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 ANNUAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

- Revenue up approximately 15.18 % to approximately RMB7,183,670,000
- Profit attributable to owners of the Company down approximately 9.45% to approximately RMB1,180,931,000
- Earnings per share down approximately 9.45% to approximately RMB0.386
- Proposed payment of 2012 final cash dividend of RMB0.08 (tax inclusive) (2011: RMB0.09 (tax inclusive)) per share

The board (the "**Board**") of directors (the "**Director(s)**") 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 2012 (the "**Reporting Period**" or the "**Year**"), prepared in conformity with the accounting principles generally accepted in Hong Kong as stated in detail in note 2.1, together with comparative figures for last year as follows (the data herein are presented in Renminbi ("**RMB**") except where otherwise indicated).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Notes	**2012** **RMB'000**	2011 RMB'000
REVENUE	3,4	**7,183,670**	6,236,966
Cost of sales and other direct operating costs		**(5,545,882)**	(4,507,964)
Gross profit		**1,637,788**	1,729,002
Other income and gains	4	**183,916**	92,996
Administrative expenses		**(144,433)**	(108,442)
Other expenses		**(13,359)**	(28,884)
Finance costs	5	**(240,791)**	(130,076)
Share of profits and losses of associates		**16,707**	10,424
PROFIT BEFORE TAX	6	**1,439,828**	1,565,020
Income tax expense	7	**(228,917)**	(245,978)
PROFIT FOR THE YEAR		**1,210,911**	1,319,042
OTHER COMPREHENSIVE INCOME			
Changes in fair value of available-for-sale investments		**2,899**	(18,414)
Income tax effect		**(538)**	5,822
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**2,361**	(12,592)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,213,272**	1,306,450

	Notes	**2012**	2011
		RMB'000	*RMB'000*
Profit attributable to:			
Owners of the Company		**1,180,931**	1,304,163
Non-controlling interests		**29,980**	14,879
		1,210,911	1,319,042
Total comprehensive income attributable to:			
Owners of the Company		**1,183,291**	1,291,576
Non-controlling interests		**29,981**	14,874
		1,213,272	1,306,450
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic and diluted	8	**RMB0.386**	RMB0.426

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	**2012**	2011
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**636,334**	611,927
Service concession arrangements	9	**14,136,239**	11,205,184
Prepaid land lease payments		**475,041**	507,502
Investments in associates		**69,326**	64,790
Available-for-sale investments		**70,302**	67,403
Long term compensation receivables		**65,527**	68,932
Other receivables	10	**90,270**	72,000
Payments in advance		**3,957**	484,987
Deferred tax assets		**155**	—
Total non-current assets		**15,547,151**	13,082,725
CURRENT ASSETS			
Inventories		**38,120**	26,950
Due from customers for contract works		**56,755**	938,099
Trade and other receivables	10	**1,796,047**	918,012
Pledged deposits		**77,651**	20,522
Cash and cash equivalents		**1,820,676**	1,768,418
Total current assets		**3,789,249**	3,672,001

	Notes	2012 RMB'000	2011 RMB'000
CURRENT LIABILITIES			
Tax payable		**204,922**	196,106
Trade and other payables	11	**1,825,240**	1,823,220
Interest-bearing bank and other loans	12	**765,727**	2,099,727
Total current liabilities		**2,795,889**	4,119,053
NET CURRENT ASSETS/ (LIABILITIES)		**993,360**	(447,052)
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,540,511**	12,635,673
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	12	**6,085,867**	3,120,744
Deferred tax liabilities		**8,218**	7,653
Total non-current liabilities		**6,094,085**	3,128,397
Net assets		**10,446,426**	9,507,276
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	**3,058,060**	3,058,060
Reserves	14	**6,950,521**	6,011,875
Proposed final dividend	15	**244,645**	275,225
		10,253,226	9,345,160
Non-controlling interests		**193,200**	162,116
Total equity		**10,446,426**	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 Year, the principal activities of the Group were investment holding, the construction, management and operation of expressways and a high-grade toll bridge, and operation of gas stations along expressways.

The Company was granted the rights to charge users since 18 September 2012 with a concession period of 29 years and 300 days for the operation of Chengdu-Meishan (Renshou) Section of Chengdu-Zigong-Luzhou-Chishui Expressway ("**Chengren Expressway**").

In the opinion of the Directors, Sichuan Transport Industry Investment Group Company Limited ("**STI Group**") is the parent and the ultimate holding company of the Company.

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 ("**HKICPA**"), accounting principles generally accepted in Hong Kong ("**HK GAAP**") and 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 RMB and all values are rounded to nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the Year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

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 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 station 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.

The Board monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. 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, dividend income and other unallocated income and gains, as well as head office, corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents and available-for-sale investments as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax 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.

Year ended 31 December 2012

	Toll operation *RMB'000*	Construction contracts *RMB'000*	Gas station operation *RMB'000*	Others *RMB'000*	Total *RMB'000*
SEGMENT REVENUE	2,343,782	3,844,014	970,232	25,642	7,183,670
SEGMENT RESULTS	1,325,711	141,272	54,963	10,021	1,531,967
Reconciliation:					
Interest income					21,604
Dividend income and unallocated income and gains					27,718
Corporate and other unallocated expenses					(141,461)
Profit before tax					1,439,828
SEGMENT ASSETS	15,458,141	1,797,538	90,865	21,072	17,367,616
Reconciliation:					
Available-for-sale investments					70,302
Deferred tax assets					155
Pledged deposits					77,651
Cash and cash equivalents					1,820,676
Total assets					19,336,400

	Toll operation	Construction contracts	Gas station operation	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT LIABILITIES	7,416,643	1,221,197	11,065	27,929	8,676,834
Reconciliation:					
Tax payable					204,922
Deferred tax liabilities					8,218
Total liabilities					8,889,974
OTHER SEGMENT INFORMATION					
Share of profits and losses of associates	16,707	—	—	—	16,707
Depreciation and amortisation	381,615	7,549	2,355	22,329	413,848
Investments in associates	64,876	—	—	4,450	69,326
Impairment/(reversal of provision for impairment) of other receivables	124	—	—	(13)	111
Capital expenditure*	3,314,212	10,528	20,298	814	3,345,852

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

Year ended 31 December 2011

	Toll operation *RMB'000*	Construction contracts *RMB'000*	Gas station operation *RMB'000*	Others *RMB'000*	Total *RMB'000*
SEGMENT REVENUE	2,346,071	3,776,611	92,010	22,274	6,236,966
SEGMENT RESULTS	1,475,698	165,304	4,303	5,501	1,650,806
Reconciliation:					
Interest income					20,667
Dividend income and unallocated income and gains					28,626
Corporate and other unallocated expenses					(135,079)
Profit before tax					1,565,020
SEGMENT ASSETS	12,917,683	1,919,766	39,829	21,105	14,898,383
Reconciliation:					
Available-for-sale investments					67,403
Pledged deposits					20,522
Cash and cash equivalents					1,768,418
Total assets					16,754,726

	Toll operation RMB'000	Construction contracts RMB'000	Gas station operation RMB'000	Others RMB'000	Total RMB'000
SEGMENT LIABILITIES	5,483,110	1,534,964	5,628	19,989	7,043,691
Reconciliation:					
Tax payable					196,106
Deferred tax liabilities					7,653
Total liabilities					7,247,450
OTHER SEGMENT INFORMATION					
Share of profits and losses of associates	10,931	(507)	—	—	10,424
Depreciation and amortisation	351,326	6,801	341	1,550	360,018
Investments in associates	60,138	202	—	4,450	64,790
Reversal of provision for impairment of other receivables	(580)	—	—	—	(580)
Capital expenditure*	2,779,512	28,530	31,385	333	2,839,760

* 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

During the year ended 31 December 2012, no revenue was derived from a customer amounted to 10% or more of the Group's total revenue. During the year ended 31 December 2011, revenue of approximately RMB938,099,000 was derived from a single customer under the construction contracts segment, which amounted to 10% or more of the total revenue.

