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

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

(Stock Code: 00107)

2013 INTERIM RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Director(s)**”) of Sichuan Expressway Company Limited (the “**Company**” or “**Chengyu Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2013 (the “**Period**” or “**Reporting Period**”), together with the comparative figures for the corresponding period in 2012 as follows (the data herein are presented in Renminbi (“**RMB**”) except where otherwise indicated).

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		For the six months ended	
		30 June	
		2013	2012
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	3,472,360	3,444,354
Cost of sales and other direct operating costs		<u>(2,659,158)</u>	<u>(2,585,539)</u>
Gross profit		813,202	858,815
Other income and gains	4	91,105	67,395
Administrative expenses		(71,726)	(64,069)
Other operating expenses		(9,646)	(3,424)
Finance costs	5	(228,997)	(79,926)
Share of profits and losses of associates		<u>5,620</u>	<u>11,002</u>
PROFIT BEFORE TAX	6	599,558	789,793
Income tax expense	7	<u>(102,426)</u>	<u>(122,431)</u>
PROFIT FOR THE PERIOD		<u>497,132</u>	<u>667,362</u>
OTHER COMPREHENSIVE INCOME			
<i>Items to be reclassified subsequently to profit or loss:</i>			
Changes in fair value of available-for-sale investments		(2,728)	(682)
Income tax effect		<u>506</u>	<u>127</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		<u>(2,222)</u>	<u>(555)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>494,910</u>	<u>666,807</u>

		For the six months ended	
		30 June	
		2013	2012
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
Profit attributable to:			
Owners of the Company		478,087	646,934
Non-controlling interests		19,045	20,428
		<u>497,132</u>	<u>667,362</u>
Total comprehensive income attributable to:			
Owners of the Company		475,865	646,379
Non-controlling interests		19,045	20,428
		<u>494,910</u>	<u>666,807</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic and diluted	8	<u>RMB0.156</u>	<u>RMB0.212</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2013

		30 June 2013 <i>RMB'000</i> (Unaudited)	31 December 2012 <i>RMB'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	620,847	636,334
Service concession arrangements	9	15,011,800	14,136,239
Prepaid land lease payments	9	458,742	475,041
Investments in associates		60,717	69,326
Available-for-sale investments	10	112,574	70,302
Long term compensation receivables		61,649	65,527
Other receivables	14	—	90,270
Payments in advance	11	58,360	3,957
Deferred tax assets		155	155
Total non-current assets		16,384,844	15,547,151
CURRENT ASSETS			
Interests in land held for property development	12	864,066	—
Inventories		61,257	38,120
Due from customers for contract work	13	136,125	56,755
Trade and other receivables	14	2,042,860	1,796,047
Investments in debt instruments		30,688	—
Pledged deposits		167,348	77,651
Cash and cash equivalents		2,230,860	1,820,676
Total current assets		5,533,204	3,789,249

		30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Tax payable		63,565	204,922
Trade and other payables	15	1,842,405	1,825,240
Interest-bearing bank and other loans	16	691,543	765,727
Total current liabilities		2,597,513	2,795,889
NET CURRENT ASSETS		2,935,691	993,360
TOTAL ASSETS LESS CURRENT LIABILITIES			
		19,320,535	16,540,511
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	16	8,331,048	6,085,867
Deferred tax liabilities		7,712	8,218
Other payables	15	14,432	—
TOTAL NON-CURRENT LIABILITIES		8,353,192	6,094,085
Net assets		10,967,343	10,446,426
EQUITY			
Equity attributable to owners of the Company			
Issued capital		3,058,060	3,058,060
Reserves		7,413,543	6,950,521
Proposed final dividend		—	244,645
		10,471,603	10,253,226
Non-controlling interests		495,740	193,200
Total equity		10,967,343	10,446,426

1. CORPORATE INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of new Hong Kong Financial Reporting Standards (“**HKFRSs**”) and amendments to HKFRSs issued by the HKICPA that are mandatory for annual periods beginning on or after 1 July 2012 and 1 January 2013. The new HKFRSs and amendments to HKFRSs have had no significant financial effect on the financial position or performance of the Group. Further information about those new HKFRSs and amendments to HKFRSs that are applicable to the Group is described below:

HKFRS 10 *Consolidated Financial Statements*

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK-SIC 12 *Consolidation - Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC 12. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to HKAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in this interim condensed financial information has been modified accordingly.

3. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of the Company that makes strategic decisions. For management purposes, the Group is organised into business units based on their services and products and has five reportable operating segments during the Period (six months ended 30 June 2012: four), as follows:

- (a) the toll operation segment comprises the operation of expressways and a high-grade toll bridge in Mainland China;
- (b) the construction contracts segment comprises construction and upgrade services provided under the service concession arrangements and construction contracts;
- (c) the gas stations operation segment comprises the operation of gas stations along expressways and sale of petrochemical products;
- (d) the property development segment, which was newly established during the Period comprises the investment and development of properties located in Mainland China; and
- (e) the “others” segment mainly comprises advertising and the rental of properties along expressways.

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

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

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

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

The following tables present the Group's consolidated revenue, consolidated results and other consolidated information by operating segment for each of the six months ended 30 June 2013 and 2012:

For the six months ended 30 June 2013

	Toll operation <i>RMB'000</i> (Unaudited)	Construction contracts <i>RMB'000</i> (Unaudited)	Gas stations operation <i>RMB'000</i> (Unaudited)	Property development <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT REVENUE	1,160,331	1,264,079	1,034,388	—	13,562	3,472,360
SEGMENT RESULTS	518,630	95,318	25,051	—	5,383	644,382
<i>Reconciliation:</i>						
Interest income on bank deposits and investments in debt instruments						13,438
Dividend income and unallocated income and gains						14,279
Corporate and other unallocated expenses						(72,541)
Profit before tax						<u>599,558</u>
OTHER SEGMENT INFORMATION						
Share of profits and losses of associates	5,620	—	—	—	—	5,620
Depreciation and amortisation	<u>250,601</u>	<u>4,416</u>	<u>1,562</u>	<u>—</u>	<u>594</u>	<u>257,173</u>

For the six months ended 30 June 2012

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

The following tables present the Group's consolidated assets, consolidated liabilities and other consolidated information by operating segment as at 30 June 2013 and 31 December 2012:

As at 30 June 2013

	Toll operation <i>RMB'000</i> (Unaudited)	Construction contracts <i>RMB'000</i> (Unaudited)	Gas stations operation <i>RMB'000</i> (Unaudited)	Property development <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT ASSETS	16,270,326	1,672,222	547,954	864,988	20,933	19,376,423
<i>Reconciliation:</i>						
Available-for-sale investments						112,574
Deferred tax assets						155
Investments in debt instruments						30,688
Pledged deposits						167,348
Cash and cash equivalents						2,230,860
Total assets						<u>21,918,048</u>
SEGMENT LIABILITIES	9,162,625	1,295,386	368,060	—	53,357	10,879,428
<i>Reconciliation:</i>						
Tax payable						63,565
Deferred tax liabilities						7,712
Total liabilities						<u>10,950,705</u>
OTHER SEGMENT INFORMATION						
Investments in associates	56,267	—	—	—	4,450	60,717
Capital expenditure*	<u>1,078,808</u>	<u>19,294</u>	<u>5,915</u>	<u>36</u>	<u>245</u>	<u>1,104,298</u>

As at 31 December 2012

	Toll operation <i>RMB'000</i>	Construction contracts <i>RMB'000</i>	Gas stations operation <i>RMB'000</i>	Property development <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT ASSETS	15,458,141	1,797,538	90,865	—	21,072	17,367,616
<i>Reconciliation:</i>						
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
SEGMENT LIABILITIES	7,416,643	1,221,197	11,065	—	27,929	8,676,834
<i>Reconciliation:</i>						
Tax payable						204,922
Deferred tax liabilities						8,218
Total liabilities						8,889,974
OTHER SEGMENT INFORMATION						
Investments in associates	64,876	—	—	—	4,450	69,326
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.

