Limited (“Chengle Company”), Chengdu Chengbei Exit Expressway Company Limited (“Chengbei Company”) and Chengdu Airport Expressway Company Limited, which have been approved to enjoy the preferential tax rate of 15% before 2011 and have no changes in their business operations, income tax expenses of these entities for the period ended 30 June 2012 continued to be calculated at a tax rate of 15%.

The share of tax attributable to associates amounting to RMB1,911,000 (six months ended 30 June 2011: RMB2,472,000) is included in “Share of profits and losses of associates” on the face of the interim consolidated statement of comprehensive income.

8. 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 Period attributable to equity holders of the Company of RMB646,934,000 (six months ended 30 June 2011: RMB567,538,000) and the number of ordinary shares of 3,058,060,000 (six months ended 30 June 2011: 3,058,060,000) in issue during the Period.

No adjustment has been made to the basic earnings per share amounts presented for each of the six months ended 30 June 2011 and 2012 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during these periods.

9. PROPERTY, PLANT AND EQUIPMENT, SERVICE CONCESSION ARRANGEMENTS AND PREPAID LAND LEASE PAYMENTS

Movements in property, plant and equipment, service concession arrangements and prepaid land lease payments during the Period are as follows:

	Property, plant and equipment <i>RMB'000</i> (Unaudited)	Service concession arrangements <i>RMB'000</i> (Unaudited)	Prepaid land lease payments <i>RMB'000</i> (Unaudited)
Carrying amounts at beginning of the Period	611,927	11,205,184	539,690
Additions	16,264	1,681,392	—
Disposals	(1,174)	—	—
Depreciation/amortisation charged for the Period	<u>(30,118)</u>	<u>(142,458)</u>	<u>(16,059)</u>
Carrying amounts at end of the Period	596,899	12,744,118	523,631
Portion classified as current assets	<u>—</u>	<u>—</u>	<u>(32,188)</u>
Non-current portion	<u><u>596,899</u></u>	<u><u>12,744,118</u></u>	<u><u>491,443</u></u>

- (a) As at 30 June 2012, the concession rights pertaining to Chengbei Exit Expressway and Chengle Expressway with net carrying amounts of approximately RMB160,789,000 and RMB1,159,125,000 (31 December 2011: RMB167,937,000 and RMB1,179,656,000), respectively were pledged to secure bank loans amounting to RMB91,000,000 and RMB106,400,000 (31 December 2011: RMB78,000,000 and RMB106,400,000), respectively (note 14(a)).

- (b) During the Period, construction costs of RMB1,667,034,000 (six months ended 30 June 2011: RMB1,186,602,000) were incurred for the construction of the Chengdu-Meishan (Renshou) section of Chengdu-Zigong-Luzhou-Chishui Expressway (“Chengren Expressway”) in the form of a build-operate-transfer model (the “Chengren Expressway BOT 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 BOT Project. In addition, those construction costs of RMB1,667,034,000 (six months ended 30 June 2011: RMB1,186,602,000) and construction revenue of RMB1,667,034,000 (six months ended 30 June 2011: RMB1,186,602,000) were recognised in respect of the construction service provided by the Company for the Chengren Expressway BOT Project using the percentage of completion method during the Period.

As at 30 June 2012, the future concession rights to collect toll income from Chengren Expressway with a net carrying amount of RMB6,248,902,000 (31 December 2011: RMB4,581,868,000) was pledged to secure the syndicated loan amounting to RMB3,942,984,000 (31 December 2011: RMB2,610,162,000) (note 14(a)).

- (c) Additions to service concession arrangements during the Period include interest and bank charges capitalised in respect of bank loans amounting to RMB98,091,000 (six months ended 30 June 2011: RMB45,549,000).

10. PAYMENTS IN ADVANCE

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000
Payments in advance in respect of:		
— Chengren Expressway BOT Project	514,020	480,946
— Construction projects in respect of other service concession arrangements	10,877	4,041
	524,897	484,987

11. CONSTRUCTION CONTRACTS IN PROGRESS

	30 June 2012 <i>RMB'000</i> (Unaudited)	31 December 2011 <i>RMB'000</i>
Contract costs incurred plus recognised profits to date	308,969	1,121,256
Less: Progress billings	<u>(286,059)</u>	<u>(183,157)</u>
Construction contracts in progress	<u><u>22,910</u></u>	<u><u>938,099</u></u>
<i>Representing:</i>		
Amount due from customers for contract work	<u><u>22,910</u></u>	<u><u>938,099</u></u>

12. TRADE AND OTHER RECEIVABLES

		30 June 2012 <i>RMB'000</i> (Unaudited)	31 December 2011 <i>RMB'000</i>
	<i>Notes</i>		
Trade receivables			
Trade receivables		1,094,102	128,937
Impairment		—	—
Trade receivables, net	(a)	1,094,102	128,937
Other receivables			
Other receivables	(b)	741,257	845,360
Impairment		(112,660)	(112,762)
		628,597	732,598
Deposits		44,651	80,707
Prepayments		57,426	47,770
Other receivables, net		730,674	861,075
Total trade and other receivables		1,824,776	990,012
Non-current portion	(b)	(72,000)	(72,000)
		1,752,776	918,012

Notes:

(a) Trade receivables

Trade receivables which arose from construction contracts are settled in accordance with the terms specified in the contracts governing the relevant construction works. The Group does not have a standardised and universal credit period granted to its construction contract customers. The credit period of individual construction contract customers is considered on a case-by-case basis and is set out in the construction contracts, as appropriate.

According to the contracts governing the relevant construction works, as at 30 June 2012, trade receivables of RMB1,053,087,000 (31 December 2011: RMB88,998,000) are settled by instalments within two to three years upon completion of the relevant construction works and bear interest at rates ranging from 6.65% to 10.00% per annum. The remaining trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000
Within 3 months	997,239	121,863
6 to 12 months	95,605	—
Over one year	1,258	7,074
	1,094,102	128,937

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000
Neither past due nor impaired	1,090,345	123,205
Past due but not impaired:		
3 to 6 months	3,535	1,835
6 to 12 months	—	3,675
Over one year	222	222
	<u>1,094,102</u>	<u>128,937</u>

Receivables that were neither past due nor impaired relate to government authorities and a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good payment record with the Group. Based on past experience, in the opinion of the directors, no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

- (b) Other receivables at 30 June 2012 mainly included temporary advances of RMB544,189,000 (31 December 2011: RMB699,850,000) provided to governmental agencies, of which RMB72,000,000 (31 December 2011: RMB72,000,000) will be settled by three instalments since December 2013. As stipulated in the contracts entered into between the Group and the respective governmental agencies, other than the provisional of construction works, the Group is also required to provide temporary advances to the governmental agencies for the resettlement of residents and removal of obstacles performed by the relevant government agencies. Such advances bear interest at rates ranging from 7.31% to 10.00% per annum (31 December 2011: 6.81% to 10.00% per annum).

13. TRADE AND OTHER PAYABLES

		30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000
	<i>Notes</i>		
Trade payables	(a)	315,042	416,294
Other payables	(b)	1,426,349	1,327,743
Accruals	(c)	28,567	79,183
		1,769,958	1,823,220

Notes:

- (a) An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000
Within 3 months	168,949	369,004
3 to 6 months	24,638	5,135
6 to 12 months	100,743	41,057
Over one year	20,712	1,098
	315,042	416,294

The trade payables are non-interest-bearing and are normally settled within one to twelve months.