4. REVENUE, OTHER INCOME AND GAINS

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

	2012	2011
	RMB'000	*RMB'000*
Revenue		
Toll income		
— Chengyu (Chengdu-Chongqing) Expressway (Sichuan Section) ("Chengyu Expressway")	**1,102,230**	1,176,077
— Sichuan Chengya (Chengdu-Ya'an) Expressway ("Chengya Expressway")	**700,027**	672,498
— Sichuan Chengle (Chengdu-Leshan) Expressway ("Chengle Expressway")	**430,085**	485,734
— Chengren Expressway	**102,578**	—
— Chengdu Chengbei Exit Expressway ("Chengbei Exit Expressway") and Qinglongchang Bridge	**91,886**	93,835
	2,426,806	2,428,144
Less: Revenue taxes	**(83,024)**	(82,073)
Sub-total	**2,343,782**	2,346,071
Construction revenue in respect of		
— Service concession arrangements	**3,248,675**	2,685,924
— Construction works performed for third parties	**620,189**	1,136,423
	3,868,864	3,822,347
Less: Revenue taxes	**(24,850)**	(45,736)
Sub-total	**3,844,014**	3,776,611

	2012	2011
	RMB'000	*RMB'000*
Revenue from operation of gas stations	**970,232**	92,010
Others (including income from rental and advertising)	**25,642**	22,274
Total revenue	**7,183,670**	6,236,966
Other income and gains		
Interest income from bank deposits	**21,604**	20,667
Interest income from discounting long term compensation receivables	**10,011**	10,377
Interest income from construction contracts	**124,582**	33,326
Gain on disposal of land use right	**3,463**	—
Gain on disposal of an associate	**215**	—
Rental income	**3,208**	4,418
Government grants*	**91**	1,069
Dividend income from available-for-sale investments	**5,621**	1,898
Compensation	**14,497**	11,592
Miscellaneous	**624**	9,649
	183,916	92,996
Total revenue, other income and gains	**7,367,586**	6,329,962

* There were no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2012	2011
	RMB'000	*RMB'000*
Interest on bank and other loans wholly repayable within five years	**364,673**	161,035
Interest on other bank loans	**6,738**	6,302
Interest on short term commercial papers	**17,560**	73,789
Interest on medium term notes	**8,923**	—
Cost on issuance of short term commercial papers	**—**	8,000
	397,894	249,126
Less: Interest capitalised in service concession arrangements *(note 9 (c))*	**(157,103)**	(119,050)
	240,791	130,076
Interest rate of borrowing costs capitalised	**5.85%-7.05%**	5.35%-6.35%

6. PROFIT BEFORE TAX

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

	2012	2011
	RMB'000	*RMB'000*
Employee costs (including Directors', and supervisors' remuneration):		
Wages and salaries	**252,795**	207,350
Pension scheme contributions		
— Defined contribution fund	**36,008**	29,395
Accommodation benefits		
— Defined contribution fund	**23,331**	22,384
Supplementary pension scheme		
— Defined contribution fund	**17,252**	12,316
Other staff benefits	**49,661**	42,739
	379,047	314,184
Depreciation	**64,119**	57,210
Amortisation of service concession arrangements	**317,620**	270,620
Amortisation of prepaid land lease payments	**32,109**	32,188
Depreciation and amortisation expenses	**413,848**	360,018

	2012	2011
	RMB'000	*RMB'000*
Repairs and maintenance	**113,091**	164,022
Construction costs in respect of:		
— Service concession arrangements*	**3,243,919**	2,675,515
— Construction works performed for third parties*	**554,130**	929,481
Cost of sales of refined oil	**898,918**	85,460
Minimum lease payments under operating leases:		
Land and buildings	**20,586**	22,167
Auditors' remuneration	**2,381**	2,189
Loss on disposal of items of property, plant and equipment	**206**	6,525
Provision for/ (reversal of provision for) impairment of other receivables	**111**	(580)

* During the Year, employee costs of RMB50,121,000 (2011: RMB41,056,000) and depreciation charges of RMB6,419,000 (2011: RMB645,000) were included in those construction costs.

7. INCOME TAX

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 2012.

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 corporat income tax at the standard rate of 25%.

Pursuant to the "Announcement of the State Administration of Taxation [2012] No. 12" dated 6 April 2012 issued by the PRC 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 *Guiding Catalog for Adjustment in the Industrial Structure (2011 version)* (產業結構調整指導目錄 (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, i.e., 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 31 December 2012 continued to be calculated at a tax rate of 15%.

The major components of tax expense for the Year are as follows:

	2012	2011
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the Year	**229,045**	250,872
Overprovision in prior years	**—**	(1,913)
Deferred	**(128)**	(2,981)
Total tax charge for the Year	**228,917**	245,978

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 Year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 3,058,060,000 (2011: 3,058,060,000) in issue during the Year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2012 and 2011 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. SERVICE CONCESSION ARRANGEMENTS

(a) At 31 December 2012, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (note 12 (a)):

	2012	2011
	RMB'000	*RMB'000*
Chengren Expressway	**7,469,649**	4,581,868
Chengle Expressway	**1,144,993**	1,179,656
Chengbei Exit Expressway	**153,640**	167,937
	8,768,282	5,929,461

(b) During the Year, the Group was in the construction of Chengren Expressway ("**Chengren Expressway BOT Project**") and Suining-Guang'an Expressway and Suining-Xichong Expressway (the "**Suiguang-Suixi Expressways BOT Project**") in the form of Build-Operate-Transfer mode (collectively, "**BOT Project**"). Total construction costs of RMB3,153,313,000 (2011: RMB2,604,878,000) were incurred, among which RMB3,153,313,000 (2011: RMB2,604,396,000) is sub-contracted to third party subcontractors.

In addition, construction revenue of RMB3,153,313,000 (2011: RMB2,604,891,000) was recognised in respect of the construction service provided by the Group using the percentage of completion method during the Year. Construction revenue was included in the additions to service concession arrangements which were amortised upon the commencement of operation of the respective expressways.

(c) Additions to service concession arrangements during the Year include interest capitalised in respect of bank loans amounting to RMB157,103,000 (2011: RMB119,050,000).

10. TRADE AND OTHER RECEIVABLES

	Notes	**2012**	2011
		RMB'000	*RMB'000*
Trade receivables			
Trade receivables		**1,015,952**	133,361
Impairment		**—**	—
Trade receivables, net	(a)	**1,015,952**	133,361
Other receivables			
Other receivables	(b)	**868,209**	840,836
Impairment		**(112,771)**	(112,762)
		755,438	728,074
Deposits		**52,479**	80,807
Prepayments		**62,448**	47,770
Other receivables, net		**870,365**	856,651
Total trade and other receivables		**1,886,317**	990,012
Non-current asset portion	(b)	**(90,270)**	(72,000)
Current asset portion		**1,796,047**	918,012

(a) The Group's 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 an individual construction contract customer is considered on a case-by-case basis and is set out in the respective construction contracts, as appropriate.

According to the contracts governing the relevant construction works, trade receivables of RMB922,688,000 as at 31 December 2012 (2011: RMB88,998,000) are to be 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% (2011: 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:

	2012	2011
	RMB'000	*RMB'000*
Within 3 months	**201,227**	121,863
3 to 6 months	**—**	4,186
6 to 12 months	**47,587**	—
Over one year	**767,138**	7,312
	1,015,952	133,361

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

	2012	2011
	RMB'000	*RMB'000*
Neither past due nor impaired	**890,001**	127,407
Past due but not impaired:		
Within 3 months	**119,281**	—
3 to 6 months	**3,675**	1,835
6 to 12 months	**2,551**	3,675
Over one year	**444**	444
	1,015,952	133,361

Receivables that were neither past due nor impaired relate to government agencies 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 customers that have good payment records 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) The Group's other receivables at 31 December 2012 are analysed as follows:

	2012	2011
	RMB'000	*RMB'000*
Temporary advances	**544,614**	666,524
Interest receivables on temporary advances	**56,516**	33,326
Long term compensation receivables to be received within one year	**3,405**	2,989
Miscellaneous	**263,674**	137,997
	868,209	840,836

As stipulated in the contracts entered into between the Group and the respective government agencies, other than the provisional of construction works under the "Build-Transfer" mode (collectively referred as "BT Projects"), the Group is also required to provide temporary advances to the government agencies for the resettlement of residents and removal of obstacles performed by the relevant government agencies. Such advances bear interest at rates ranging from 7.00% to 10.00% per annum (2011: 6.81% to 10.00% per annum). Temporary advances of RMB90,270,000 (2011: RMB72,000,000) will be settled by three instalments after 2013.

11. TRADE AND OTHER PAYABLES

	Notes	**2012** *RMB'000*	2011 *RMB'000*
Trade payables	(a)	**304,789**	429,197
Other payables	(b)	**1,473,902**	1,314,840
Accruals		**46,549**	79,183
		1,825,240	1,823,220

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

	2012 *RMB'000*	2011 *RMB'000*
Within 3 months	**92,495**	375,205
3 to 6 months	**12,574**	8,096
6 to 12 months	**152,355**	41,699
Over 1 year	**47,365**	4,197
	304,789	429,197

The trade payables are non-interest-bearing and are normally settled within one to twelve months, except for retention payables from construction projects of RMB7,929,000 (2011: RMB12,903,000) which are normally settled within two years.