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

Revenue from sales of petrochemical products to a third-party customer amounting to RMB357,822,000 accounted for more than 10% of the Group's revenue during the Period. During the six months ended 30 June 2012, no revenue was derived from a customer which amounted to 10% or more the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Toll income		
— Chengyu Expressway	474,766	591,714
— Chengya Expressway	289,632	336,130
— Chengren Expressway	207,444	—
— Chengle Expressway	190,013	215,970
— Chengbei Exit Expressway and Qinglongchang Bridge	39,492	55,666
	1,201,347	1,199,480
Less: Revenue taxes	(41,016)	(41,239)
Sub-total	1,160,331	1,158,241
Construction revenue in respect of		
— Service concession arrangements	1,083,308	1,681,392
— Construction works performed for third parties	194,868	129,187
	1,278,176	1,810,579
Less: Revenue taxes	(14,097)	(5,355)

	For the six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Sub-total	<u>1,264,079</u>	<u>1,805,224</u>
Revenue from operation of gas stations	1,034,388	474,166
Others (including income from rental of properties and advertising)	<u>13,562</u>	<u>6,723</u>
Total revenue	<u>3,472,360</u>	<u>3,444,354</u>
Other income and gains		
Interest income from bank deposits and investments in debt instruments	13,438	10,587
Interest income from discounting of long term compensation receivables	9,595	10,011
Interest income from construction contracts	53,793	29,016
Gain on disposal of land use rights	1,943	—
Rental income	2,245	3,443
Dividend income from available-for-sale investments	1,023	5,621
Compensation	8,781	7,267
Miscellaneous	<u>287</u>	<u>1,450</u>
	<u>91,105</u>	<u>67,395</u>
Total revenue, other income and gains	<u><u>3,563,465</u></u>	<u><u>3,511,749</u></u>

5. FINANCE COSTS

	For the six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other loans		
wholly repayable within five years	214,621	153,138
Interest on other bank loans	4,150	3,322
Interest on short term commercial papers	—	17,560
Interest on medium term notes	29,236	317
Cost on issuance of medium term notes	—	600
Bank charges	240	3,080
	248,247	178,017
Less: Interest and bank charges capitalised in service concession arrangements (<i>note 9 (c)</i>)	(19,250)	(98,091)
	228,997	79,926
Interest rate of borrowing costs capitalised in the range of:	5.48% - 6.43%	5.85% - 7.05%

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Construction costs in respect of:		
— Service concession arrangements*	1,060,832	1,681,392
— Construction works performed for third parties*	161,326	126,458
Depreciation and amortisation expenses (<i>note 9</i>)	257,173	188,635
Employee costs	196,542	151,915
Repairs and maintenance expenses	14,254	21,525
Auditors' remuneration	581	674
Minimum lease payments under operating leases:		
Land and buildings	11,187	9,842
Gain on disposal of land use rights	(1,943)	—
Loss on disposal of items of property, plant and equipment	<u>3,016</u>	<u>542</u>

* During the Period, employee costs of RMB20,814,000 (six months ended 30 June 2012: RMB16,287,000) and depreciation charge of RMB3,305,000 (six months ended 30 June 2012: RMB3,302,000) are included in the construction costs in respect of service concession arrangements and construction works performed for third parties.

7. INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China		
Charged for the Period	101,805	121,548
Underprovision in prior years	621	883
Total tax charge for the period	102,426	122,431

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

Except for the companies mentioned below that are entitled to a preferential tax rate, the subsidiaries and associates of the Company are required to pay corporate income tax at the standard rate of 25%.

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

The share of tax attributable to associates amounting to RMB999,000 (six months ended 30 June 2012: RMB1,911,000) is included in “Share of profits and losses of associates” on the face of the interim consolidated statement of comprehensive income.

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

The calculation of basic earnings per share is based on the profit for the Period attributable to equity holders of the Company of RMB478,087,000 (six months ended 30 June 2012: RMB646,934,000) and the number of ordinary shares of 3,058,060,000 (six months ended 30 June 2012: 3,058,060,000) in issue during the Period.

No adjustment has been made to the basic earnings per share amounts presented for each of the six months ended 30 June 2012 and 2013 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during these periods.

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

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

	Property, plant and equipment <i>RMB'000</i> (Unaudited)	Service concession arrangements <i>RMB'000</i> (Unaudited)	Prepaid land lease payments <i>RMB'000</i> (Unaudited)
Carrying amounts at beginning of the Period	636,334	14,136,239	507,173
Additions	20,990	1,083,308	—
Disposals	(3,080)	—	(328)
Depreciation/amortisation charged for the Period	<u>(33,397)</u>	<u>(207,747)</u>	<u>(16,029)</u>
Carrying amounts at end of the Period	620,847	15,011,800	490,816
Portion classified as current assets	<u>—</u>	<u>—</u>	<u>(32,074)</u>
Non-current portion	<u><u>620,847</u></u>	<u><u>15,011,800</u></u>	<u><u>458,742</u></u>

Notes:

- (a) At 30 June 2013 and 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 16 (a)):

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Chengren Expressway	7,413,454	7,469,649
Chengle Expressway	1,123,594	1,144,993
Chengbei Exit Expressway	146,217	153,640
Chengya Expressway	2,450,555	—
	<u>11,133,820</u>	<u>8,768,282</u>

- (b) During the Period, the Group was in the construction of Suining-Guang'an Expressway and Suining-Xichong Expressway in the form of Build-Operate-Transfer mode (the “**Suiguang-Suixi Expressways BOT Project**”). Total construction costs of RMB1,044,498,000 (six months ended 30 June 2012: Nil) were incurred, among which RMB808,133,000 is sub-contracted to third party subcontractors.

In addition, construction revenue of RMB1,063,050,000 (six months ended 30 June 2012: Nil) was recognised in respect of the construction service provided by the Group for the Suiguang-Suixi Expressways BOT Project using the percentage of completion method during the Period. Construction revenue was included in the additions to service concession arrangements which will be amortised upon the commencement of operation of the Suiguang-Suixi Expressways.

- (c) Additions to service concession arrangements during the Period include interests and bank charges capitalised in respect of bank loans amounting to RMB19,250,000 (six months ended 30 June 2012: RMB98,091,000).

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Listed equity investments, at fair value:		
Mainland China	49,275	52,003
Unlisted equity investments, at cost	63,299	18,299
	<u>112,574</u>	<u>70,302</u>

The above investments consisted of investments in equity securities which are designated as available-for-sale financial assets and have no fixed maturity date or coupon rate. The fair values of listed equity investments are based on quoted market prices.