- (b) Other payables at 30 June 2012 mainly included the following balances:
- (i) Progress billing payables of RMB911,886,000 (31 December 2011: RMB802,881,000) in respect of the construction of the Chengren Expressway BOT Project; and

- (ii) Retention payables and deposits of RMB231,191,000 (31 December 2011: RMB214,897,000) in respect of the construction of the Chengren Expressway BOT Project, among which a performance guarantee deposit of approximately RMB25,257,000 (31 December 2011: RMB33,773,000) received from subcontractors bears interest at a rate of 0.40% (31 December 2011: 0.50%) per annum.

- (c) The balance mainly represented interest accrued in respect of interest-bearing bank loans.

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

14. INTEREST-BEARING BANK AND OTHER LOANS

		30 June 2012 <i>RMB'000</i> (Unaudited)	31 December 2011 <i>RMB'000</i>
	<i>Notes</i>		
Bank loans:	(a)		
Secured and guaranteed		1,106,400	106,400
Secured		4,033,984	2,688,162
Guaranteed	(iii)	10,000	10,000
Unsecured		1,681,340	350,000
Short term commercial papers		—	2,000,000
Medium term notes	(b)	200,000	—
Other loans, unsecured	(c)	59,091	65,909
		7,090,815	5,220,471
Portion classified as current liabilities		(1,457,067)	(2,099,727)
Non-current portion		5,633,748	3,120,744

At 30 June 2012, all interest-bearing bank and other loans of the Group were denominated in RMB.

Notes:

- (a) Bank loans were secured and/or guaranteed by:

		30 June 2012	31 December 2011
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	
		(Bank loan amount)	
Secured by concession rights of:			
Chengbei Exit Expressway			
(note 9)		91,000	78,000
Chengle Expressway (note 9)	(i)	106,400	106,400
Chengren Expressway (note 9)		3,942,984	2,610,162
Secured by pledged time deposits	(ii)	1,000,000	—
		5,140,384	2,794,562

- (i) The bank loan was also guaranteed by Sichuan Highway Development Company Limited (“Sichuan Highway Development”) for nil consideration (note 17(c)).
- (ii) China Construction Bank Xinhua Branch has guaranteed the Group’s bank loan of RMB1,000,000,000 on the condition of being counter-guaranteed by the Group with pledged time deposit amounting to RMB56,697,000.
- (iii) Chengdu Highway Development Company Limited, the non-controlling shareholder of Chengbei Company, has guaranteed the Group’s bank loan of RMB10,000,000 (2011: RMB10,000,000) for nil consideration (note 17(c)).

The bank loans bear interest at the respective fixed rates ranging from 5.78% to 7.05% (31 December 2011: 5.27% to 6.56%) per annum.

- (b) On 19 June 2012, the Company issued medium term notes totalling RMB200 million to domestic institutional investors participating in the PRC interbank debt market. The medium term notes were issued at a par value of RMB100 per unit, with an interest rate of 4.75% per annum, and will be repaid on 18 June 2017.
- (c) Other loans are unsecured and bear interest at the respective fixed rates ranging from 2.82% to 5.00% (31 December 2011: from 2.82% to 5.00%) per annum.

15. DIVIDENDS

At a meeting of the board of directors held on 30 August 2012, the directors of the Company resolved not to pay an interim dividend to shareholders (six months ended 30 June 2011: Nil).

The proposed final dividend of RMB0.090 per ordinary share for the year ended 31 December 2011 (2010: RMB0.087) was declared during the Period.

The Group had the following dividends payable at the end of the reporting period:

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000
<i>Dividends payable to:</i>		
— Owners of the Company	57,391	—
— A non-controlling shareholder of a subsidiary	4,087	—
	61,478	—

RESULTS

The incomes and earnings of the Group were mainly derived from the operation and investment of toll roads. During the Reporting Period, the Group's toll income slightly decreased over the same period last year due to combined impact of a variety of factors. However, in accordance with its preset development strategy of “one main body and two wings”, the Group accelerated development of the two-wing industries. While steadily pressing ahead with the investment in and construction of expressway infrastructures, the Group put great efforts in developing expressway-related businesses, which enlarged the Group's revenue and cash flow and brought the Group with continued growth in revenue and profit during the Reporting Period. During the Reporting Period, the operating revenue of the Group amounted to approximately RMB3,444,354,000 (the same period in 2011: approximately RMB2,654,907,000), representing a year-on-year increase of approximately 29.74%, among which the net toll income amounted to approximately RMB1,158,241,000 (the same period in 2011: approximately RMB1,162,632,000), representing a year-on-year decrease of approximately 0.38%, and the net revenue from construction contracts amounted to approximately RMB1,805,224,000 (the same period in 2011: approximately RMB1,483,929,000), representing a year-on-year increase of approximately 21.65% (including the construction contracts revenue of approximately RMB1,667,034,000 from the BOT (build-operate-transfer) project of Chengdu-Meishan (Renshou) Section of Sichuan ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway (the “**Chengren Expressway BOT Project**”), which was recognized according to the Hong Kong Financial Reporting Standards, representing a year-on-year increase of approximately 40.49%). Profit attributable to owners of the Company was approximately RMB646,934,000 (the same period in 2011: approximately RMB567,538,000), representing a year-on-year increase of approximately 13.99%. In accordance with the Announcement on Enterprise Income Tax in Relation to the In-depth Implementation of the Western Development Strategy of the State Administration of Taxation (Guo Shui Zong Ju Gong Gao [2012] No. 12) promulgated on 6 April 2012, the income tax expenses of the Company, Sichuan Chengle Expressway Company Limited (“**Chengle Company**”) and Chengdu Chengbei Exit Expressway Company Limited (“**Chengbei Company**”) for the Reporting Period were temporarily calculated at the tax rate of 15% (the same period in 2011: 25%).. Basic earnings per share was RMB0.212 (the same period in 2011: RMB0.186).

As at 30 June 2012, the Group's total assets amounted to approximately RMB18,960,289,000, with equity attributable to owners of the Company amounting to approximately RMB9,716,314,000 .

BUSINESS REVIEW AND ANALYSIS

The earnings of the Group were mainly derived from the operation of and investment in toll roads. During the Period, the Group mainly operated 4 toll expressways, namely, Chengyu (Chengdu-Chongqing) Expressway (Sichuan Section) (“**Chengyu Expressway**”), Sichuan Chengya (Chengdu-Ya’an) Expressway (“**Chengya Expressway**”), Sichuan Chengle (Chengdu-Leshan) Expressway (“**Chengle Expressway**”) and Chengdu Chengbei Exit Expressway (“**Chengbei Exit Expressway**”), with a total length of approximately 467km.