(b) Other payables at the end of the Reporting Period mainly included the following balances:

	2012	2011
	RMB'000	*RMB'000*
Advances	**25,850**	18,973
Payroll and welfare payables	**50,588**	29,722
Taxes and surcharge payables	**72,165**	64,534
Progress billing payables	**897,352**	843,930
Retention payables	**247,629**	160,418
Deposits	**71,157**	67,746
Others	**109,161**	129,517
	1,473,902	1,314,840

12. INTEREST-BEARING BANK AND OTHER LOANS

		2012	2011
	Notes	***RMB'000***	*RMB'000*
Bank loans:			
Secured and guaranteed	(a)(ii)&(iii)	**1,106,400**	106,400
Secured	(a)	**4,002,012**	2,688,162
Guaranteed	(a)(i)	**—**	10,000
Unsecured		**1,000,000**	350,000
Short term commercial papers	(b)	**—**	2,000,000
Medium term notes	(c)	**700,000**	—
Other loans, unsecured	(d)	**43,182**	65,909
		6,851,594	5,220,471

At the end of the Reporting Period, all interest-bearing bank and other loans of the Group were denominated in RMB.

(a) Bank loans were secured and guaranteed by:

	Notes	2012 RMB'000 (Bank loans amount)	2011 RMB'000
Secured by concession rights of:			
Chengbei Exit Expressway		**91,000**	78,000
Chengle Expressway	(ii)	**106,400**	106,400
Chengren Expressway		**3,911,012**	2,610,162
		4,108,412	2,794,562
Secured by time deposits	(iii)	**1,000,000**	—
		5,108,412	2,794,562

(i) As at 31 December 2011, Chengdu Highway Development Company Limited, the non-controlling shareholder of Chengbei Company has guaranteed the Group's bank loan of RMB10,000,000 for nil consideration. The above loan was fully repaid in 2012.

(ii) The bank loans were also guaranteed by Sichuan Highway Development Holding Company ("**Sichuan Highway Development**") for nil consideration.

(iii) At 31 December 2012, time deposit of RMB56,450,000 was pledged to China Construction Bank Chengdu Xinhua Branch to counter guarantee the Group's bank loan of RMB1,000,000,000.

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

(b) On 17 March 2011, 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 papers were issued at a par value of RMB100 per unit, with an interest rate of 4.58% per annum, and were repaid on 16 March 2012.

(c) On 19 June 2012 and 19 November 2012, the Company issued medium term notes totalling RMB200 million and RMB500 million, respectively, to domestic institutional investors participating in the PRC interbank debt market. The medium term notes of RMB200 million and RMB500 million were issued at par value of RMB100 per unit, at interest rates of 4.75% and 5.57% per annum, and will be repaid on 18 June 2017 and 18 November 2017, respectively.

(d) Other loans are unsecured and bear interest at rates ranging from 2.82% to 5.00% (2011: from 2.82% to 5.00%) per annum.

13. ISSUED CAPITAL

	2012	2011
	RMB'000	*RMB'000*
Issued and fully paid:		
A Shares of 2,162,740,000 (2011: 2,162,740,000) of RMB1.00 each	**2,162,740**	2,162,740
H Shares of 895,320,000 (2011: 895,320,000) of RMB1.00 each	**895,320**	895,320
	3,058,060	3,058,060

The H Shares have been issued and listed on the main board of the Hong Kong Stock Exchange since October 1997 and the 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 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 2012, the Company's reserves available for distribution to shareholders amounted to RMB2,345,155,000, as calculated in accordance with HK GAAP. The Company's distributable reserves as at 31 December 2012 determined under HK GAAP were lower than those determined under PRC GAAP.

15. DIVIDEND

	2012	2011
	RMB'000	*RMB'000*
Proposed final dividend – RMB0.080 (2011: RMB0.090) per share	**244,645**	275,225

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

RESULTS AND DIVIDENDS

For the year of 2012, the revenue of the Group amounted to approximately RMB7,183,670,000, representing an increase of 15.18% as compared with last year; the profit attributable to owners of the Company amounted to approximately RMB1,180,931,000, representing a decrease of 9.45 % as compared with last year; and basic earnings per share was approximately RMB0.386 (2011: approximately RMB0.426).

As at 31 December 2012, the Group's total assets and net assets were approximately RMB19,336,400,000 and RMB10,446,426,000, respectively.

Pursuant to the articles of association of the Company, if the Company distribute cash dividend, the Company shall distribute cash dividend in an amount not less than 30% of the distributable profit earned by the Company for the period concerned (the lower of the profit attributable to shareholders under the PRC and overseas accounting standards respectively). The Board has recommended a final cash dividend for the year 2012 of RMB0.08 per share (tax inclusive), aggregating to approximately RMB244,645,000, representing 31.37% of the distributable profit of the Company determined under PRC GAAP for the Year and 20.72% of the profit attributable to owners of the Company as shown in the consolidated financial statements. The proposed dividend distribution is subject to the approval of the shareholders at the Company's forthcoming 2012 annual general meeting for the year 2012. If approved, the final dividend is expected to be paid on or around Tuesday, 25 June 2013 to the shareholders whose names appear on the H Shares register of members of the Company on Tuesday, 4 June 2013 (the "**Dividend Entitlement Date**"). In respect of the arrangement in relation to the closures of H Shares register of members for the purposes of determining the shareholders' entitlement to attend the 2012 annual general meeting and to receive the 2012 final dividend, please refer to the paragraph headed "CLOSURES OF REGISTER OF MEMBERS OF H SHARES" below.

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, a PRC domestic enterprise which pays dividend to a non-resident enterprise shareholder in respect of accounting period beginning from 1 January 2008 shall withhold and pay enterprise income tax at the rate of 10%. As such, the Company, as a PRC domestic enterprise, is required to withhold corporate income tax at the rate of 10% before distributing the 2012 final dividend to non-resident enterprise Shareholders as appearing on the H Shares 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 by the Company.

Should the holders of H Shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and other countries (regions) on the possession and disposal of the H Shares.

Shareholders of the Company should read the information herein carefully. If anyone would like to change the identity of Shareholder, please enquire about the relevant procedures with the nominees or trustees. The Company is neither obligated nor responsible for ascertaining the identities of the Shareholders. In addition, the Company will withhold the corporate income tax in strict compliance with the relevant laws or regulations and strictly based on what has been registered on the Company's H Shares register of members as at the Dividend Entitlement Date. The Company will disregard and assume no liabilities for any requests or claims in relation to any delay or inaccuracy in ascertaining the identity of the Shareholders or any disputes over the mechanism of withholding of corporate income tax.

Shareholders are advised that the aforesaid arrangements are not applicable to the time and arrangements for distribution of the final dividend in respect of A Shares, which however will be published in a separate announcement at Shanghai Stock Exchange by the Company.

BUSINESS REVIEW AND ANALYSIS

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

In 2012, against the backdrop where the world economy experienced prolonged turbulence, the PRC saw a slow down in economic growth and policies became stricter for the industry, the Group, through making concerted efforts in accordance with its basic mindset of "expanding one main-body and two wings, strengthening capital operation", overcame the negative factors such as economic downturn, toll free in major festivals and holidays, traffic diversions and periodic losses after opening of new roads, turned crisis into driving forces and achieved a sustained and steady development. Meanwhile, the Group made great progress in aspects such as operation management, project construction, business development, capital operation and corporate governance, which laid a solid and stable foundation for the Group to exploit advantages and expedite development.

1. Operating results of the Company, its branches and principal road operating subsidiaries:

Item	Toll Income for 2012	Percentage in the total toll income	Toll Income for 2011	Percentage in the total toll income	Profit/ (loss) for 2012	Year-on-year increase/ (decrease) in profit for 2012
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
The Company *(Note 1)*	1,102,230	45.42	1,176,077	48.44	561,291	(6.84)
Chengya Branch *(Note 2)*	700,027	28.84	672,498	27.70	303,029	12.54
Chengle Company *(Note 3)*	430,085	17.72	485,734	20.00	236,266	(16.04)
Chengren Branch *(Note 4)*	102,578	4.23	—	—	(37,898)	N/A
Chengbei Company *(Note 5)*	91,886	3.79	93,835	3.86	36,071	0.80
Total	2,426,806	100.00	2,428,144	100.00	1,098,759	(7.59)

Notes:

1. For the purpose of this table only, the Company does not include Chengya Branch (as defined in Note 2 below) and Chengren Branch (as defined in Note 4 below). The Company is responsible for the operation and management of Chengyu Expressway, profit for the Year does not include any dividend income from associated companies, subsidiaries and available-for-sale investments.