The unlisted equity investments represent the Group's investments in enterprises domiciled in Mainland China. They are stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

11. PAYMENTS IN ADVANCE

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Payments in advance in respect of:		
— Suiguang-Suixi Expressways BOT Project	57,165	—
— Upgrading projects along existing expressways	1,195	3,957
	<u>58,360</u>	<u>3,957</u>

12. INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT

On 22 February 2013, the Group entered into three separate land use rights transfer contracts with the Land Resources Bureau of Renshou County, pursuant to which the Group obtained the land use rights of three parcels of land with an aggregate granted area of 235,558.10 square metres at an aggregate consideration of RMB920,160,000. The three parcels of land are all located in the Chengbei New Town of Renshou County, Meishan City, Sichuan Province, the PRC and with lease term of 40 years for commercial use and 70 years for residential use, respectively.

As at 30 June 2013, interests in land held for property development represented partial consideration of RMB819,560,000 paid by the Group and incidental costs of RMB44,506,000 incurred in connection with the acquisition of land. The balance of the purchase of consideration of RMB100,600,000 has been settled by the Group in July 2013.

13. CONSTRUCTION CONTRACTS IN PROGRESS

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Contract costs incurred plus recognised profits to date	240,434	59,141
Less: Progress billings	(104,309)	(2,386)
Construction contracts in progress	<u>136,125</u>	<u>56,755</u>
<i>Representing:</i>		
Amount due from customers for contract work	<u>136,125</u>	<u>56,755</u>

At 30 June 2013, retentions held by customers for contract works included in the Group's trade receivables amounted to approximately RMB24,201,000 (31 December 2012: RMB19,121,000).

14. TRADE AND OTHER RECEIVABLES

		30 June 2013 <i>RMB'000</i> (Unaudited)	31 December 2012 <i>RMB'000</i>
	<i>Notes</i>		
Trade receivables			
Trade receivables		1,268,871	1,015,952
Impairment		—	—
Trade receivables, net	(a)	1,268,871	1,015,952
Other receivables			
Other receivables	(b)	757,675	868,209
Impairment		(112,771)	(112,771)
Other receivables, net		644,904	755,438
Deposits		47,575	52,479
Prepayments		81,510	62,448
Other receivables, net		773,989	870,365
Total trade and other receivables		2,042,860	1,886,317
Non-current portion		—	(90,270)
		2,042,860	1,796,047

Notes:

- (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 individual construction contract customers is considered on a case-by-case basis and is set out in the construction contracts, as appropriate.

According to the contracts governing the relevant construction works, as at 30 June 2013, trade receivables of RMB761,419,000 (31 December 2012: RMB922,688,000) 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% (31 December 2012: 6.65% to 10.00%) per annum.

In addition, a credit period of 1 month from the invoice date is granted to certain customers that purchase petrochemical products from the Group.

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Within 3 months	426,031	201,227
3 to 6 months	174	—
6 to 12 months	203,934	47,587
Over one year	638,732	767,138
	<u>1,268,871</u>	<u>1,015,952</u>

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Neither past due nor impaired	701,062	890,001
Past due but not impaired:		
Within 3 months	507,013	119,281
3 to 6 months	17	3,675
6 to 12 months	59,022	2,551
Over one year	1,757	444
	<u>1,268,871</u>	<u>1,015,952</u>

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

Except as disclosed above, the remaining trade receivables are unsecured and non-interest-bearing.

- (b) The Group's other receivables as at the end of the reporting period are analysed as follows:

	30 June	31 December
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	
Temporary advances	442,830	544,614
Interest receivables on temporary advances	75,050	56,516
Long term compensation receivables		
to be received within one year	16,878	3,405
Miscellaneous	222,917	263,674
	757,675	868,209

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 (31 December 2012: 7.00% to 10.00% per annum).

The aged analysis of the other receivables (net of impairment) as at the end of the reporting period that are not considered to be impaired is as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Neither past due nor impaired	265,570	454,981
Past due but not impaired:		
Within 3 months	215,334	300,457
6 to 12 months	164,000	—
	<u>644,904</u>	<u>755,438</u>

Receivables that were neither past due nor impaired related to a large number of diversified debtors for whom there was no recent history of default.

Receivables that were past due but not impaired relate to certain 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.

15. TRADE AND OTHER PAYABLES

		30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
	<i>Notes</i>		
<i>Current portion:</i>			
Trade payables	(a)	720,473	304,789
Other payables	(b)	1,057,016	1,473,902
Accruals	(c)	60,540	46,549
Deferred income	(d)	4,376	—
		<u>1,842,405</u>	<u>1,825,240</u>
<i>Non-current portion:</i>			
Deferred income	(d)	14,432	—
		<u>1,856,837</u>	<u>1,825,240</u>

Notes:

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

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
Within 3 months	517,890	92,495
3 to 6 months	34,909	12,574
6 to 12 months	90,434	152,355
Over one year	77,240	47,365
	<u>720,473</u>	<u>304,789</u>

The trade payables are non-interest-bearing and are normally settled within one to twelve months, except for retention payables from construction projects of RMB6,666,000 (31 December 2012: RMB7,929,000) which are normally settled within two years.

- (b) Other payables at 30 June 2013 mainly included the following balances:
- (i) Progress billing payables of RMB486,926,000 (31 December 2012: RMB851,362,000) in connection with the construction of the Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project.
 - (ii) Retention payables and deposits of RMB205,989,000 (31 December 2012: RMB290,458,000) in respect of the construction of the Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project, among which a performance guarantee deposit of approximately RMB17,045,000 (31 December 2012: RMB24,024,000) received from subcontractors bears interest at a rate of 0.35% (31 December 2012: 0.35% to 0.50%) per annum.
- (c) The balance as at 30 June 2013 consisted of interest accrued in respect of medium term notes of RMB23,595,000 (31 December 2012: RMB6,823,000) and interest-bearing bank loans of RMB36,945,000 (31 December 2012: RMB39,726,000).
- (d) Deferred income represents leasing income received in advance from the long-term operating lease and is released to profit or loss as rental income in accordance with the operating lease tenure of 17 years. Deferred income to be released to profit or loss after twelve months from 30 June 2013 of RMB14,432,000 has been recorded as non-current liabilities.

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

16. INTEREST-BEARING BANK AND OTHER LOANS

		30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000
	<i>Notes</i>		
Bank loans:			
Secured and guaranteed	(a)	2,106,400	1,106,400
Secured	(a)	4,986,802	4,002,012
Unsecured		593,026	1,000,000
Medium term notes	(b)	1,300,000	700,000
Other loans, unsecured	(c)	36,363	43,182
		<u>9,022,591</u>	<u>6,851,594</u>
Portion classified as current liabilities		<u>(691,543)</u>	<u>(765,727)</u>
Non-current portion		<u><u>8,331,048</u></u>	<u><u>6,085,867</u></u>

At 30 June 2013, all interest-bearing bank and other loans of the Group were denominated in RMB.

Notes:

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

		30 June 2013 RMB'000 (Unaudited) (Bank loan amount)	31 December 2012 RMB'000
	<i>Notes</i>		
Secured by concession rights of:			
Chengbei Exit Expressway (note 9)		48,000	91,000
Chengle Expressway (note 9)	(i)	106,400	106,400
Chengren Expressway (note 9)		3,911,012	3,911,012
Chengya Expressway (note 9)		1,000,000	—
Secured by pledged time deposits	(ii)	<u>2,027,790</u>	<u>1,000,000</u>
		<u><u>7,093,202</u></u>	<u><u>5,108,412</u></u>

- (i) The bank loan was also guaranteed by Sichuan Highway Development Holding Company (“**Sichuan Highway Development**”) for nil consideration.
- (ii) As at 30 June 2013, time deposits of RMB112,150,000 (31 December 2012: RMB56,450,000) were pledged to China Construction Bank Chengdu Xinhua Branch to counter guarantee the Group’s bank loans of RMB2,000,000,000 (31 December 2012: RMB1,000,000,000) granted by China Construction Bank (Asia) and China Construction Bank (Tokyo).