1. Operating results of the Group’s principal operations

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

Item	Toll income for the Period (RMB’000)	Percentage in the total toll income (%)	Toll income		Profit for the Period (RMB’000)	Year-on-year increase/ (decrease) in profit (%)
			for the same period in 2011 (RMB’000)	Percentage in the total toll income (%)		
The Company (Note 1)	591,714	49.33	576,809	47.91	342,910	19.21
Chengya Branch (Note 2)	336,130	28.02	326,010	27.08	166,579	23.63
Chengle Company (Note 3)	215,970	18.01	247,999	20.60	126,502	(5.85)
Chengbei Company (Note 4)	55,666	4.64	53,047	4.41	32,669	26.58
Total	<u>1,199,480</u>	<u>100.00</u>	<u>1,203,865</u>	<u>100.00</u>	<u>668,660</u>	<u>14.78</u>

Notes:

- For the purpose of this table only, the Company does not include Chengya Branch (please refer to note 2 below for its full name). The Company is responsible for the operation and management of Chengyu Expressway. Profit for the Period does not include any dividend income from subsidiaries.
- Sichuan Expressway Company Limited Chengya Branch (“**Chengya Branch**”), a branch company of the Company, is responsible for the operation and management of Chengya Expressway.
- Chengle Company, a wholly-owned subsidiary of the Company, is responsible for the operation and management of Chengle Expressway.
- Chengbei Company, 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.

Operation of major expressways of the Group:

Item	Shareholding percentage	Converted average daily traffic flow for a journey			Toll income		
		For the			For the		
		For the Period	same period in 2011	Increase/ (decrease)	For the Period	same period in 2011	Increase/ (decrease)
		(vehicles/times)	(vehicles/times)	(%)	(RMB'000)	(RMB'000)	(%)
Chengyu Expressway	100%	24,075	23,751	1.36	591,714	576,809	2.58
Chengya Expressway	100%	17,662	15,845	11.47	336,130	326,010	3.10
Chengle Expressway	100%	19,444	22,319	(12.88)	215,970	247,999	(12.91)
Chengbei Exit Expressway (including Qinglongchang Bridge)	60%	35,025	33,689	3.97	55,666	53,047	4.94

During the Reporting Period, the net toll income of the Group was approximately RMB1,158,241,000, representing a decrease of approximately 0.38% as compared with the same period last year. The percentage of the toll income to the Group's total income was approximately 33.63%, representing a year-on-year decrease of approximately 10.16 percentage points. During the first half of 2012, the following factors constituted combined effects on the operating performance of the Group's toll roads:

- Economic development is a key determinant of the growth of traffic demand. According to preliminary calculations, China's GDP for the first half of the year was approximately RMB22,709.82 billion, representing a year-on-year increase of 7.8%¹, an increase below 8% for the first time within the recent three years; the GDP of Sichuan Province was approximately RMB1,060.391 billion, representing a year-on-year increase of 13%², a slowdown by 1.8 percentage points. The modest quarter-on-quarter retreat in macro economy from last year up to now led to slowing down and declining operating performance of toll roads.

¹ Source: preliminary accounting results announced by the National Bureau of Statistics.

² Source: preliminary accounting results announced by the Sichuan Provincial Bureau of Statistics.

- Moderating production and operation activities amid the macroeconomic downturn led to a change in the structure of automobile types on the Group's roads, with trucks making up a lower percentage of the Group's traffic volume, which in turn resulted in a drop in the average toll income per vehicle on the Group's roads.
- With the market gradually becoming saturated and the effects of policies abating, vehicle consumption in Sichuan Province is shifting from “blowout” to stable growth. In the first half of 2012, retail sales of vehicle consumption in Sichuan Province amounted to RMB47.721 billion, representing a year-on-year increase of 11.4%³, 8.4 percentage points lower than the same period last year. The decline in the vehicle consumption growth will weigh on the overall operation of the Group's toll roads to some extent.
- Sichuan Province implemented a toll-by-weight policy for trucks traveling on expressways since 1 June 2007. During the trial period for such policy, normally loaded vehicles were given a 20% toll discount. Currently, the toll discount preferential policy is still being implemented for trucks traveling in Sichuan Province.
- The “Chengyu Economic Zone Development Plan” was officially approved by the State Council of the PRC in May 2011. In order to implement the “Chengyu Economic Zone Development Plan”, Chengdu City of Sichuan Province launched the “Master Plan for Tianfu New District, Chengdu, Sichuan Province (2010-2030)”, and obtained the formal approval from the People's Government of Sichuan Province in November 2011. The construction of Tianfu New District fully commenced thereafter. As a group company specialized in road investment and construction in Sichuan Province, the Group has become an active participant in the campaign of reinventing “Industrial Chengdu” by undertaking the infrastructure construction of the Tianfu New District. The Chengren Expressway BOT Project under construction, and all the transportation infrastructure BT projects of the Group either completed or under construction are all in the Tianfu New District. The Tianfu New District will, based on the initiative of reinventing Industrial Chengdu, add new vitality to the economy of Sichuan Province and China's western inland at large. Meanwhile, a Chengdu and Chongqing-centered city cluster will become an important growth pole leading the development of western China.

³ Source: preliminary accounting results issued by the Sichuan Provincial Bureau of Statistics.

- Both the State’s “12th Five-Year Plan” and the deepening Western China Development Strategy gave priority to traffic infrastructure. By leveraging this opportunity, Sichuan Province pushed ahead with the construction of an integrated transportation hub in western China at a faster speed, and continuously stepped up efforts in construction on traffic road network projects. In the first half of 2012, despite a general decline in transportation construction investment nationwide, Sichuan Province still maintained rapid growth momentum and RMB63.521 billion was invested in transportation construction, up 7.8%⁴ year-on-year, the highest in China. The fast development of the industry will bring about more active business activities among different regions and generate new traffic demand, thus providing good opportunities and space for further development of the Group.
- In the first half of 2012, the tourist industry of Sichuan Province maintained its robust growth, contributing a total of approximately RMB161.91 billion revenue to Sichuan Province, up 31.4%⁵ year-on-year, thus effectively driving the growth of traffic volume within Sichuan Province.

In addition to the aforementioned factors, the operating performance of the toll roads was also affected either positively or negatively by the changes of circumjacent competing or cooperative road networks as well as the maintenance and repairing work conducted on circumjacent roads. During the Reporting Period, the Group’s expressways were affected by such factors to various extents:

Chengyu Expressway: On 9 May 2012, Neisui (Neijiang-Suining) Expressway was completed and open to traffic, which connects Miansui (Mianyang-Suining) Expressway (which was open to traffic on 12 December 2011) and Guangnan (Guangyuan-Nanchong) Expressway (which was open to traffic on 31 March 2012), thereby creating a new high-speed channel linking the northern and southern parts of Sichuan and causing traffic diversion to Chengyu Expressway with respect to the vehicles from northern parts of Sichuan to southern parts of Sichuan through Chengyu Expressway to a certain extent.

⁴ Source: the website of the Sichuan Transportation Online.

⁵ Source: preliminary statistics announced by Sichuan Tourism Bureau.

Chengya Expressway: Yaxi (Ya'an-Xichang) Expressway was completed and open to traffic on 28 April 2012, thus connecting Chengya, Yaxi and Xipan (Xichang-Panzhihua) Expressway, reaching all the way for exiting Sichuan to Yunnan Province, which led to increase in the traffic volume of Chengya Expressway. As Yaxi Expressway was officially open to trucks on 1 July 2012, as a beneficiary of the road network synergy, it is expected that it will have positive impacts on the traffic volume and income per vehicle of Chengya Expressway.