2. Sichuan Expressway Company Limited Chengya Branch ("**Chengya Branch**"), a branch company of the Company, which is responsible for the operation and management of Chengya Expressway.

3. Chengle Company, a wholly-owned subsidiary of the Company, which is responsible for the operation and management of Chengle Expressway.

4. Sichuan Expressway Company Limited Chengren Branch ("**Chengren Branch**"), a branch company of the Company, which is responsible for the operation and management of Chengren Expressway.

5. Chengbei Company, a subsidiary of the Company, which 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. Profit for the Year does not include any dividend income from available-for-sale investments.

2. Operation of major expressways of the Group

As at 31 December 2012, toll road projects operated by the Group in Sichuan Province mainly were 5 expressways, namely, Chengyu Expressway, Chengya Expressway, Chengle Expressway, Chengren Expressway and Chengbei Exit Expressway. The total mileage of these expressways reached 573km.

Operating performance of the major expressways of the Group:

Item	Shareholding percentage (%)	Converted average daily traffic flow (vehicles/times) 2012	2011	Increase/ (decrease) (%)	Toll income *(RMB'000)* 2012	2011	Increase/ (decrease) (%)
Chengyu Expressway	100	**22,229**	22,601	(1.65)	**1,102,230**	1,176,077	(6.28)
Chengya Expressway	100	**19,225**	17,109	12.37	**700,027**	672,498	4.09
Chengle Expressway	100	**20,497**	21,848	(6.18)	**430,085**	485,734	(11.46)
Chengren Expressway	100	**16,709**	—	N/A	**102,578**	—	N/A
Chengbei Exit Expressway (including Qinglongchang Bridge)	60	**35,461**	34,346	3.25	**91,886**	93,835	(2.08)

In 2012, the toll income (before revenue taxes) of the Group was approximately RMB2,426,806,000, representing a slight decrease of approximately 0.06% as compared with last year. The percentage of the toll income to the Group's total revenue was approximately 33.78%, representing a decrease of approximately 5.15 percentage points from 38.93% as compared with last year. During the Reporting Period, the following factors constituted combined effects on the operating performance of the Group's toll roads:

Negative factors:

(1) Starting from 2012, due to the slowdown in the macroeconomic growth and the weak industrial, manufacturing and commodity circulation sectors in the PRC, demand for road transportation has been declining. At the same time, moderating operation activities in all parts of the country led to a change in the structure of automobile types on the Group's roads, with the percentage of trucks gradually declining in the Group's traffic volume, which in turn resulted in a drop in the average toll income per vehicle on the Group's roads.

(2) 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. Such policy resulted in a loss in the Group's toll income from small passenger vehicles and increase in maintenance and labor cost in a direct manner, and a further impairment to the Group's toll income through the "crowding out effect" against trucks by such passenger vehicles.

(3) 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 2012, retail sales of vehicle in Sichuan Province amounted to RMB98.895 billion, representing a year-on-year increase of 12%[1], 6.9 percentage points lower than last year. The decline in the vehicle consumption growth will weigh on the overall operation of the Group's toll roads to some extent.

(4) Sichuan Province implemented a toll-by-weight policy for trucks traveling on expressways since 1 June 2007, and normally loaded trucks were given a 20% toll discount. Currently, the preferential policy is still being implemented.

Positive factors:

(1) The "Master Plan for Tianfu New District, Chengdu, Sichuan Province (2010-2030)" 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 newly-open Chengren Expressway BOT Project of the Group, and all the transportation infrastructure BT (build-transfer) projects of the Group are all in the Tianfu New District. The Tianfu New District of Chengdu will, upon commencement of construction, add new vitality to the economy of Sichuan Province and China's western inland at large. Meanwhile, the Chengdu and Chongqing-centered city cluster will become an important growth pole leading the development of western China.

[1] Source: preliminary accounting results announced by Sichuan Bureau of Statistics.

(2) Both the State's "12th Five-Year Plan" and the deepening western China development strategy gave priority to the construction of transportation 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 networks. In 2012, 15 expressway projects were completed and opened to traffic, adding 1,327km to the total length of expressways opened to traffic in Sichuan Province. As at the end of the Year, the total length of expressways opened to traffic in the province reached 4,334km with 12 major expressways connecting in and out of Sichuan, moving up to the 7th place in the PRC, and ranking first in western China[2]. The fast development of the industry will bring about more active activities among different regions and generate new traffic demand, thus providing good opportunities and space for further development of the Group.

(3) In September 2012, Sichuan Province issued the "Directory of Significant Investment Projects (2012-2013)", proposing to invest RMB3,670 billion in the construction of 2,242 significant projects in the field of infrastructure, key industrial sectors, the people's livelihood and social undertaking, and ecological construction and environmental protection.[3] The new round of investment boom will drive increase in the traffic demand in Sichuan Province, which will be conductive to the operations of the Group.

(4) In 2012, the tourist industry of Sichuan Province maintained its robust growth, contributing revenue in a total of approximately RMB328.025 billion to Sichuan Province, up 33.9% year-on-year[4], thus effectively driving the growth of traffic volume within Sichuan Province.

[2] Source: Sichuan Daily.

[3] Source: the website of the People's Government of Sichuan Province.

[4] Source: preliminary statistic results announced by Sichuan Provincial Tourism Bureau (四川省旅遊局).

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 expressway 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. Chengdu-Renshou-Zigong Section of ChengZiLuChi Expressway was opened to trial operation on 10 September 2012, and commenced formal toll collection on 18 September 2012. As a result, the traffic volume at the toll gates of the Neijiang and Ziyang middle sections of Chengyu Expressway and those diverted to Chengyu Expressway from Neiyi (Neijiang-Yibin) Expressway and Longna (Longchang-Naxi) Expressway decreased.

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) Expressways, reaching all the way for exiting Sichuan to Yunnan Province, which led to increase in the traffic volume of Chengya Expressway. Yaxi Expressway was officially open to trucks on 1 July 2012, which had positive impacts on the income per vehicle. Chengxinpu Fast Line, as a toll free road with good road conditions, was completed and open to traffic on 29 September 2012, which diverted certain traffic volume from the Chengdu-Pujiang Section of Chengya Expressway.

Chengle Expressway: Toll income of Chengle Expressway fell notably during the Year for the following reasons: (i) its income base 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; (ii) since May 2011, 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; (iii) 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 traveling distance on the Chengle Expressway by approximately 23km for these trucks; (iv) Chengren Expressway was opened to traffic on 10 September 2012, which diverted certain traffic travelling from Chengdu to Meishan and Renshou; and (v) Since the beginning of 2012, local roads alongside Chengle Expressway within Meshan (such as the old road from Pengshan to Huanglongxi) removed their toll gates in succession for toll free, which also diverted certain traffic from Chengle Expressway.

Chengbei Exit Expressway: On 13 March 2012, the reconstruction of the subsection in Xindu City 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 May 2013, will bring additional traffic volume to Chengbei Exit Expressway. Secondly, 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 Three 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 Three Ring Road of Chengdu.

Apart from the expressways which were newly opened to traffic and already had various impacts on the expressways of the Group in 2012, Yilu (Yibin-Luzhou) Expressway was open to traffic on 26 December 2012, and it is expected that the Luyu (Luzhou-Chongqing) Expressway, Leya (Leshan-Ya'an) Expressway, the full line of ChengZiLuChi Expressway and the Cheng'anyu (Chengdu-Anyue-Chongqing) Expressway will be open to traffic in succession in 2013. The traffic volumes of the Group's expressways will be affected due to the change in road networks and network effects in the future. Meanwhile, as the local highways will be constructed in a faster pace, expressways of the Group are exposed to certain traffic diversion due to the openings to traffic of such toll-free parallel highways in 2013, such as the Yangma-Shiqiao Section of the Chengjian Fast Line and the Chengren Fast Line which were expected to open to traffic in 2013 in succession. 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.

3. Operating results of other businesses

In 2012, other than revenues from toll operation segment, the Group recorded revenue from other segments, other income and gains of approximately RMB5,023,804,000, representing an increase of approximately 26.10% over last year, including revenue from construction contracts (before revenue taxes) of RMB3,248,675,000 (2011: RMB2,685,924,000) in respect of service concession arrangements , representing an increase of approximately 20.95% over last year; revenue from construction contracts (before revenue taxes) of approximately RMB620,189,000 (2011: RMB1,136,423,000) in respect of construction works performed for third parties, representing a decrease of approximately 45.43% over last year; revenue of approximately RMB970,232,000 (2011: RMB92,010,000) from operation of gas stations along the expressways, representing an increase of approximately 954.49% over last year and a total of RMB183,916,000 other income and gains, representing an increase of approximately 97.77% over last year.