As at 30 June 2013, time deposits of RMB29,176,000 (31 December 2012: nil) were pledged for a short term loan of RMB27,790,000 (31 December 2012: nil) granted by China CITIC Bank Chengdu Gaosheng Road Branch.

The bank loans bear interest at the respective fixed rates ranging from 5.26% to 7.05% (31 December 2012: 5.27% to 7.05%) per annum.

- (b) In June 2012 and 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 in June 2017 and November 2017, respectively.

In March 2013, the Company issued medium term notes of RMB600 million to domestic institutional investors participating in the PRC interbank debt market. The medium term notes were issued at a par value of RMB100 per unit, with an interest rate of 5.23% per annum, and will be repaid in March 2018.

- (c) Other loans are unsecured and bear interest at the respective fixed rates ranging from 3.80% to 5.00% (six months ended 30 June 2012: from 2.82% to 5.00%) per annum.

The carrying amounts of the Group's current portion of bank and other loans approximate to their fair values. The fair values of the Group's bank and other loans (non-current portion) have been estimated using a valuation technique based on assumptions that are supported by observable market rates, which are as follows:

	Carrying amounts		Fair values	
	30 June 2013 <i>RMB'000</i> (Unaudited)	31 December 2012 <i>RMB'000</i>	30 June 2013 <i>RMB'000</i> (Unaudited)	31 December 2012 <i>RMB'000</i>
Bank loans	7,017,412	5,365,412	6,436,314	5,073,892
Medium term notes	1,300,000	700,000	1,245,675	621,475
Other loans	13,636	20,455	12,517	18,551
	<u>8,331,048</u>	<u>6,085,867</u>	<u>7,694,506</u>	<u>5,713,918</u>

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

17. DIVIDENDS

At a meeting of the Board of Directors held on 29 August 2013, the Directors of the Company resolved not to pay an interim dividend to shareholders (six months ended 30 June 2012: Nil).

The proposed final dividend of RMB0.080 per ordinary share for the year ended 31 December 2012 (2011: RMB0.090) was declared and paid during the Period.

RESULTS

The revenue and profit of the Group were mainly derived from the operation of and investments in toll roads. During the Reporting Period, the Group saw a decline in its overall profitability due to combined impact of various negative factors including slowing macro-economic growth, toll-free travel for small passenger vehicles on major festivals and holidays, earthquakes, changes in road networks and periodic losses after opening of new roads. To cope with the changes in business environment, the Group, on one hand, strove to improve the business performance of its road assets through continuous enhancement and improvement of the operation and management of its existing assets and the adoption of proactive management and marketing strategies in the Reporting Period; and on the other hand steadily promoted its oil and petrochemical products sales and project construction businesses and actively expanded other new business types with a view to fostering new profit drivers and securing the healthy and sustainable development of the Group.

During the Reporting Period, the revenue of the Group amounted to approximately RMB3,472,360,000, representing an increase of approximately 0.81% year-on-year, among which the net toll income amounted to approximately RMB1,160,331,000, up approximately 0.18% year-on-year, the net revenue from construction contracts amounted to approximately RMB1,264,079,000, down approximately 29.98% year-on-year (including the construction contracts revenue of approximately RMB1,064,167,000 from Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project, which was recognized according to the Hong Kong Financial Reporting Standards, down 36.16% year-on-year), the revenue from operation of gas stations along the expressways amounted to approximately RMB1,034,388,000, representing an increase of 118.15% year-on-year, and revenue from other income and gains (before revenue taxes) amounted to approximately RMB91,105,000, up 35.18% year-on-year. The profit attributable to the owners of the Company was approximately RMB478,087,000, representing a decrease of 26.10% year-on-year. Basic earnings per share was approximately RMB0.156 (the same period of 2012: approximately RMB0.212).

As at 30 June 2013, the Group's total assets amounted to approximately RMB 21,918,048,000 and equity attributable to the owners of the Company amounted to approximately RMB10,471,603,000.

BUSINESS REVIEW AND ANALYSIS

The Group's profit was mainly derived from the operation of and investments in toll roads. During the Period, the Group mainly operated 5 toll expressways, namely, Chengyu (Chengdu-Chongqing) Expressway (Sichuan Section) (**“Chengyu Expressway”**), Sichuan Chengya (Chengdu-Ya'an) Expressway (**“Chengya Expressway”**), Sichuan Chengle (Chengdu-Leshan) Expressway (**“Chengle Expressway”**), Chengdu-Meishan (Renshou) Section of ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway (**“Chengren Expressway”**) and Chengdu Chengbei Exit Expressway (**“Chengbei Exit Expressway”**), with a total length of approximately 573km.

1. Operating conditions of the Group's principal operations

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

Item	Toll income for the Period (RMB'000)	Percentage in the total toll income (%)	Toll income for the same period in 2012 (RMB'000)	Percentage in the total toll income (%)	Profit/(loss) for the Period (RMB'000)	Year-on-year increase/ (decrease)
						in profit/loss (%)
The Company (Note 1)	474,766	39.52	591,714	49.33	261,657	(23.70)
Chengya Branch (Note 2)	289,632	24.11	336,130	28.02	124,063	(25.52)
Chengle Company (Note 3)	190,013	15.82	215,970	18.01	100,275	(20.73)
Chengren Branch (Note 4)	207,444	17.27	—	—	(41,972)	—
Chengbei Company (Note 5)	39,492	3.28	55,666	4.64	19,846	(39.25)
Total	<u>1,201,347</u>	<u>100.00</u>	<u>1,199,480</u>	<u>100.00</u>	<u>463,869</u>	<u>(30.63)</u>

Notes:

1. For the purpose of this table only, the Company does not include Chengya Branch (the full name of the company is shown in Note 2 below) and Chengren Branch (the full name of the company is shown in Note 4 below). The Company is responsible for the operation and management of Chengyu Expressway, and profit for the Period 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, is responsible for the operation and management of Chengya Expressway.
3. Chengle Company, a wholly-owned subsidiary of the Company, 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, is responsible for the operation and management of Chengren Expressway.
5. Chengbei Company, a subsidiary of the Company, is responsible for the operation and management of Chengbei Exit Expressway and Qinglongchang Bridge. The toll income of Chengbei Company was the aggregate amount of the toll incomes of Qinglongchang Bridge and Chengbei Exit Expressway. For the purpose of this table only, profit for the Period does not include any dividend income from available-for-sale investments.