Chengle Expressway: Toll income of Chengle Expressway fell notably during the Reporting Period for the following reasons: firstly, its income was higher for the same period last year due to sharp increases in its traffic volume and toll income as Meishan Section of Provincial Route 103, a road running parallel to Chengle Expressway, had been closed for maintenance and repair from October 2010 to April 2011, leaving most of its traffic shifted to Chengle Expressway; secondly, from early May 2011 up to now, Provincial Route 103 was re-open to traffic and became toll free, which not only steered its original traffic back, but also diverted away some traffic of Chengle Expressway; thirdly, from 1 December 2011 to 31 December 2012, 20 ton plus trucks (including 20 ton trucks) are prohibited to travel on Xuhao Bridge over Provincial Route 306 (which passes through Chengle Expressway); and since March 2012, further prohibition has been imposed on all 3 plus axis trucks (including 3 axis trucks). As a result, 20 ton plus trucks (including 20 ton trucks) heading for Emei and Shawan originally by exiting from Leshan Toll Station on Chengle Expressway and all 3 plus axis trucks (including 3 axis trucks) since March 2012 may only exit from Jiajiang Station, cutting a mileage by 23km for these trucks.

Chengbei Exit Expressway: On 13 March 2012, the reconstruction of the subsection in Xindu District of Dajian Section of Chuanshan Highway, another channel in the north of Chengdu leading out of the city, commenced officially, channeling some vehicles heading for Xindu from Chengdu to Chengbei Exit Expressway. The reconstruction, which is expected to complete around June next year, will have positive impact on the operation of Chengbei Exit Expressway. However, the double line of Chengmian Expressway, a new main line of Chengdu leading out of Sichuan from the north was open to traffic on 10 May 2012, which diverted some traffic from Chengbei Exit Expressway. In addition, the specified time periods restriction imposed on the traffic to No. 3 Ring Road of Chengdu since January 2011 remained effective during the Reporting Period, causing a decrease in the traffic volume entering Chengbei Exit Expressway by way of the No. 3 Ring Road of Chengdu.

According to the Notice on Launching a Special Clean-up Campaign for Toll Roads jointly issued by the five ministries and commissions of the State in June 2011, a one-year special clean-up campaign for toll roads was initiated throughout the nation since 20 June 2011. Currently, the clean-up for toll roads in Sichuan Province is drawing to a close. Although the campaign led to the cancellation of tolls on some secondary roads within the Province, changed the distribution of traffic volumes and diverted the traffic volume from some of the Group's expressways, on the long run its diversion effect on expressways is limited as secondary roads fall far behind expressways in terms of environment, safety and oil consumption.

In July 2012, the State Council of the PRC approved the implementation plan for toll-free travel for small passenger vehicles on major festivals and holidays formulated by the five ministries and commissions of the State. According to our preliminary estimates, the implementation plan will bring a loss of approximately 3.5% in the Group's toll income for this year. At present, local governments have not yet issued specific implementation rules. The toll-free policy is expected to be implemented from the coming National Day holidays at the earliest.

In the second half of 2012, with the successive openings to traffic of Leya (Leshan-Ya'an) Expressway, Yiluyu (Yibin-Luzhou-Chongqing) Expressway and Cheng'anyu (Chengdu-Anyue-Chongqing) Expressway, the Group's traffic volumes may be affected either positively or negatively due to the change in road networks and network effects. The Group will closely monitor the dynamics of the road networks and promptly take counter measures to offset the diversion impact imposed by competing roads.

2. Operating results of other businesses

During the Reporting Period, other than revenues from toll operation segment, the Group recorded revenue from other segments, other income and gains of approximately RMB2,353,508,000, representing an increase of approximately 53.01% over the same period last year, including RMB1,805,224,000 (the same period last year: RMB1,483,929,000) from the construction contracts segment, RMB474,166,000 from the gas stations operation segment (the same period last year: nil) and RMB74,118,000 revenue from other segment, other income and gains (the same period last year: RMB54,228,000).

In line with the Group's development approach of "one main body and two wings", putting more efforts in developing expressway-related businesses, in January 2012, the Company made a capital injection of RMB12,882,000 in Sichuan Chengya Expressway Oil Supply Company Limited ("**Chengya Oil Company**"), causing its shareholding be increased from 45% to 51%, thereby turning Chengya Oil Company a controlled subsidiary of the Company. Currently, Chengya Oil Company mainly engaged in the sales of oil products at the gas stations along Chengya Expressway. In order to further expand the Group's businesses in respect of construction contracting for road projects and professional contracting services for road surface projects, on 30 August 2012, the Board of the Company decided to inject RMB430 million to Sichuan Shugong Expressway Engineering Company Limited ("**Shugong Company**") to help it expand business development capacity.

3. Project investment

During the Reporting Period, the Group's toll roads projects under construction included the Chengren Expressway BOT Project as well as the Sichuan Suiguang (Suining-Guang'an) Expressway ("**Suiguang Expressway**"), Sichuan Suixi (Suining-Xichong) Expressway ("**Suixi Expressway**") BOT (build-operate-transfer) Project ("**Suiguang Suixi Expressways BOT Project**"), while the road infrastructures projects under construction included Renshou Avenue Connection Line BT (build-transfer) Project ("**Renshou Avenue Connection Line Project**") in Renshou County, Meishan City and Renshou Land-linked Pilot BT (build-transfer) Project ("**Renshou Land-linked Pilot Project**") in Renshou County, Meishan City (collectively, "**Renshou BT Projects**"), the road BT (build-transfer) project within the Airport High-tech Industrial Functional Zone in Shuangliu County, Chengdu City ("**Shuangliu West Airport Phase VI BT Project**") and the Phase I road BT (build-transfer) project within Zongbao ancillary area in Shuangliu County, Chengdu City ("**Shuangliu Zongbao BT Project**"). The road BT (build-transfer) project within Renbao Industry Park at Tianfu New District in Shuangliu County, Chengdu City ("**Shuangliu Renbao BT Project**"), being the first transport infrastructure project invested and constructed by the Company in the form of BT, passed the examination and acceptance test during the Reporting Period. Approximately RMB938 million of construction contract revenue in respect of this project was recognized in total.

Chengren Expressway BOT Project

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 City and Weiyuan County, Neijiang City. The operation period for the project is 29 years and 300 days from the first day when Chengren Expressway commences to charge toll fees.

During the Reporting Period, a total of approximately RMB1,667 million was invested in the Chengren Expressway BOT Project. Since commencement of construction of this project, a total of approximately RMB6,253 million had been invested, representing 85.53% of the total investment budget for the project of approximately RMB7,311 million.

Chengren Expressway is expected to be completed and open to traffic in September 2012. To ensure safety and quality, innovative technics and technologies were used to achieve artistic visual effects with the construction of tunnels and viaduct bridges leading in China. The opening to traffic of Chengren Expressway will further cement the position of the Group as a player in the expressway investment, management and operation field in Sichuan Province and the western region of China, and enhance the Group's core competitiveness.

Suiguang Suixi Expressways BOT Project

On 13 January 2012, the Company held the first extraordinary general meeting for 2012, at which the proposal for investment in Suiguang Suixi Expressways BOT Project was considered and approved.