During the Year, other businesses of the Group were mainly attributable to eight subsidiaries (namely Sichuan Shunan Investment Management Company Limited (四川蜀南投資管理有限公司, "**Shunan Company**"), Chengdu Shuhai Investment Management Company Limited (成都蜀海投資管理有限公司, "**Shuhai Company**"), Sichuan Shugong Expressway Engineering Company Limited (四川蜀工高速公路機械化工程有限公司, "**Shugong Company**"), Sichuan Shusha Industrial Company Limited (四川蜀厦實業有限公司, "**Shusha Company**"), Chengdu Shuhong Property Company Limited (成都蜀鴻置業有限公司, "**Shuhong Company**"), Sichuan Zhonglu Energy Company Limited (四川中路能源有限公司, "**Zhonglu Energy Company**"), Sichuan Chengya Expressway Oil Supply Company Limited(四川成雅高速公路油料供應有限責任公司, "**Chengya Oil Company**") and Sichuan Suiguang Suixi Expressway Company Limited (四川遂廣遂西高速公路有限責任公司, "**Suiguang Suixi Company**"), and Chengren Branch. The operating results of each of them are set out as follows:

Shunan Company is a wholly-owned subsidiary of the Company, mainly responsible for the implementation of the road project within Renbao Industry Park, Tianfu New District, Shuangliu County, Chengdu City in the form of BT (build-transfer) ("**Shuangliu Renbao BT Project**") (which has been completed), the road project within the Airport High-tech Industrial Functional Zone, Shuangliu County, Chengdu City, in the form of BT (build-transfer) ("**Shuangliu West Airport Phase VI BT Project**") and the Phase I road project within Zongbao ancillary area at Shuangliu County, Chengdu City in the form of BT (build-transfer) ("**Shuangliu Zongbao BT Project**"). For the Year, its income from BT Projects were approximately RMB97,593,000, and the profit was approximately RMB12,010,000, representing decreases of 89.89% and 84.42% respectively over last year. The reason for the decline is a fall in recognized profits from BT businesses as major construction works of the above BT projects were not in progress during the Year.

Shuhai Company is a non-wholly owned subsidiary of the Company, mainly engaged in the investment in road infrastructure projects and other industrial investment. For the Year, after consolidating the operation results of Zhonglu Energy Company and Shuhong Company, its revenue and other income were approximately RMB613,527,000, and the profit was approximately RMB18,726,000, representing increases of 548.61% and 505.82% respectively over last year.

Shugong Company is a wholly-owned subsidiary of the Company, mainly engaged in construction and maintenance of infrastructures such as road, bridge and tunnels. It possesses the qualifications for Grade-1 Engineering, Procurement and Construction (EPC) for road projects, and Grade-1 professional contracting services for road surface projects. In September 2012, the Company contributed additional RMB430 million to the registered capital of Shugong Company to further explore the development potential of its business. For the Year, revenue of Shugong Company was approximately RMB723,952,000 (including revenue from internal project construction which should be offset when results are consolidated), and the profit was approximately RMB38,176,000, representing a decrease of 37.91% and an increase of 12.11% respectively over last year.

Shusha Company is a wholly-owned subsidiary of the Company, mainly responsible for management of assets, service zones, advertisement, etc. along the expressways. For the Year, its revenue and income were approximately RMB23,659,000, and the profit was approximately RMB5,953,000, representing increases of 50.20% and 90.74% respectively over last year.

Shuhong Company is a wholly-owned subsidiary of Shuhai Company, currently mainly responsible for the implementation of the land-linked pilot project in Renshou County, Meishan City in the form of BT (build-transfer) (the "**Renshou Land-linked Pilot Project**"). For the Year, its income from the BT Project was approximately RMB7,995,000, and the profit was approximately RMB2,280,000, representing increases of 246.40% and 93.55% respectively over last year

Zhonglu Energy Company is a non-wholly owned subsidiary of Shuhai Company, mainly responsible for sales of petroleum products at gas stations along Chengyu Expressway and Chengren Expressway. For the Year, its revenue was approximately RMB605,531,000, and the profit was approximately RMB15,683,000, representing increases of 556.17% and 1,068.63% respectively over last year.

Chengya Oil Company is a non-wholly owned subsidiary of the Company. In January 2012, the Company contributed additional RMB12.882 million to the registered capital of Chengya Oil Company, increasing the Company's shareholding from 45% to 51%. Chengya Oil Company is mainly responsible for sales of petroleum products at gas stations along Chengya Expressway. For the Year, its revenue and income were approximately RMB371,786,000, and the profit was approximately RMB15,608,000. The financial data of Chengya Oil Company was not consolidated in last year as it was not a subsidiary controlled by the Company then.

Suiguang Suixi Company is a wholly-owned subsidiary of the Company, currently mainly responsible for the implementation of the Suiguang-Suixi Expressways BOT Project. It recorded revenue of approximately RMB219,918,000 from the construction of Sichuan Suiguang (Suining-Guang'an) Expressway ("**Suiguang Expressway**") and Sichuan Suixi (Suining-Xichong) Expressway ("**Suixi Expressway**").

Chengren Branch is a branch company of the Company, mainly responsible for the implementation of Chengren Expressway BOT Project and operation and management of Chengren Expressway. It recorded revenue of approximately RMB2,933,395,000 from the construction of the Chengren Expressway, representing an increase of 12.61% over last year (2011: approximately RMB2,604,891,000).

4. Project investment

(1) Chengren Expressway BOT Project

The total length of Chengren Expressway is approximately 106.613km, commencing from Chengdu Ring Expressway Jiangjia 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 toll fees are charged on Chengren Expressway.

Chengren Expressway is the starting section of ChengZiLuChi Expressway which runs through Chengdu economic zone and the heart of the economic region in southern Sichuan. It is an important channel in the southeastern part of the Sichuan Province leading from Sichuan Province to the sea. As the first expressway newly built within the planning of Tianfu New District, ChengZiLuChi Expressway has an important position in the strategic arrangement of Sichuan Province to build a comprehensive western transport hub.

Chengren Expressway was open to traffic on 10 September 2012, and has been put into operation for toll fees collection since zero hour 18 September 2012. The project has accomplished a series of major achievements in independent innovation and comprehensive application of technology and process since commencement of construction. It has won praise from peers at home and abroad for high standards of construction, good quality and superior environmental protection. The operation of Chengren Expressway will further consolidate the Group's position in the sector of expressway investment, management and operation in Sichuan Province and western China and promote the Group's core competitiveness.

(2) Suiguang and Suixi Expressways BOT Project

At the 2012 first extraordinary general meeting of the Company held on 13 January 2012, the investment in Suiguang Suixi Expressways BOT Project was considered and approved. According to the preliminary design document of the project, its total length is approximately 164.826km with an operation period of 29 years and 336 days, and the approved estimated preliminary investment is approximately RMB11,887 million. In July 2012, the Company established a project company Suiguang Suixi Company, which is in overall charge of the preparation, construction, operation, management and transfer of Suiguang Suixi Expressways BOT Project. As of 31 December 2012, approximately RMB222 million was invested in Suiguang and Suixi Expressways BOT Project, accounting for approximately 1.87% of the estimated total investment of the project.

Suiguang Expressway starts from the intersection of Guojunba interchange and Miansui Expressay, and ends at Zaoshan interchange overpass. Its total length is approximately 97.455km and the approved estimated preliminary investment is approximately RMB7,063 million. Suiguang Expressway will further improve the expressway network within Sichuan Province, and as the most direct and convenient expressway between Suining City and Guang'an City would divert some traffic from Suining-Guang'an Section of G42 Hurong Expressway.

Suixi Expressway, starting from Fushanba of Jixiang Town, Suining City and ending at the intersection of Taiping interchange and Guangnan Expressway, has a total length of approximately 67.371km with an approved estimated preliminary investment of approximately RMB4,824 million. 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 into a more complete and convenient expressway network, thereby enhancing the transport efficiency of the road network.

The investment in and construction of Suiguang Expressway and Suixi Expressway will ensure the sustainable development of the Group's principal businesses and are in line with the Group's development strategy of "**one main body and two wings**".

(3) Renshou Avenue Connection Line project in Renshou County, Meishan City in the form of BT (build-transfer) (the "Renshou Avenue Connection Line Project") and the land-linked pilot project in Renshou County, Meishan City in the form of BT (build-transfer) (the "Renshou Land-linked Pilot Project").