Operation of major expressways of the Group:

Item	Shareholding percentage	Converted average daily traffic flow			Toll income		
		For the Period	For the same period in 2012	Increase/ (decrease)	For the Period	For the same period in 2012	Increase/ (decrease)
		(vehicles/times)	(vehicles/times)	(%)	(RMB'000)	(RMB'000)	(%)
Chengyu Expressway	100%	19,993	24,075	(16.96)	474,766	591,714	(19.76)
Chengya Expressway	100%	19,283	17,662	9.18	289,632	336,130	(13.83)
Chengle Expressway	100%	20,782	19,444	6.88	190,013	215,970	(12.02)
Chengren Expressway	100%	19,993	—	—	207,444	—	—
Chengbei Exit Expressway (including Qinglongchang Bridge)	60%	34,422	35,025	(1.72)	39,492	55,666	(29.06)

During the Reporting Period, the net toll income of the Group was approximately RMB1,160,331,000, representing a slight increase of approximately 0.18% as compared with the same period last year. The percentage of the toll income to the Group's total revenue was approximately 33.42%, representing a year-on-year decrease of approximately 0.21 percentage point. During the Reporting Period, the following factors constituted combined effects on the operating performance of the Group's toll roads:

- (1) The economic development level is a key factor which the growth of traffic demand hinges on. According to preliminary estimation, China's gross domestic product for the first half of 2013 was approximately RMB24,800.9 billion, up approximately 7.6%¹ year-on-year. China's macro-economy did not sustain the rebounding trend seen at the end of 2012 and the domestic economic growth decelerated. The lack of drivers in the real economy for endogenous growth directly cramped the transport demand, especially the demand for freight transportation, leading to a slowdown in natural growth rate of traffic flows of all toll roads across the board.

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

- (2) In the first half of 2013, with Sichuan Province hit by natural disasters such as earthquake and rainstorm, the production and operation activities of many enterprises within the province as well as the frequent travel of residents were affected. At the same time, the Company allowed toll-free travel from 20 April 2013 for all vehicles on its Chengya Expressway in the aftermath of the earthquake in Ya'an of Sichuan province and continued such practice for disaster-relief vehicles after resumption of tolls collection from 9 June 2013, resulting a decline in the Group's toll income.
- (3) Although the economic and social development of Sichuan Province was depressed by natural disasters, the impact was regional and short-term. Boosted by the policies such as the Development of the Western Regions, the construction of Chengyu Economic Zone and Tianfu New District, the interactive development of new industrialization and new urbanization and the “multipoint and multi-pole underpinning” strategy, the gross regional product of the province for the first half of 2013 amounted to approximately RMB1,165.51 billion, up approximately 10.1%² year-on-year and 2.5 percentage points higher than the national average growth level, creating a relatively stable regional environment for operation of the Group.
- (4) Sichuan Province pushed ahead with the construction of an integrated transportation hub in western regions at a faster speed, and continuously stepped up efforts in construction of traffic road networks. In May 2013, the provincial government formulated the “Plan for Advancing the Construction of Expressways in Sichuan Province (2013-2017)”. Pursuant to this plan, by the end of 2013 and 2015, the total length of expressways opened to traffic in the province will be more than 5,000km and 6,000km respectively; the target for the end of 2017 is more than 7,000km for the total length of expressways opened to traffic and 8,500km for the length of expressways with construction completed or under construction, to materialize the expressways with construction completed or under construction in all places where the municipal (prefectural) government are located and in 144 of the 158 counties (cities or regions) covered by the plan, to build 20 routes leading out of Sichuan, to substantially finish the construction of a wide-coverage network of expressways with convenient traffic and well-established supporting facilities³. The rapid development of the industry and the regional economy will promote each other, bringing better development opportunities for enterprises operating expressways within the province.

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

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

- (5) During the 2013 Chinese New Year, Ching Ming Festival and May Day, the Group continued to implement the toll-free policy for small passenger vehicles at all of its expressways, which resulted in a noticeable decrease in the Group's toll income.
- (6) Tolls on all those secondary roads within Sichuan Province with repayment of their bank loans undertaken by the government were cancelled from 1 January 2013, which on one hand would help to reduce road transport costs and social burdens and improve the efficiency of passenger and freight transport, but on the other would cause changes in the distribution of traffic flows within the province. As such, the operating performance of some of the Group's expressways was affected.

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 works conducted on circumjacent roads. During the Reporting Period, the Group's expressways were affected by such factors to various extents:

Changes in expressway networks — As the Chengdu-Meishan (Renshou) section and Neijiang-Zigong section of ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway were completed and open to traffic on 10 September 2012 and 19 December 2012 respectively, and the Yilu (Yibin-Luzhou) Expressway (completed on 26 December 2012) and Luyu (Luzhou-Chongqing) Expressway (completed on 3 June 2013) were open to traffic successively, the expressway network of southern Sichuan began to take shape. The interconnection and improvement of the road networks not only expanded the highway transport capabilities of southern Sichuan, but also led to corresponding changes in the traffic distribution and composition in the region, causing traffic diversion to the Group's Chengyu Expressway, Chengle Expressway and Chengya Expressway to various extents.

Local parallel highways becoming toll-free — The Panduhe Toll Station of the local Jiajiang-Leshan highway and the Yongxin Toll Station of the local Jiajiang-Emei highway were removed in succession since December 2012, and these local highways became toll-free, which has diverted some traffic from Chengle Expressway. On 4 February 2013, the expansion and reconstruction works at Chengdu-Xindu section of Dajian Highway were completed and the highway was open to traffic, thus connecting Gaosuntang and Xindu districts in Chengdu and, together with the Ring Expressway (繞城高速), the Freight Highway(貨運大道), and Logistics Highway (物流大道) forming a circumferential traffic network. Furthermore, as the Dajian Highway is toll-free, certain vehicles bypass Chengbei Exit Expressway, thereby leading to a decrease in its toll income.

Construction works on circumjacent roads — The main highways from Pengshan Exit of Chengle Expressway to the county seat of Pengshan have been closed due to the construction of Chengmianle intercity rail since 18 May 2013, leaving vehicles heading for Chengdu and Leshan to travel through Qinglong Station or Meishan Station to access Chengle Expressway. The construction works is expected to last for six months, which causes a decrease in the traffic volume at Qinglong-Meishan section of Chengle Expressway during the period.

2. Operating results of other businesses

During the Reporting Period, other than revenue from toll operation segment, the Group recorded revenue from other segments, other income and gains of approximately RMB2,403,134,000, representing an increase of approximately 2.11% over the same period last year, including RMB1,264,079,000 (the same period last year: RMB1,805,224,000) from the construction contracts segment, RMB1,034,388,000 from the gas stations operation segment (the same period last year: RMB474,166,000) and RMB104,667,000 of revenue from other segments, other income and gains (the same period last year: RMB74,118,000).

Chengdu Shuhai Investment Management Company Limited (“**Shuhai Company**”), a subsidiary of the Company, is mainly engaged in the investment in road infrastructure projects and other industrial investment. In order to cater to the Group’s overall development plan and facilitate further development of Shuhai Company, the Company entered into an equity transfer agreement on 26 March 2013 to purchase the 0.1% equity interest in Shuhai Company from Sichuan Jingchuan Highway Engineering (Group) Company Limited (四川京川公路工程(集團)有限公司) at the consideration of RMB235,200. Upon completion of change in business registration on 24 April 2013, Shuhai Company became a wholly-owned subsidiary of the Company.

Sichuan Shugong Expressway Engineering Company Limited (“**Shugong Company**”), formerly a wholly-owned subsidiary of the Company, is mainly engaged in construction and maintenance of infrastructures such as roads, bridges 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 order to integrate industrial advantages and accelerate the development of Shugong Company, the Board of the Company passed a resolution on 2 April 2013, approving the Company to transfer, by way of transfer agreement, its 39% equity interest in Shugong Company to Sichuan Highway Development at a consideration of RMB209,298,900 and its 10% equity interest in Shugong Company to Sichuan Ganghang Development Company Limited (“**Sichuan Ganghang**”) at a consideration of RMB53,666,400. Upon completion of the said equity transfers, Shugong Company became a joint stock limited company. On 28 May 2013, Shugong Company reformed as Sichuan Trading Construction Holding Company Limited (“**Trading Construction Company**”) after completion of change in business registration, and all of its then existing assets, liabilities, businesses, organizations, personnel, together with its credits and debts, were transferred to and assumed by Trading Construction Company. The Company, Sichuan Highway Development and Sichuan Ganghang respectively holds 51%, 39% and 10% equity interest in Trading Construction Company.