The total length of Suiguang Suixi Expressways BOT Project is approximately 162.671km and its operation period is 29 years and 336 days. Its estimated total investment is approximately RMB12,284 million including approximately RMB7,329 million for Suiguang Expressway and approximately RMB4,955 million for Suixi Expressway (subject to the total amount as approved by the relevant government administrative authorities). In July 2012, the Company established a project company Sichuan Suiguang Suixi Expressway Company Limited ("**Suiguang Suixi Company**"), which is in overall charge of the preparation, construction, operation, management and transfer of Suiguang Suixi Expressways BOT Project.

Suiguang Expressway, with its starting point connecting the already-constructed Jinqiao single-trumpet-shaped Interchange of Miansui Expressway and the ending point linking the Zaoshanpu Interchange of Guangnan Road, as well as with the Zaoshanpu Interchange connection line linking Guang'an Yingbin Avenue which is under construction, has a total length of approximately 96.821km. Construction of such expressway will further improve the expressway network within Sichuan Province, create the most direct and convenient expressway between Suining City and Guang'an City, and divert some traffic from Suining-Guang'an Section of G42 Hurong Expressway to some extent.

Suixi Expressway, with its starting point from Fushanba of Jixiang Town and the ending point at Jiajiawan of Taipin Town as well as the T-shaped interchange connecting Guangnan Expressway, has a total length of approximately 65.85km. This expressway, located at Suining City and Nanchong City of Sichuan Province, connects a number of major expressways in the province such as Miansuinei Expressway, Chengnan Expressway, Guangnan Expressway and Chengde'nanba Expressway, creating a more complete and convenient expressway network, thereby enhancing the transport efficiency of the road network.

Renshou BT Projects

The Renshou BT Projects comprise the Renshou Avenue Connection Line Project and the Renshou Land-linked Pilot Project. The Renshou Avenue Connection Line Project, commencing from Renshou Avenue which is under construction and ending at Renshou interchange toll plaza of Chengren Expressway, has a designated total length of 4.693km and the road breadth of 110m. The project includes construction of a 60 metre-wide road, emergency shelter and the landscaping work. The Renshou Land-linked Pilot Project is located at Gaotan village, Wenlin Town (where the county government is located), Renshou County which involves a land area of approximately 4,848 Mu. The investment includes relocation of farmers' houses, settlement of "San Tong Yi Ping" (generally referred to as site clearance and resettlement, connecting temporary water and electricity supply to the site and road connection to the site) as well as construction of ancillary municipal roads, resettlement houses (including preparation work) (approximately 112,700 sq.m.) and ancillary facilities and roads at the resettlement site. The estimated total investment for the Renshou BT Projects is approximately RMB712.211 million including approximately RMB394.365 million for the Renshou Avenue Connection Line Project and approximately RMB317.846 million for the Renshou Land-linked Pilot Project.

During the Reporting Period, a total of approximately RMB47 million was invested in the Renshou Avenue Connection Line Project. A total of approximately RMB230 million had been invested since commencement of the construction, representing approximately 58.42% of the estimated total investment of the Renshou Avenue Connection Line Project, which is expected to be completed and open to traffic in September 2012. As of 30 June 2012, approximately RMB72 million had been invested in relocation work in respect of the Renshou Land-linked Pilot Project. Currently, the geological survey, design, mapping and relocation for the Renshou Land-linked Pilot Project are underway.

Shuangliu West Airport Phase VI BT Project

At the 41st meeting of the fourth session of the Board held on 13 January 2012, the Board considered and approved the resolutions such as the investment in and construction of the Shuangliu West Airport Phase VI BT Project by the Company, and approved Sichuan Shunan Investment Management Company Limited (“**Shunan Company**”) to be the project company responsible for the preparation, construction and transfer of the project. On 17 January 2012, the Company was chosen to undertake the project, content of which includes a total of 4 roads, i.e. south extension line of Aviation Avenue, the road on the east side of Rayspower, Airport Road No. 4 and the west extension line of Industrial Park Avenue, with a total length of approximately 8.84km. The estimated total investment amount is approximately RMB616.07 million, including land requisition and relocation fee of approximately RMB163.03 million and expenditures for road construction and installation of relevant facilities of approximately RMB453.04 million. On 24 February 2012, the Company and Transportation Bureau of Shuangliu County entered into the Investment Agreement in relation to the project, and signed the Relocation and Investment Contract (draft) and the Investment and Construction Contract (draft). On 27 March 2012, Shunan Company, the project company, formally entered into the Relocation and Investment Contract and the Investment and Construction Contract with Transportation Bureau of Shuangliu County to undertake the relevant rights and obligations of the Company under the two draft contracts.

As of 30 June 2012, approximately RMB130 million was invested in Shuangliu West Airport Phase VI BT Project, accounting for approximately 21.10% of the estimated total investment of the project.

Shuangliu Zongbao BT Project

At the 42nd meeting of the fourth session of the Board held on 28 March 2012, the Board considered and approved the resolutions in relation to the Company's investment in Shuangliu Zongbao BT Project, and approved Shunan Company to be the project company responsible for the preparation, construction and transfer of the project. On 6 April 2012, the Company was chosen to undertake the project, contents of which includes 2 roads, i.e. Qinglan Road and the south extension line of Shuanghuang Road, with a total length of approximately 3.23km. The estimated total investment amount is approximately RMB279.63 million, including land requisition and relocation fee of approximately RMB79.37 million and expenditures for road construction and installation of relevant facilities of approximately RMB200.26 million. On 19 July 2012, the Company and Transportation Bureau of Shuangliu County entered into the Investment Agreement in relation to the project, and signed the Relocation and Investment Contract (draft) and the Investment and Construction Contract (draft). On 24 August 2012, Shunan Company, as the project company, formally entered into the Relocation and Investment Contract and the Investment and Construction Contract with Transportation Bureau of Shuangliu County to undertake the relevant rights and obligations of the Company under the two draft contracts.

4. Financing activities of the Company

In the first half of 2012, the Group kept expanding financing channels by taking various measures to cope with the tightening credit environment and effectively reduced its financing cost.

Short-term commercial papers

On 17 March 2011, the Company successfully issued the RMB2 billion short-term commercial papers with a denomination of RMB100 each at an interest rate of 4.58% for a term of 365 days. On 16 March 2012, the short-term commercial papers were fully repaid by the Company.

Medium-long term syndicated loan

In March 2010, the Company and nine banks including China CITIC Bank Corporation Limited Chendu Branch entered into a medium-long term syndicated loan contract with a total loan 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 shall be used for construction of the Chengren Expressway BOT Project. As of 30 June 2012, drawdown of the loan made by the Company aggregated approximately RMB3,943 million.

Offshore bank loans

From March to May 2012, the Company entered into loan contracts successively with Bank of China Limited Tokyo Branch, China Construction Bank (Asia) Corporation Limited and Bank of Communications Co., Ltd. Hong Kong Branch to obtain offshore loans denominated in RMB with terms ranging from 1 year to 3 years, of offshore banking facilities totaling approximately RMB1.55 billion. As of 30 June 2012, drawdown of the loan made by the Company aggregated approximately RMB1.55 billion.

Medium-term notes

On 25 April 2012, the Company completed the registration for its RMB1.3 billion 5-year medium-term notes, and on 15 June 2012 successfully issued the 2012 first tranche of medium-term notes of RMB200 million with a denomination of RMB100 each at an interest rate of 4.75% for a term of 5 years.