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.

In November 2012, the Renshou Avenue Connection Line Project was successfully completed and submitted to acceptance inspection. As at 31 December 2012, a total of approximately RMB50 million had been invested in the Year in Renshou Land-linked Pilot Project and a total of approximately RMB122 million had been invested since its commencement of the construction, representing approximately 38.36% of the estimated total investment of the Renshou Land-linked Pilot Project.

(4) 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 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.

As at 31 December 2012, approximately RMB144 million was invested on a cumulative basis in Shuangliu West Airport Phase VI BT Project, representing approximately 23.38% of the estimated total investment of the project.

(5) 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 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 won the bid to undertake the project, content 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.

As of 31 December 2012, approximately RMB63 million was invested on a cumulative basis in Shuangliu Zongbao BT Project, accounting for approximately 22.50% of its estimated total investment.

(6) Participation in Establishment of Sichuan Trading Landmark Company Limited ("Trading Landmark") and Sichuan Trading Industry Company Limited ("Trading Industry")

On 10 January 2013, the Company's participation in the in establishment of Trading Landmark and Trading Industry and relevant matters were approved at the General Manager's work meeting of the Company pursuant to the Company's Administrative Measures for External Investment. On 21 January 2013, the Company entered into the Trading Landmark JV Agreement and the Trading Industry JV Agreement with STI Group, Sichuan Highway Development and Sichuan Ganghang Development Company Limited ("**Sichuan Ganghang**"). Pursuant to the Trading Landmark JV Agreement, the registered capital of Trading Landmark shall be RMB100 million, of which the Company, STI Group, Sichuan Highway Development and Sichuan Ganghang shall contribute RMB15 million, RMB30 million, RMB25 million and RMB30 million respectively for 15%, 30%, 25% and 30% equity interests respectively. Pursuant to the Trading Industry JV Agreement, the registered capital of Trading Industry shall be RMB300 million, of which the Company, STI Group, Sichuan Highway Development and Sichuan Ganghang shall contribute RMB30 million, RMB120 million, RMB120 million and RMB30 million respectively for 10%, 40%, 40% and 10% equity interests respectively. Both Trading Landmark and Trading Industry were established on 31 January 2013.

"One main body and two wings" is the mid to long term development strategy of the Company. While aiming to base on the main business, we also create profit growths in other business areas in order to enhance the contributions of such other business to the Group's overall profitability level, thus expand the business development and asset size of the Company and ensure the conditions and sustainable development of the Company. As such, the Company has participated in establishment of Trading Landmark and Trading Industry.

(7) Real Estate Projects in Chengbei New Town of Renshou County

On 30 January 2013, the Company's participation in the bidding for the land use rights of three state-owned construction land parcels in Chengbei New Town, Renshou County, Meishan City, Sichuan Province for the investment and development of real estate projects was approved at the General Manager's work meeting of the Company pursuant to the Company's Administrative Measures for External Investment. On 7 February 2013, the Company won the bid for the land use rights of such land parcels, and obtained the auction confirmation （《拍賣成交確認書》）. On 22 February 2013, the Company and the Land Resources Bureau of Renshou County entered into 3 separate Land Use Rights Transfer Contracts in relation to the acquisition of the land use rights of such land parcels (with a total site area of 235,558.10 sq.m.) at an aggregate consideration of RMB920,160,000.

The Company intends to establish a project company when and as appropriate, either by itself or jointly with a suitable partner to be identified, to be in charge of the development and construction of this project.

"One main body and two wings" is the mid to long term development strategy of the Company. Whilst focusing on its main business, the Company also aims to create profit growths in other business areas in order to enhance the contributions of such other business to its overall profitability level, thus expand the business development and asset size of the Company and ensure sustainable development of the Company.

5. Financing activities of the Company

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

(1) 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.

(2) Medium-long term syndicated loan

In March 2010, the Company and nine banks including China CITIC Bank Corporation Limited Chengdu 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 31 December 2012, drawdown of the loan made by the Company aggregated approximately RMB3,911 million.

(3) Offshore bank loans

In 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 and Cathay United Bank Co, Ltd. to obtain offshore loans denominated in RMB with terms ranging from 1 year to 3 years, of offshore banking facilities totaling approximately RMB2.75 billion. As of 31 December 2012, drawdown of the loan made by the Company aggregated approximately RMB1.55 billion.

(4) Medium-term notes

On 25 April 2012, the Company completed the registration for its RMB1.3 billion 5-year medium-term notes, and in June and November 2012, successfully issued the 2012 first and second tranches of medium-term notes of RMB200 million and RMB500 million, at interest rates of 4.75% and 5.57%, respectively.

6. Continuing Connected Transaction

On 24 December 2010, the Company and Sichuan Zhineng Transportation System Management Company Limited (四川智能交通系統管理有限責任公司, "**Zhineng Company**"), an associate of Sichuan Transportation Investment Group Corporation (四川省交通投資集團有限責任公司), the controlling shareholder of the Company, entered into the service agreement in relation to provision of a computer system on expressways network toll fee collection and technological services to the expressways of the Company with service charge of 0.4% of toll income for a term of three years from 1 January 2011 to 31 December 2013.

During the Year, the Group paid a total of approximately RMB9,672,000 (2011: approximately RMB9,623,000) to Zhineng Company as service fee.

FINANCIAL REVIEW AND ANALYSIS

Summary of the Group's Operating Results

	2012	2011
	RMB'000	*RMB'000*
Revenue	**7,183,670**	6,236,966
Including: Toll income	**2,343,782**	2,346,071
Construction contract revenue	**3,844,014**	3,776,611
Profit before tax	**1,439,828**	1,565,020
Profit attributable to owners of the Company	**1,180,931**	1,304,163
Earnings per share attributable to owners of the Company *(RMB)*	**0.386**	0.426

Summary of the Group's Assets

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Total assets	**19,336,400**	16,754,726
Total liabilities	**8,889,974**	7,247,450
Non-controlling interests	**193,200**	162,116
Equity attributable to owners of the Company	**10,253,226**	9,345,160
Equity per share attributable to owners of the Company *(RMB)*	**3.353**	3.056

ANALYSIS OF OPERATING RESULTS

Revenue

The Group's revenue for the Year amounted to RMB7,183,670,000 (2011: RMB 6,236,966,000), representing an increase of 15.18% over last year, of which:

(1) The net toll income was RMB2,343,782,000 (2011: RMB2,346,071,000), representing a decrease of 0.1% over last year, mainly due to the impact of the toll-free holiday policy which was partially offset by the commencement of operation and toll collection of Chengren Expressway in September 2012. Please refer to pages 32 to 37 of this announcement for details of the main factors influencing the toll income of the Group during the Reporting Period;

(2) Construction contract revenue (before revenue taxes) recognized under the percentage-of-completion method in respect of service concession arrangements was RMB3,248,675,000 (2011: RMB2,685,924,000), representing an increase of 20.95% over last year. This mainly included RMB3,153,313,000 of construction contract revenue (before revenue taxes) (2011: RMB2,604,891,000) from the Chengren Expressway and Suiguang Suixi Expressways BOT projects and an aggregate of RM95,362,000 of construction contract revenue (before revenue taxes) (2011: RMB81,033,000) from technical renovation projects of Chengyu Expressway, Chengya Expressway and Chengle Expressway during the Year;

(3) Construction contract revenue (before revenue taxes) recognized under the percentage-of-completion method in respect of construction works performed for third parties amounted to RMB620,189,000 (2011: RMB1,136,423,000), which mainly included the construction contract revenue (before revenue taxes) of RMB197,819,000 (2011: RMB1,061,197,000) in respect of the BT projects, and other construction contract revenue (before revenue taxes) of RMB422,370,000 (2011: RMB75,226,000) during the Year;

(4) Revenue from operation of gas stations along expressways amounted to RMB970,232,000 (2011: RMB92,010,000), representing an increase of 954.49% over last year. This was mainly attributable to the consolidation of revenue of Chengya Oil Company (a subsidiary controlled by the Company) from the operation of gas stations along Chengya Expressway, and the consolidation of the full-year revenue of Zhonglu Energy Company (a subsidiary controlled by the Company) from the operation of gas stations along Chengyu Expressway (the revenue for 2011 only included two months' results) .

Other Income and Gains

The Group's other income and gains for the Year amounted to RMB183,916,000, representing an increase of 97.77% over last year. This was mainly attributable to the interest income of RMB124,582,000 (2011: RMB33,326,000) from the advance payment in respect of the BT projects of the Group recognized pursuant to relevant agreements.