3. Project investment

Suiguang-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 164.826 km 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 Sichuan Suiguang-Suixi Expressway Company Limited (“**Suiguang Suixi Company**”), which is in overall charge of the preparation, construction, operation, management and transfer of Suiguang-Suixi Expressways BOT Project. During the six months ended 30 June 2013, approximately RMB1,064 million has been invested in Suiguang-Suixi Expressways BOT Project. Since commencement of construction of this project, a total of approximately RMB1,286 million had been invested, accounting for approximately 10.82% of the estimated total investment of the project.

Suiguang Expressway starts from the intersection of Guojunba interchange and Miansui Expressway, and ends at Zaoshan interchange overpass. Its total length is approximately 97.455 km 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 it would divert some traffic from Suining-Guang'an Section of G42 Hulong 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 67.371 km 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”.

The land-linked pilot project in Renshou County, Meishan City in the form of BT (build-transfer) (“Renshou Land-linked Pilot BT Project”)

At the 34th meeting of the fourth session of the Board of the Company held on 28 January 2011, the proposal in relation to the investment in Renshou Land-linked Pilot BT Project was considered and approved. Chengdu Shuhong Property Company Limited (**“Shuhong Company”**) was established in July 2011 to take charge of the implementation of this project. The Renshou Land-linked Pilot BT Project, with an estimated total investment of approximately RMB317.846 million, 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.

As at 30 June 2013, a total of approximately RMB122 million had been invested in Renshou Land-linked Pilot BT Project since its commencement of the construction, representing approximately 38.36% of the estimated total investment of this project.

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”)

At the 41st meeting of the fourth session of the Board held on 13 January 2012, the Board considered and approved the resolutions such as the investment in and construction of the Shuangliu West Airport Phase VI BT Project by the Company, and approved Sichuan Shunan Investment Management Company Limited (**“Shunan Company”**) to be the project company responsible for the preparation, construction and transfer of the project. On 17 January 2012, the Company was chosen to undertake the project, content of which includes a total of 4 roads, i.e. south extension line of Aviation Avenue, the road on the east side of Rayspower, Airport Road No. 4 and the west extension line of Industrial Park Avenue, with a total length of approximately 8.84 km. The estimated total investment amount is approximately RMB616,070,000, including land requisition and relocation fee of approximately RMB163,030,000 and expenditures for road construction and installation of relevant facilities of approximately RMB453,040,000.

As at 30 June 2013, approximately RMB144 million was invested on a cumulative basis in Shuangliu West Airport Phase VI BT Project since commencement of construction, representing approximately 23.38% of the estimated total investment of the project.

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”)

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 3.23 km. The estimated total investment amount is approximately RMB279,630,000, including land requisition and relocation fee of approximately RMB79,370,000 and expenditures for road construction and installation of relevant facilities of approximately RMB200,260,000.

As at 30 June 2013, approximately RMB63 million was invested on a cumulative basis in Shuangliu Zongbao BT Project since commencement of construction, representing approximately 22.50% of the estimated total investment of the project.

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 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 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.

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 a transfer price of RMB920,160,000. At the 5th meeting of the fifth session of the Board of the Company held on 16 May 2013, the proposal in relation to the establishment of Renshou Trading Landmark Company Limited (**"Renshou Landmark Company"**) was considered and approved, and the related capital contribution agreement was entered into with Trading Landmark after the meeting. Pursuant to this agreement, Renshou Landmark Company, with a registered capital of RMB200 million will be owned as to 91% and 9% by the Company and Trading Landmark respectively by virtue of their respective capital contribution of RMB182 million and RMB18 million. Renshou Landmark Company was incorporated on 24 May 2013, and will take full 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 by participating in the establishment of Trading Landmark and Trading Industry, and investing and developing the real estate projects in Chengbei New Town of Renshou County, in order to enhance the contributions of such other business to the overall profitability level of the Group, thus further expand the business development and asset size of the Group and ensure sustainable development of the Group.

4. Financing activities of the Company

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 30 June 2013, drawdown of the loan made by the Company aggregated approximately RMB3,911 million.

Offshore bank loans

In the first half of 2013, the Company successively entered into loan contracts with Bank of China Limited Tokyo Branch and nine overseas financial institutions including The Hongkong and Shanghai Banking Corporation Limited to obtain an offshore loan of RMB1 billion and an offshore syndicated loan aggregating RMB1 billion, respectively. As at 30 June 2013, the said two RMB-denominated offshore loans had been fully drawn by the Company.

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 annual interest rates of 4.75% and 5.57%, respectively. On 21 March 2013, the Company successfully issued the 2013 first tranche of medium-term notes of RMB600 million at an annual interest rate of 5.23%.

Entrusted Debt Investment

On 13 March 2013, the Company (as the financing party) entered into an entrusted debt investment agreement with aggregated amount of RMB400 million with Bank of China Limited Sichuan Branch (Wealth Management) (as the entrustor) and Bank of China Limited Sichuan Branch (as the trustee). As at 30 June 2013, drawdown of the financing facilities made by the Company under the entrusted debt investment agreement amounted to approximately RMB293 million.

5. Formulation and Implementation of Cash Dividends Policy

The Company's cash dividends distribution policy and detailed cash dividends distribution plan were formulated according to the relevant laws and regulations as well as the Articles of Association of the Company. The cash dividends distribution policy and plan must be first considered and approved at the Board meeting and then at the general meeting for consideration and approval before they are implemented. Independent Directors shall discharge their duties and express independent opinions at the Board meeting whilst minority shareholders may voice their opinions and demands at the general meeting. In October 2012, as approved by its general meeting, the Company amended and improved the provisions of the Articles of Association in relation to the profit distribution policy to further specify the decision making procedure and mechanism for profit distribution, specific conditions for making adjustments, the mode of profit distribution, time intervals for distribution, specific conditions and proportions of dividends in the form of cash and shares. The amended Articles of Association provide that the sum of any cash dividend shall not be less than 30% of the distributable profit earned by the Company for the period concerned (the lower of the respective profit attributable to the shareholders of the Company under the PRC and overseas accounting standards).

With the approval by the Company's 2012 annual general meeting, the Company implemented the profit distribution plan for the year 2012 according to the aforesaid cash dividends distribution policy, and paid a cash dividend of RMB0.08 per share (tax inclusive), amounting to an aggregate of approximately RMB244,644,800 (tax inclusive), on 24 June and 25 June 2013 to holders of A shares and holders of H shares of the Company respectively, representing approximately 31.37% of the distributable profit earned by the Company for 2012, and 20.72% of the net profit attributable to the owners of the Company for 2012.

On 29 August 2013, the Board of the Company resolved not to pay an interim dividend for the six months ended 30 June 2013 or transfer capital reserve into share capital.

ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Summary of the Group's operating results

	For the six months ended	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	3,472,360	3,444,354
Including: Net toll income	1,160,331	1,158,241
Net construction contract revenue	1,264,079	1,805,224
Profit before tax	599,558	789,793
Profit attributable to owners of the Company	478,087	646,934
Earnings per share attributable to owners of the Company (<i>RMB</i>)	<u>0.156</u>	<u>0.212</u>

Summary of the Group's financial position

	30 June	31 December
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Total assets	21,918,048	19,336,400
Total liabilities	10,950,705	8,889,974
Non-controlling interests	495,740	193,200
Equity attributable to owners of the Company	10,471,603	10,253,226
Equity per share attributable to owners of the Company (<i>RMB</i>)	<u>3.424</u>	<u>3.353</u>

Analysis of Operating Results

Revenue

The Group's revenue for the Reporting Period amounted to RMB3,472,360,000 (the same period in 2012: RMB3,444,354,000), representing a year-on-year increase of 0.81%, of which:

- (1) The net toll income was RMB1,160,331,000 (the same period in 2012: RMB1,158,241,000, excluding Chengren Expressway), representing a year-on-year increase of approximately 0.18%, which was the net total toll income of Chengyu Expressway, Chengya Expressway, Chengle Expressway, Chengren Expressway and Chengbei Exit Expressway. The main factors affecting the toll income of the Group during the Reporting Period are set out in the section headed "Business Review and Analysis" in this announcement.
- (2) Construction contract revenue (before revenue taxes) in respect of service concession arrangements was approximately RMB1,083,308,000 (the same period in 2012: approximately RMB1,681,392,000), representing a year-on-year decrease of approximately 35.57%. This was mainly attributable to the construction contract revenue (before revenue taxes) of approximately RMB1,117,000 (the same period in 2012: approximately RMB1,667,034,000) from the finishing-off work of Chengren Expressway BOT Project (Chengren Expressway was completed and open to traffic in September 2012), construction revenue (before revenue taxes) of approximately RMB1,063,050,000 (the same period in 2012: Nil) from the Suiguang-Suixi Expressways BOT Project and construction revenue (before revenue taxes) of approximately RMB19,141,000 (the same period in 2012: approximately RMB14,358,000) from technical renovation projects of Chengyu Expressway, Chengya Expressway and Chengle Expressway during the Reporting Period being recognized under the percentage-of-completion method.

- (3) Construction contract revenue (before revenue taxes) in respect of construction works performed for third parties amounted to approximately RMB194,868,000 (the same period in 2012: approximately RMB129,187,000), representing a year-on-year increase of approximately 50.84%. This increase was mainly due to the construction contract revenue (before revenue taxes) of approximately RMB56,474,000 (the same period in 2012: approximately RMB47,280,000) from the Renshou Connection Line BT Project and other construction contract revenue (before revenue taxes) of approximately RMB138,394,000 during the Reporting Period being recognized under the percentage-of-completion method.
- (4) Revenue from operation of gas stations along the expressways amounted to approximately RMB1,034,388,000 (the same period in 2012: approximately RMB474,166,000), representing a year-on-year increase of approximately 118.15%. This was mainly attributable to the revenue of RMB536,632,000 from the newly launched sales business of petrochemical products.

Other Income and Gains

The Group's other income and gains for the Reporting Period amounted to approximately RMB91,105,000 (the same period in 2012: approximately RMB67,395,000), representing a year-on-year increase of approximately 35.18%. This was mainly attributable to the interest income of approximately RMB53,793,000 (the same period in 2012: approximately RMB29,016,000) generated from the advance payment for land appropriation and relocation in respect of the BT projects of the Group and the construction receivables pursuant to relevant agreements; and the rental income and interest income from bank deposits of approximately RMB15,683,000 (the same period in 2012: RMB14,030,000).

Operating Expenses

The Group's operating expenses for the Reporting Period amounted to RMB2,740,530,000 (the same period in 2012: RMB2,653,032,000), representing a year-on-year increase of 3.30%, of which:

- (1) Construction contract costs in respect of service concession arrangements were RMB1,060,832,000 (the same period in 2012: RMB1,681,392,000), representing a year-on-year decrease of 36.91%. This mainly comprised of construction costs of RMB1,042,022,000 (the same period in 2012: RMB1,667,034,000) from the Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project and construction costs of RMB18,810,000 (the same period in 2012: RMB14,358,000) from the technical renovation projects of Chengyu Expressway, Chengya Expressway and Chengle Expressway during the Reporting Period, which were recognized under the percentage-of-completion method.
- (2) The costs in respect of construction works performed for third parties amounted to RMB161,326,000 (the same period in 2012: RMB126,458,000), representing a year-on-year increase of 27.57%. This was mainly due to the costs incurred by Chengren fast line BT project, Shuangliu West Airport Phase VI BT Project and other BT projects undertaken by the Group.
- (3) Depreciation and amortization expenses increased by 36.33% year-on-year to RMB257,173,000, which was mainly attributable to the commencement of amortization for service concession arrangements in respect of Chengren Expressway after it was put into operation in September 2012.
- (4) Staff costs amounted to approximately RMB196,542,000 (the same period in 2012: RMB151,915,000), representing a year-on-year increase of 29.38%, which was mainly attributable to the increase in staff of the Company along with the commencement of operation of Chengren Expressway and the Company's business expansion and incorporation of a subsidiary as well as certain increase in labor costs along with the increase in average salary for the working population in Chengdu.
- (5) Costs of repairs and maintenance decreased by 33.78% to RMB14,254,000 as compared to the same period of 2012, which represented daily maintenance costs for the Company's roads and auxiliary facilities.

Finance Costs

The Group's finance costs charged to profit or loss during the Reporting Period amounted to RMB228,997,000 (the same period in 2012: RMB79,926,000), representing a year-on-year increase of 186.51%. This was mainly due to increase in interest expenses as a result of new offshore bank loans obtained and the issue of medium-term notes; coupled with the impact of the cessation of capitalization of interests accrued on the specific loans for Chengren Expressway which had been completed and put into operation.

Income Tax

The income tax of the Group for the Reporting Period amounted to RMB102,426,000 (the same period in 2012: RMB122,431,000), representing a year-on-year decrease of 16.34%. This was mainly due to the drop in toll income in the Reporting Period caused by the earthquake striking Ya'an of Sichuan Province on 20 April 2013 and the toll-free holiday policy and the decline in the pre-tax profit of the Group caused by the losses made by Chengren Expressway which was at the initial stage of operation.

Profit

The Group's profit for the Reporting Period amounted to RMB497,132,000 (the same period in 2012: RMB667,362,000), representing a year-on-year decline of 25.51%, of which the profit attributable to the owners of the Company was RMB478,087,000, representing a year-on-year decrease of 26.10%. This was mainly due to:

- (1) The toll income of Chengyu Expressway, Chengya Expressway, Chengle Expressway and Chengbei Exit Expressway posted a year-on-year decrease under the impact of the 4.20 Sichuan Ya'an Earthquake and the toll-free holiday policy, and Chengren Expressway recorded a loss of RMB41,972,000 for the Reporting Period as it was newly put into operation and at the initial operation stage.
- (2) The finance costs for the Reporting Period saw a significant increase as set out in the paragraph headed "Finance Costs" in this announcement.
- (3) The Company disposed its 49% equity interest in Trading Construction Company (formerly known as Shugong Company) in the Reporting Period, resulting in a decrease in the profit of Trading Construction Company attributable to the owners of the Company.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 30 June 2013, the Group's non-current assets amounted to RMB16,384,844,000, representing an increase of 5.39% as compared with the end of 2012. The increase was mainly due to:

- (1) an increase of RMB1,083,308,000 in service concession arrangements (including RMB1,117,000 of expenses of Chengren Expressway BOT Project, RMB1,063,050,000 of expenses of Suiguang-Suixi Expressways BOT Project and RMB19,141,000 of expenses of other technical renovation projects on road surface of expressways);
- (2) a total of RMB257,173,000 provision for depreciation and amortization for intangible assets for the Reporting Period;
- (3) an increase of RMB54,403,000 in prepayments for the Reporting Period, which was mainly attributable to the increase in the prepayment related to Suiguang-Suixi Expressways BOT Project;
- (4) an increase of RMB42,272,000 in available-for-sale investments during the Reporting Period, which was mainly attributable to the investments in Trading Industry and Trading Landmark in the Reporting Period.