5. Formulation and Implementation of Cash Dividends Policy

Dividends Distribution Policy

The Company held the 17th meeting of the fourth session of the Board on 23 January 2009 and the 2008 annual general meeting on 15 April 2009, at which the Resolution on the Cash Dividends Plan for the 3 Years after the Listing of A Shares whereby cash dividends should be distributed to shareholders with no less than 40% of the distributable profit for the year generated by the Company within 3 years after the listing of its A shares, was considered and approved.

Policy Implementation

With the approval by the Company's 2011 annual general meeting, the Company implemented the profit distribution plan for the year 2011 according to the aforesaid cash dividends distribution policy, and paid a cash dividend of RMB0.09 per share (tax inclusive), amounting to approximately RMB275,225,000 (tax inclusive), on 15 June and 20 June 2012 to H shares shareholders and A shares shareholders respectively. The payout ratio was approximately 43% of the distributable profit achieved by the Company for the year 2011.

The Company's current cash dividends distribution policy and detailed cash dividends distribution plan were formulated according to the relevant laws and regulations as well as the Articles of Association of the Company (the "**Articles of Association**"). The cash dividends distribution policy and plan must be first considered and approved at the Board meeting and then at the general meeting for consideration and approval before they are implemented. Independent Directors shall discharge their duties and express independent opinions at the Board meeting whilst minority shareholders may voice their opinions and demands at the general meeting. According to the latest requirements of the Notice on Further Implementation of Matters concerning Cash Dividends Distribution by Listed Companies issued by China Securities Regulatory Commission ("**CSRC**") on 9 May 2012, the Company amended and improved the provisions of the Articles of Association in relation to the profit distribution policy to further specify the decision making procedure and mechanism for profit distribution, specific conditions for making adjustments, the mode of profit distribution, time intervals for distribution, specific conditions and proportions of dividends in the form of cash and shares. On 30 August 2012, the amended Articles of Association was considered and approved at the 45th meeting of the fourth session of the Board of the Company and is still subject to consideration and approval by the general meeting.

2012 INTERIM DIVIDEND

The Board resolved not to pay an interim dividend for the six months ended 30 June 2012 or transfer capital reserve into share capital.

ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Summary of the Group's operating results

	For the six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	3,444,354	2,654,907
Including: Net toll income	1,158,241	1,162,632
Net construction contract revenue	1,805,224	1,483,929
Profit before tax	789,793	770,306
Profit attributable to owners of the Company	646,934	567,538
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.212	0.186

Summary of the Group's financial position

	30 June	31 December
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
Total assets	18,960,289	16,754,726
Total liabilities	9,060,029	7,247,450
Non-controlling interests	183,946	162,116
Equity attributable to owners of the Company	9,716,314	9,345,160
Equity per share attributable to owners of the Company (<i>RMB</i>)	3.177	3.056

ANALYSIS OF OPERATING RESULTS

Revenue

The Group's revenue for the Reporting Period amounted to RMB3,444,354,000 (the same period in 2011: RMB2,654,907,000), representing a year-on-year increase of 29.74%, of which:

- (1) The net toll income was RMB1,158,241,000 (the same period in 2011: RMB1,162,632,000), representing a year-on-year decrease of 0.38%, which was the net total toll income of Chengyu Expressway, Chengya Expressway, Chengle Expressway and Chengbei Exit Expressway. The main factors affecting the toll income of the Group during the Reporting Period are set out in the section headed "Business Review and Analysis" on page 29 of this announcement.
- (2) Construction contract revenue (before revenue taxes) in respect of service concession arrangements was approximately RMB1,681,392,000 (the same period in 2011: approximately RMB1,249,783,000), representing a year-on-year increase of approximately 34.53%. This was mainly attributable to construction contract revenue (before revenue taxes) of approximately RMB1,667,034,000 (the same period in 2011: approximately RMB1,186,602,000) from the Chengren Expressway BOT Project and approximately RMB14,358,000 construction contract revenue (before revenue taxes) (the same period in 2011: approximately RMB63,181,000) from technical renovation projects of Chengyu Expressway and Chengya Expressway during the Reporting Period being recognized under the percentage-of-completion method.
- (3) Construction contract revenue (before revenue taxes) in respect of construction works performed for third parties amounted to approximately RMB129,187,000 (the same period in 2011: approximately RMB244,378,000), representing a year-on-year decrease of approximately 47.14%. This decrease was mainly due to recognition of the construction revenue (before revenue taxes) of approximately RMB244,215,000 in the corresponding period last year in respect of Shuangliu Renbao BT Project, the major construction works of which had been completed in 2011.

OTHER INCOME AND GAINS

The Group's other income and gains for the Reporting Period amounted to approximately RMB67,395,000 (the same period in 2011: approximately RMB45,882,000), representing a year-on-year increase of approximately 46.89%. This was mainly attributable to the interest income of approximately RMB29,016,000 (the same period in 2011: approximately RMB8,847,000) generated from the advance payment for land appropriation and relocation in respect of the BT projects of the Group pursuant to relevant agreements.

OPERATING EXPENSES

The Group's operating expenses for the Reporting Period amounted to RMB2,653,032,000 (the same period in 2011: RMB1,871,175,000), representing a year-on-year increase of 41.78%, of which:

- (1) Construction contract costs in respect of service concession arrangements was RMB1,681,392,000 (the same period in 2011: RMB1,236,573,000), representing a year-on-year increase of 35.97%. This was mainly attributable to construction contract costs of RMB1,667,034,000 (the same period in 2011: RMB1,186,602,000) from the Chengren Expressway BOT Project and construction contract costs of RMB14,358,000 (the same period in 2011: RMB49,971,000) from the technical renovation projects of Chengyu Expressway and Chengya Expressway during the Reporting Period, which were recognized under the percentage-of-completion method.
- (2) The costs in respect of construction works performed for third parties amounted to RMB126,458,000 (the same period in 2011: RMB239,574,000), representing a year-on-year decrease of 47.22%. This was mainly due to the recognition of the construction costs of RMB239,419,000 in respect of Shuangliu Renbao BT Project in the corresponding period last year.
- (3) Depreciation and amortization expenses increased by 6.06% year-on-year to RMB188,635,000, mainly attributable to the increase in service concession arrangements made in the previous year which led to an increase in amortization, and a higher traffic flow which led to an increase in amortization for service concession arrangements as compared the same period last year.

- (4) In order to expand the Company's business, the Company established Sichuan Zhonglu Energy Company Limited ("**Zhonglu Energy Company**") and Chengdu Shuhong Property Company Limited ("**Shuhong Company**") in June and July 2012 respectively, and made a capital injection to Chengya Oil Company which then became a controlled subsidiary of the Company. As a result, the operating expenses of relevant businesses increased significantly.

FINANCE COSTS

The Group's finance costs charged to profit or loss during the Reporting Period amounted to RMB79,926,000 (the same period in 2011: RMB64,906,000), representing a year-on-year increase of 23.14%, mainly attributable to the increase in bank loans and the rise in relevant interest rates during the Reporting Period.