Operating Expenses

The Group's operating expenses for the Year amounted to RMB5,703,674,000 (2011: RMB4,645,290,000), representing a year-on-year increase of 22.78%, of which:

(1) Construction contract costs recognized under the percentage-of-completion method in respect of service concession arrangements were RMB3,243,919,000 (2011: RMB2,675,515,000), representing a year-on-year increase of 21.24%. This mainly included construction contract costs of RMB3,153,313,000 (2011: RMB2,604,878,000) from Chengren Expressway and Suiguang Suixi Expressways BOT projects and aggregate construction contract costs of RMB90,606,000 (2011: RMB70,637,000) from technical renovation projects of Chengyu Expressway, Chengya Expressway and Chengle Expressway during the Year;

(2) The construction costs recognized under the percentage-of-completion method in respect of construction contracts amounted to RMB554,130,000 (2011: RMB929,481,000). This mainly included the construction contract costs of RMB174,590,000 (2011: RMB863,848,000) in respect of BT projects, and other construction contract costs of RMB379,540,000 (2011: RMB65,633,000) during the Year;

(3) Depreciation and amortization expenses increased by 14.95% from RMB360,018,000 in the previous year to RMB413,848,000 this Year, mainly attributable to the followings: the increase in service concession arrangements 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 with last year, the commencement of amortization for service concession arrangements in respect of Chengren Expressway after Chengren Expressway was put into operation in September 2012, and the increase in depreciation of new subsidiaries;

(4) Staff costs increased by 20.64% from RMB314,184,000 in the previous year to RMB379,047,000 this Year. This was principally due to the increases in total salary, various social insurances and housing accommodation fund paid in the Year to certain extent given the Company's business expansion and addition of controlled subsidiaries as well as the increase in staff of the Company and average salary for the working population in Chengdu;

(5) Costs of repairs and maintenance decreased by 31.05% from RMB164,022,000 in the previous year to RMB113,091,000 this Year, which represented daily maintenance costs for the Group's roads and auxiliary facilities.

Finance Costs

The Group's finance costs for the Year amounted to RMB240,791,000, representing an increase of 85.12% as compared with last year, principally attributable to (1) the increase in interest expense of RMB87,382,000 as a result of the cease of capitalization of interest on the bank loans for Chengren Expresway BOT Project after Chengren Expressway was open to public; (2) the increase in bank loans to satisfy project funding requirements and the increase in interest rate under the impact of the financial policies.

Taxation

The corporate income tax expense of the Group for the Year amounted to RMB228,917,000, representing a decrease of approximately 6.94% as compared with 2011. This was mainly due to the decrease in the Group's profit before tax for the Year.

Profit

The Group's profit for the Year amounted to RMB1,210,911,000, representing a decrease of 8.2% as compared with RMB1,319,042,000 in the previous year, of which the profit attributable to owners of the Company was RMB1,180,931,000, representing a year-on-year decrease of 9.45%. This was mainly due to:

(1) the toll income from the Group's original expressways for the Year posted a year-on-year decrease under the impact of the toll-free holiday policy, which led to a decrease in profit achieved by them for the Year; and Chengren Expressway recorded a loss of approximately RMB37,898,000 as it was just put into operation in the Year and at the initial operation stage;

(2) the newly commenced oil product sales business contributed a net profit of approximately RMB29,950,000; and

(3) the finance costs for the Year saw a significant increase as set out in the paragraph headed "Finance Costs".

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 31 December 2012, the Group's non-current assets amounted to RMB15,547,151,000, representing an increase of 18.84% as compared with the end of 2011. The increase was mainly due to:

(1) the addition in property, plant and equipment of RMB97,177,000 for the Year;

(2) an increase of RMB3,248,675,000 in service concession arrangements (including a total of RMB95,362,000 for technological renovation projects on road surface of Chengyu Expressway, Chengya Expressway and Chengle Expressway and RMB3,153,313,000 for Chengren Expressway and Suiguang Suixi Expressways BOT projects);

(3) a total of RMB413,848,000 in provision of depreciation and amortization for intangible assets;

(4) a decrease of RMB481,030,000 in prepayment related to purchase and construction of non-current assets; and

(5) an increase of RMB18,270,000 in advanced payment for land appropriation and relocation under BT projects to be recovered after one year.

Current Assets and Current Liabilities

As at 31 December 2012, the current assets of the Group amounted to RMB3,789,249,000, representing an increase of 3.19% as compared with the end of 2011, mainly attributable to:

(1) an increase of RMB109,387,000 in the closing balance of cash and cash equivalents as compared with the end of 2011 due to the Company's issue of medium term notes, increase in external borrowings, partically offset by the use of cash and cash equivalents in operating and investing activities this Year;

(2) an increase of approximately RMB11,170,000 in inventories as compared with the end of 2011 mainly due to the increase of approximately RMB19,222,000 in oil reserves of Zhonglu Energy Company and Chengya Oil Company, and a decrease of approximately RMB8,052,000 in the construction materials of Shugong Company.

As at 31 December 2012, the Group's current liabilities amounted to RMB2,795,889,000, representing a decrease of 32.12% as compared with the end of 2011, mainly attributable to repayment of the short-term commercial papers of RMB2 billion issued in 2011, an increase of approximately RMB666,000,000 in bank loans, an increase of approximately RMB8,816,000 in tax payable, and partial payment of progress billing for completed projects, which led to the decrease in trade and other payables of RMB2,020,000.

Non-current Liabilities

As at 31 December 2012, the non-current liabilities of the Group amounted to RMB6,094,085,000, representing an increase of 94.80% as compared to the end of 2011, which was principally attributable to an increase in three-year bank loan of RMB1,000,000,000, an increase of RMB700,000,000 in medium-term notes, an increase of RMB1,300,849,000 in bank loans for Chengren Expressway construction project (additional loans obtained for the project in the Year amounted to RMB1,800,849,000, of which RMB500,000,000 was repaid in advance by the Company in December 2012), and repayment of other loans amounting to RMB22,727,000.

Equity

As at 31 December 2012, the Group's equity amounted to RMB10,446,426,000, representing an increase of 9.88% as compared with the end of 2011, mainly attributable to: (1) net profit for the Year of RMB1,210,911,000 which increased the equity; (2) 2011 final dividend of RMB275,225,000 declared in the Year which decreased the equity.

Capital Structure

As at 31 December 2012, the Group had total assets of RMB19,336,400,000 and total liabilities of RMB8,889,974,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 45.98% (2011: 43.26%), with no significant changes as compared with the end of 2011.

Cash Flow

As at 31 December 2012, the closing balance of the cash and bank balance of the Group amounted to RMB1,898,327,000, including approximately HK$62,000 (equivalent to approximately RMB50,000) deposits in Hong Kong dollars, and approximately RMB1,898,277,000 cash and deposits in Renminbi, representing a net increase of RMB109,387,000 over the end of 2011. During the Year, the Group's net cash outflow from operating activities amounted to RMB783,809,000 (2011: RMB1,535,162,000), representing a decrease of net cash outflow of RMB751,353,000 from 2011.

During the Year, the cash outflow of the Group mainly consisted of expenditures of RMB1,917,557,000 in cash for the Company's daily operation and management, which increased by RMB543,991,000 over last year. In particular: (1) cash expenditure for goods purchased and labour services received increased by approximately RMB539,248,000 from last year, which was mainly attributable to the increase in costs and expenses as a result of the commencement of oil product sales business and operation of Chengren Expressway; (2) RMB338,680,000 was paid for various taxes; (3) RMB141,515,000 was paid for additional property, plant and equipment acquired and technical renovation projects on road surface of Chengyu Expressway, Chengya Expressway and Chengle Expressway, and RMB2,540,304,000 (including capitalised interest) and RMB118,298,000 were paid for construction of Chengren Expressway and Suiguang Suixi Expressways respectively; (4) RMB273,425,000 was paid for interest expenses (excluding the capitalised interests for Chengren Expressway); (5) approximately RMB288,446,000 was paid for dividends (including dividends to non-controlling shareholders).