INCOME TAX

The income tax of the Group for the Reporting Period amounted to RMB122,431,000 (the same period in 2011: RMB192,586,000), representing a year-on-year decrease of 36.43%. This was mainly due to the fact that the tax incentives in relation to the development of Western China expired in 2010 and the income tax expenses of the Company, Chengle Company and Chengbei Company for the same period of 2011 were calculated temporarily at the tax rate of 25% before the release of new tax incentives, while the income tax expenses of the Company, Chengle Company and Chengbei Company were calculated temporarily at the tax rate of 15% for the Reporting Period in accordance with the relevant requirements for tax incentives set out in the Announcement on Enterprise Income Tax in Relation to the In-depth Implementation of the Western Development Strategy of the State Administration of Taxation (Guo Shui Zong Ju Gong Gao [2012] No. 12) promulgated on 6 April 2012.

PROFIT

The Group's profit for the Reporting Period amounted to RMB667,362,000 (the same period in 2011: RMB577,720,000), representing a year-on-year increase of 15.52%, of which the profit attributable to the owners of the Company was RMB646,934,000, representing a year-on-year increase of 13.99%. This was mainly due to:

- (1) an increase of approximately RMB14,959,000 in the net profit as generated by Zhonglu Energy Company and Chengya Oil Company which became controlled subsidiaries of the Company in the Reporting Period;

- (2) a year-on-year decrease of RMB76,196,000 in income tax expenses as the Company, Chengle Company and Chengbei Company were taxed at a rate of 15% for the Reporting Period.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 30 June 2012, the Group's non-current assets amounted to RMB14,625,428,000, representing an increase of 11.79% as compared with the end of 2011. The increase was mainly due to:

- (1) an increase of RMB1,681,392,000 in service concession arrangements (including RMB1,667,034,000 of expenses of Chengren Expressway BOT Project and RMB14,358,000 of expenses of other technical renovation projects on road surface of expressways); and a total of RMB188,635,000 of depreciation and amortization during the Reporting Period.
- (2) long-term prepayments during the Reporting Period increased by RMB39,910,000, including an increase of RMB29,033,000 in prepayments relating to the Chengren Expressway BOT Project and an increase of RMB10,877,000 in prepayments relating to technical renovation projects on road surface of other expressways.

Current Assets and Current Liabilities

As at 30 June 2012, the Group's current assets amounted to RMB4,334,861,000, representing an increase of 18.05% as compared with the end of 2011, mainly due to:

- (1) an increase of RMB696,519,000 in cash and cash equivalents as compared with the end of last year as a result of the Company's issue of the medium-term notes and the increase in bank loans during the Reporting Period;
- (2) an increase of approximately RMB46,766,000 in inventories as a result of the increase of approximately RMB36,488,000 in total in refined oil of Zhonglu Energy Company and Chengya Oil Company and the increase of RMB10,364,000 in construction materials of Shugong Company;

As at 30 June 2012, the Group's current liabilities amounted to RMB3,418,754,000, representing a decrease of 17.00% as compared with the end of 2011, mainly attributable to a decrease of RMB65,855,000 in tax payable as compared with the beginning of the year as a result of the settlement of the enterprise income tax for the year 2011; the repayment of RMB2,000,000,000 short-term commercial papers principal and additional bank loans of RMB1,361,340,000 obtained in the Reporting Period.

Non-current Liabilities

As at 30 June 2012, the Group's non-current liabilities amounted to RMB5,641,275,000, representing an increase of 80.32% as compared to the end of 2011, which was principally attributable to an increase of RMB1,332,822,000 in bank loans for Chengren Expressway BOT Project, and an increase of RMB1,000,000,000 in loans from offshore facilities and the issue of 5-year medium-term notes of RMB200,000,000.

Equity

As at 30 June 2012, the Group's equity amounted to RMB9,900,260,000, representing an increase of 4.13% as compared to the end of 2011, mainly attributable to: (1) profit for the Reporting Period of RMB667,362,000 which increased the equity; (2) distribution of dividends of RMB275,225,000 in the Reporting Period which decreased the equity.

Capital Structure

As at 30 June 2012, the Group had total assets of RMB18,960,289,000 and total liabilities of RMB9,060,029,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets at the end of the Reporting Period, was 47.78% (31 December 2011: 43.26%),

Cash Flow

As at 30 June 2012, the Group's cash and bank balances amounted to approximately RMB2,485,459,000, including approximately HK\$53,000 (equivalent to approximately RMB42,000) deposits in Hong Kong dollars, and approximately RMB2,485,417,000 cash and deposits in Renminbi (31 December 2011: approximately RMB1,788,897,000), representing an increase of approximately RMB696,520,000 over the end of 2011. During the Reporting Period, the Group's net cash outflow from operating activities amounted to approximately RMB752,613,000 (the same period in 2011: RMB983,737,000), mainly including the construction expenses of Chengren Expressway BOT Project totalling approximately RMB1,573,392,000 and expenditures for daily operation and management.

During the Reporting Period, the cash outflow of the Group mainly consisted of: expenditures of approximately RMB796,063,000 in cash for daily operation and management, approximately RMB243,033,000 for various taxes paid, a total of approximately RMB24,845,000 for the technical renovation projects of Chengyu Expressway and Chengya Expressway, a total of approximately RMB1,573,392,000 (including interest paid) for Chengren Expressway BOT Project, approximately RMB130,424,000 for payment of the land requisition and relocation fee in respect of Shuangliu West Airport Phase VI BT Project, refund of bidding deposit of approximately RMB125,073,000 by Sichuan Expressway Company Limited Chengren Branch, approximately RMB128,998,000 for interest payment (excluding the interest expenses of Chengren Expressway), and approximately RMB222,741,000 for dividends payment (including dividends to non-controlling interest and exchange loss).

Risk of Exchange Fluctuation

Save that the Company needs to purchase Hong Kong dollars to distribute dividends to H shares shareholders, the operating income and expenses as well as the capital expenditures of the Group are mainly denominated in Renminbi and thus the fluctuation in exchange rate does not have material impact on the Group's results.

In addition, the Group had not used any financial instrument for hedging purposes during the Reporting Period.

Borrowings and Solvency

As at 30 June 2012, the Group's interest-bearing bank and other loans amounted to RMB7,090,815,000, including bank loans of RMB6,831,724,000, with annual interest rates ranging from 5.78% to 7.05% (31 December 2011: 5.27% to 6.56%); medium-term notes of RMB200,000,000, with an annual interest rate of 4.75%; and other loans of RMB59,091,000, with annual interest rates ranging from 2.82% to 5.00%. The relevant balances are as follows:

Maturity profile of interest-bearing loans

	Total amount	1 year or less	More than 1 year to 5 years	Over 5-years
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans	6,831,724	1,434,340	2,346,125	3,051,259
Medium-term notes	200,000	—	200,000	—
Other loans	59,091	22,727	36,364	—
	<u>7,090,815</u>	<u>1,457,067</u>	<u>2,582,489</u>	<u>3,051,259</u>
Total (as at 30 June 2012)	<u>7,090,815</u>	<u>1,457,067</u>	<u>2,582,489</u>	<u>3,051,259</u>
Total (as at 31 December 2011)	<u>5,220,471</u>	<u>2,099,727</u>	<u>1,402,307</u>	<u>1,718,437</u>

With the Group's steady cash flow, solid capital structure and sound credit records, the Group has established and maintained favorable credit relations with financial institutions, enjoying most preferential interest rates for its loans. The Group had acquired loan facilities of RMB6,150 million from financial institutions available for use in the following one to two years. As of 30 June 2012, RMB2,393 million of the aforesaid loan facilities had been used, and RMB200 million out of the registered RMB1,300 million 5-year medium-term notes had been issued while the remaining portion may be issued in tranches before 25 April 2014. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying out businesses in China formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,890 million in total. Such loan is specially used for construction of Chengren Expressway BOT Project. As of 30 June 2012, RMB3,943 million had been drawn down on an accumulative basis.