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 settled 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 31 December 2012, the Group's interest-bearing bank and other loans amounted to RMB6,851,594,000, all of which bore fixed interest rates. In particular, the balance of domestic bank loans was RMB4,558,412,000, with annual interest rates ranging from 5.265% to 7.05%; the balance of overseas bank loans was RMB1,550,000,000, with annual interest rates ranging from 5.78% to 6.4288%; the balance of other loans amounted to RMB43,182,000, with annual interest rates ranging from 2.82% to 5.00%; and the outstanding medium-term notes amounted to RMB700,000,000, with annual interest rates ranging from 4.75% to 5.57%. The relevant balances are set out as follows:

	Maturity profile of interest-bearing borrowings			
	Total amount	**Within 1 year**	**From 1 year to 5 years**	**Over 5 years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from domestic commercial banks	4,558,412	193,000	1,145,500	3,219,912
Loans from overseas commercial banks	1,550,000	550,000	1,000,000	—
Other loans	43,182	22,727	20,455	—
Medium-term notes	700,000	—	700,000	—
Total (as at 31 December 2012)	6,851,594	765,727	2,865,955	3,219,912
Total (as at 31 December 2011)	5,220,471	2,099,727	1,402,307	1,718,437

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 and enjoyed most preferential interest rates for its loans. The Group has acquired bank facilities of RMB3,787 million from financial institutions available for use in the following one to two years. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,890 million. Such loan is specially used for construction of Chengren Expressway BOT Project. As at 31 December 2012, RMB3,911 million had been drawn down on an accumulative basis.

Contingent Liabilities and Pledge of Assets

As at 31 December 2012, the Group's time deposits of RMB10,868,000 and RMB10,333,000, respectively (2011: RMB10,522,000 and RMB10,000,000, respectively) were pledged to secure Chengren Expressway BOT Project and Suiguang Suixi Expressways BOT Project respectively; time deposits of RMB56,450,000 (2011: nil) 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 RMB153,640,000 and RMB1,144,993,000, respectively (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, respectively (2011: RMB78,000,000 and RMB106,400,000, respectively); the concession rights to collect toll income pertaining to Chengren Expressway with net carrying value of RMB7,469,649,000 (2011: RMB4,581,868,000) was pledged to secure the syndicated loan amounting to RMB3,911,012,000 (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 31 December 2012.

BUSINESS DEVELOPMENT PLANS

Based on our analysis and judgment of the business conditions, policy climate and our own development status, and in line with our business targets for year 2013, we formulated the following business plans:

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, strengthen roads marketing, enhance quality and civilized service level, improve mechanical and electrical facilities management, step up cultivation of the inspection team, together with other means, so as to enhance the profitability of the Group's principal businesses.

2. Vigorously develop businesses in relation to transport infrastructure investment and construction. On the one hand, the Company will continue to proceed properly with the projects under construction, strengthen project management and supervision to ensure achievement of pre-set goals in respect of the schedule, quality, construction costs and safety; on the other hand, the Company will identify and store up quality pipeline projects with good economic benefits and great growth potential so as to lay a solid foundation for business expansion in the future.

3. Step up efforts for the development of expressway-related industries. The Group will integrate the resources along its expressways, improve service function and vigorously expand related businesses such as oil product sales, advertising, land leasing and real estate development to foster new profit drivers for the development of the Group on the back of its existing advantages.

4. Strengthen financial management. We will tighten up financial budget management as well as cost and expense control. Meanwhile, under the premises of financial security, we will proactively explore various financing channels, step up capital operation, turn our credit and product advantages into financial edges, secure low-cost capital through diverse means, and accelerate capital expansion with an aim to ensure sufficient cash flow and financial resources to support the Group's liability level and business expansion.

5. Further optimise construction of the human resources system. We will step up efforts in the introduction and cultivation of talents, and gradually establish six in-house professional teams in expressway management, construction management, expressway-related industries, investment and development, capital operation and real estate development on the principle of streamlining for high efficiency and innovating for further development. Furthermore, we will innovate the incentives and distribution mechanism to fully activate our employees' passion and creativity at work, enhance their professional skills and comprehensive competence, strengthen development of corporate culture and corporate cohesion, so as to provide human resources backup for the development of the Group.

6. Continuously enhance comprehensive corporate management capabilitiy and efficiency. Based on "**innovative management**", we will adjust the existing management system and models when and as appropriate, improve the "**group-based**" management architecture, optimise organisational structure, cut decision-making hierarchies to boost work efficiency, strengthen execution efficiency and creativity under new circumstances, and put in place a sound corporate management system with definite division between power and obligations, scientific management and high efficiency.

Looking into the future, we will seize the historical opportunities of leapfrog development in the transportation sector of Sichuan and the construction of Chengyu Economic Zone. In line with the Group's overall requirement to "**exploit advantages, expedite development**" and under the development guideline of "**expanding one main body and two wings, and strengthening capital operation**", we strive to enhance and expand business development potential and asset scale of the Group, thus building the Company into a large infrastructure conglomerate with distinguished principal business, well-developed auxiliary business, stable operation, sound governance and supreme management standards.

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

EMPLOYEES AND THEIR REMUNERATION AND TRAINING

As at 31 December 2012, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,623
Number of in-service employees of major subsidiaries	1,508
Total number of in-service employees	4,131
Number of retired employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	61

Composition by Expertise

Type of Expertise	Number of people
Production	**2,935**
Sales	**102**
Technical	**424**
Financial	**74**
Administrative	**596**
Total	**4,131**

Educational Level

Type of Education Level	Number of people
Postgraduate	**95**
University graduate	**987**
Junior college graduate	**1,801**
Technical secondary school and below	**1,248**
Total	**4,131**

1. Employee's Remuneration

The total remuneration of the Company employees is correlated with the operating results of the Company. The wages of the 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. For the Year ended 31 December 2012, the employees' salary of the Group totaled approximately RMB252,555,000 (of which approximately RMB155,983,000 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 PRC labour security policies. Expenses for various types of social insurances 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 has made contributions to the housing accumulation fund and enterprise annuity fund for the employees in compliance with the requirements under applicable laws and policies.

3. Staff Training

The Company highly values staff training and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company has organised various centralized and specific trainings such as job-specific skills for technicians and continuing education for professional technical staff. A total of 5,186 employees of the Company (including its branches) attended the above training courses.

CORPORATE GOVERNANCE

1. Code on Corporate Governance Practices

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 (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012), as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except that Mr. Zhou Liming and Mr. Gao Chun were unable to attend the annual general meeting of the Company held on 29 May 2012, and the extraordinary general meeting of the Company held on 31 October 2012 respectively in accordance with the code provision A.6.7 under the Corporate Governance Code, both due to significant business engagement.

2. Audit Committee

The Audit Committee of the Company comprises three independent non-executive Directors, who are all professionals with extensive experience in finance and transportation industries, etc.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2012 and is of the view that the Group has complied with all applicable accounting standards and requirements and made adequate disclosure.

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

CLOSURES OF REGISTER OF MEMBERS OF H SHARES

For the purposes of determining the shareholders' entitlement to attend the 2012 annual general meeting and to receive the 2012 final dividend, the H Shares register of members of the Company will be closed during the following periods:

— **In respect of attending and voting at the 2012 annual general meeting**

Deadline for lodging transfer documents	4:30 p.m. on 26 April 2013 (Friday)
Closure period of the H Shares register of members	From 27 April 2013 (Saturday) to 28 May 2013 (Tuesday) (both days inclusive)
Record date	28 May 2013 (Tuesday)
Date of the 2012 annual general meeting	28 May 2013 (Tuesday)

— **In respect of the entitlement to 2012 final dividend**

Deadline for lodging transfer documents	4:30 p.m. on 4 June 2013 (Tuesday)
Closure period of the H Shares register of members	From 5 June 2013 (Wednesday) to 10 June 2013 (Monday) (both days inclusive)
Dividend Entitlement Date	10 June 2013 (Monday)

In order to be entitled to attend and vote at the 2012 annual general meeting, and to receive the 2012 final dividend of the Company, H shares shareholders should ensure that all transfer documents, accompanied by the relevant share certificates are lodged with the Company's H Shares Registrar, Hong Kong Registrars Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before the time above designated for lodging transfer documents.

Shareholders are advised that the Company will make separate announcement on the Shanghai Stock Exchange in respect of details of the arrangements regarding (i) the distribution of 2012 final dividend to A shares shareholders and (ii) details of A shares shareholders' eligibility for attending the 2012 annual general meeting.

PUBLICATION OF THE ANNUAL REPORT

The Company's annual report for the Year ended 31 December 2012 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*
Zhou Liming
Chairman

Chengdu, Sichuan Province, the PRC
28 March 2013

As at the date of this announcement, the Board comprises Mr. Zhou Liming (Chairman) and Mr. Gan Yongyi (Vice Chairman) as executive Directors, Madam Zhang Yang (Vice Chairman), Mr. Tang Yong, Mr. Huang Bin, Mr. Wang Shuanming and Madam Hu Yu as non-executive Directors, and Mr. Sun Huibi, Mr. Guo Yuanxi, Mr. Fang Guijin and Mr. Yu Haizong as independent non-executive Directors.

* *For identification purposes only*