Contingent Liabilities and Pledge of Assets

As at 30 June 2012, the Group's term deposits of RMB20,603,000 were pledged to secure Chengren Expressway BOT Project and Suiguang Suixi Expressways BOT Project; term deposits of RMB56,697,000 were pledged to secure bank loans; the concession rights to collect toll income pertaining to Chengbei Exit Expressway and Chengle Expressway with the net carrying values of RMB160,789,000 and RMB1,159,125,000, respectively (31 December 2011: RMB167,937,000 and RMB1,179,656,000, respectively) were pledged by the Group to secure bank loans amounting to RMB91,000,000 and RMB106,400,000, respectively (31 December 2011: RMB78,000,000 and RMB106,400,000, respectively); the future concession rights to collect toll income pertaining to Chengren Expressway with net carrying value of RMB6,248,902,000 (31 December 2011: RMB4,581,868,000) were pledged to secure the syndicated loan amounting to RMB3,942,984,000 (31 December 2011: RMB2,610,162,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2012.

BUSINESS DEVELOPMENT PROSPECT AND PLAN

In the second half of 2012, the external economic weakness and internal economic slowdown may lead to a continued correction in the growth of China's economy, thus depressing demand for transport, and particularly for freight to some extent. Furthermore, with the increase in land requisition and relocation fees, raw materials prices and labour cost in the current inflationary environment, the Group may continue to face pressure from rising operation cost and construction cost. But overall, the basic drivers boosting China's economic growth remain unchanged. The industrialization process has not been completed, urbanization is picking up speed and the market is playing an increasingly important role. The macro trend for transformation of economic development modes as well as economic adjustment and restructuring will spur the emergence of endogenous driving forces for China's economy in future. As a major pillar of the national economy, the transport industry will benefit from China's positive economic fundamentals and continue to maintain healthy and rapid growth momentum.

In line with our strategic goals, we formulated the following operation strategies and business plans for the second half of 2012:

1. Tighten up management of the Group's road assets operation. The Company will manage toll collection in a standard, systematic and sophisticated way, exploit potential and increase efficiency, enhance quality and civilized service level, improve mechanical and electrical facilities management and exercise more stringent cost control to enhance the profitability of the Group's principal businesses. Meanwhile, we will make proper arrangement for the completion and operation of Chengren Expressway and expand its market potential by increasing publicity to attract more traffic flow.
2. Step up efforts for the development of expressway-related industries. The Group will integrate the resources along its expressways, accelerate the construction of oil product sales outlets, properly carry out the renovation and construction of service zones, improve service function and vigorously expand related businesses such as oil product sales, advertising and land leasing to foster new profit drivers for the development of the Group.
3. Push forward the transport infrastructure projects under construction in an efficient and orderly manner. The Company will continue to proceed properly with the construction of Suiguang Suixi Expressways BOT Project, Renshou BT Project, Shuangliu West Airport Phase VI BT Project and Shuangliu Zongbao BT Project, strengthen project management and supervision to ensure achievement of pre-set goals in respect of the schedule, quality, construction costs and safety with an aim to expand the scales of our assets and operation and speed up the pace of the Group's development.
4. Strengthen financial management. We will tighten up financial budget management as well as cost and expense control. Meanwhile, we will proactively explore various financing channels, and, under the premises of financial security, step up research on the variety of financing tools, advance financing activities in an orderly manner with an aim to ensure sufficient cash flow and financial resources to support the Group's liability level and business expansion.

5. Continue with roads maintenance and management. The Company will put more efforts in preventive maintenance of the Group's expressway assets and daily maintenance of road surface, concentrate on key special projects so as to ensure the Group's roads are properly maintained as well as safely and smoothly operated. At the same time, the Company will manage the day-to-day road surface maintenance in a sophisticated way, standardize construction methods and constantly enhance the technology and construction quality of road maintenance to effectively reduce maintenance cost.
6. Improve the internal control system. The Company will increase publicity of internal control and arrange more training in respect thereof, carry out the self-appraisal and audit of the internal control for the year 2012 in stages and put in place a sound corporate internal control system with definite division between power and obligations, scientific management and high efficiency, so as to upgrade the corporate comprehensive management capacity and management efficiency and safeguard acceleration of the Group's development.

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 Reporting Period.

EMPLOYEES AND THEIR REMUNERATION AND TRAINING

As at 30 June 2012, the Group had a total of 3,543 employees, including 2,237 in the Company (including its branches), details of which are as follows:

Composition by Expertise

Type of expertise	Number
Management (including professional technicians)	940
Technicians	2,603

Composition by Educational Level

Educational level	Number
Postgraduate	77
University graduate	627
Junior college graduate	1,437
Technical Secondary School and below	1,402

1. Employee's Remuneration

The total remuneration of the Group's employees is correlated with the operating results of the Group. The wages of the Group's employees are comprised 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. During the Reporting Period, the employees' salary of the Group totaled approximately RMB98,526,000 (of which approximately RMB63,072,000 for the employees of the Company (including its branches)).

2. 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 national labour security policies. Expenses for various types of social insurance for retirement, healthcare, unemployment, work related injury, childbirth, catastrophic illness 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 the national policies and requirements.

3. Staff Training

The Company highly values staff training to improve the comprehensive quality and business standard. During the Reporting Period, the Company has organized various trainings such as management knowledge training for middle and senior level management, continuing education for professional technical staff and skill training for operating staff. A total of 2,087 employees attended the above training courses.

CORPORATE GOVERNANCE

1. Corporate Governance Code

Sound corporate governance goes beyond merely meeting the regulatory authorities' basic requirements for operating a listed Company. More importantly, it fulfils the Company's internal development needs. The Company is committed to continuously enhancing its corporate governance standard. During the Reporting Period, the Company has complied with the code provisions set out in the Code On Corporate Governance Practices (the "**Former Code**", effective until 31 March 2012) and the Corporate Governance Code (the "**New Code**", effective from 1 April 2012), as set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") except that Mr. Zhou Liming, the non-executive Director, was unable to attend the annual general meeting of the Company held on 29 May 2012 in accordance with the code provision A.6.7 under the New Code due to significant business engagement.

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 Company for the half year ended 30 June 2012.

COMPLIANCE WITH THE MODEL CODE

During the Reporting 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 of the Company, it was confirmed that all Directors and Supervisors have complied with the Model Code in relation to securities transactions by the Directors and Supervisors and the Company's own standards of code of conduct and there had not been any non-compliance with the relevant requirements of the Model Code.

PUBLICATION OF THE INTERIM REPORT

The Company's interim report for the six months ended 30 June 2012 containing all information required by the Listing Rules will be dispatched to the 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*
Zhang Yongnian
Company Secretary

Chengdu, Sichuan Province, the PRC
30 August 2012

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

* *For identification purposes only*