Current Assets and Current Liabilities

As at 30 June 2013, the Group's current assets amounted to RMB5,533,204,000, representing an increase of 46.02% as compared with the end of 2012, mainly due to:

- (1) an increase of RMB410,184,000 in cash and cash equivalents in the Reporting Period, as compared with the end of last year as a result of the Company's issue of the medium-term notes, increase in bank loans and the use of cash and cash equivalents in operating and investing activities in the Reporting Period;
- (2) an increase of approximately RMB23,137,000 in inventories, mainly due to the increase in oil reserves of Sichuan Zhonglu Energy Company Limited and Sichuan Chengya Expressway Oil Supply Company Limited as well as the increase in construction materials of Trading Construction Company;

- (3) addition of RMB864,066,000 in land use rights for property development;
- (4) an increase of RMB418,652,000 in trade receivables owing to the newly-launched petrochemical product sales business.

As at 30 June 2013, the Group's current liabilities amounted to RMB2,597,513,000, representing a decrease of 7.10%, as compared with the end of 2012, mainly attributable to a decrease of RMB141,357,000 in tax payable as compared with the beginning of the year as a result of the settlement of the enterprise income tax for the year 2012 and a decrease of RMB32,610,000 in the payroll payable as compared with the beginning of the year owing to the payment of performance bonus for the year 2012 in the Reporting Period. Trade and other payables of RMB1,842,405,000 mainly comprised of approximately RMB205,989,000 of deposits received in respect of Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project, RMB486,926,000 of progress billing payables in respect of the construction of Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project and RMB60,540,000 of interests payable.

NON-CURRENT LIABILITIES

As at 30 June 2013, the Group's non-current liabilities amounted to RMB8,353,192,000, representing an increase of 37.07% as compared to the end of 2012, which was principally attributable to an increase of RMB2,000,000,000 in RMB-denominated offshore bank loans and the issue of 5-year medium-term notes of RMB600,000,000.

EQUITY

As at 30 June 2013, the Group's equity amounted to RMB10,967,343,000, representing an increase of 4.99% as compared to the end of 2012, mainly attributable to: (1) profit for the Reporting Period of RMB497,132,000 which increased the equity; (2) the transfer of equity interest in Trading Construction Company (formerly known as Shugong Company), which increased the equity by RMB262,965,000, and (3) distribution of dividends of RMB244,645,000 in the Reporting Period which decreased the equity.

CAPITAL STRUCTURE

As at 30 June 2013, the Group had total assets of RMB21,918,048,000 and total liabilities of RMB10,950,705,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets at the end of the Reporting Period, was 49.96% (31 December 2012: 45.98%).

CASH FLOW

As at 30 June 2013, the Group's cash and bank balances and pledged time deposits amounted to approximately RMB2,398,208,000, including approximately HK\$62,000 (equivalent to approximately RMB50,000) deposits in Hong Kong dollars, and approximately RMB2,398,158,000 cash and deposits in Renminbi (31 December 2012: approximately RMB1,898,277,000), representing an increase of approximately RMB499,881,000 over the end of 2012. During the Reporting Period, the Group's net cash outflow from operating activities amounted to approximately RMB1,402,324,000 (the same period in 2012: RMB752,613,000).

During the Reporting Period, the cash outflow of the Group mainly consisted of: approximately RMB314,532,000 for various taxes paid, a total investment of approximately RMB45,000,000 in Trading Landmark and Trading Industry, total expenses of approximately RMB1,529,702,000 (including interests paid) for Chengren Expressway BOT Project and Suiguang-Suixi Expressway BOT Project, approximately RMB864,066,000 for the purchase of land, approximately RMB214,766,000 for interests payment (excluding capitalized interest expenses), and approximately RMB244,645,000 for dividend payment (including dividends to non-controlling interests and exchange loss).

RISK OF EXCHANGE FLUCTUATION

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

In addition, the Group did not use any financial instrument for hedging purposes in the Reporting Period.

BORROWINGS AND SOLVENCY

As at 30 June 2013, the Group's interest-bearing bank and other loans amounted to RMB9,022,591,000. In particular, the balance of domestic bank loans was RMB4,393,202,000, with annual interest rates ranging from 5.535% to 7.05% (31 December 2012: 5.65% to 7.05%); the balance of overseas bank loans was RMB3,000,000,000, with annual interest rates ranging from 5.26% to 5.85%; medium-term notes of RMB1,300,000,000, with annual interest rates ranging from 4.75% to 5.57%; loans from entrusted debt investment of RMB293,026,000, with an annual interest rate of 5.60%; and other loans of RMB36,364,000, with annual interest rates ranging from 3.80% to 5.00%. The relevant balances are as follows:

Maturity profile of interest-bearing loans				
	Total amount	1 year or less	More than 1 year to 5 years	Over 5-years
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loans from domestic commercial banks	4,393,202	375,790	797,500	3,219,912
Loans from overseas commercial banks	3,000,000	—	3,000,000	—
Medium-term notes	1,300,000	—	1,300,000	—
Entrusted debt investment	293,026	293,026	—	—
Other loans	36,363	22,727	13,636	—
Total (as at 30 June 2013)	<u>9,022,591</u>	<u>691,543</u>	<u>5,111,136</u>	<u>3,219,912</u>
Total (as at 31 December 2012)	<u>6,851,594</u>	<u>765,727</u>	<u>2,865,955</u>	<u>3,219,912</u>

With the Group's steady cash flow, solid capital structure and sound credit records, the Group has established and maintained favorable credit relations with financial institutions and enjoyed most preferential interest rates for its loans. The Group has acquired bank facilities of RMB4,236 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 totaled RMB4,890 million. Such loan is specially used in Chengren Expressway BOT Project. As at 30 June 2013, approximately RMB3,911 million had been drawn down on an accumulative basis.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2013, the Group's time deposits of RMB26,022,000 were pledged to secure Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project and relevant construction contracts; time deposits of RMB141,326,000 were pledged to secure bank loans (31 December 2012: RMB56,450,000); the concession rights to collect toll income pertaining to Chengbei Exit Expressway and Chengle Expressway with the net carrying values of RMB146,217,000 and RMB1,123,594,000, respectively (31 December 2012: RMB153,640,000 and RMB1,144,993,000, respectively) were pledged by the Group to secure bank loans amounting to RMB48,000,000 and RMB106,400,000, respectively (31 December 2012: RMB91,000,000 and RMB106,400,000, respectively); the future concession rights to collect toll income pertaining to Chengren Expressway with net carrying value of RMB7,413,454,000 (31 December 2012: RMB7,469,649,000) were pledged to secure the syndicated loan amounting to RMB3,911,012,000 (31 December 2012: RMB3,911,012,000); and the concession rights to collect toll income pertaining to Chengya Expressway with net carrying value of RMB2,450,555,000 (31 December 2012: not applicable) were pledged to secure the overseas syndicated loan amounting to RMB1,000,000,000.

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2013.

BUSINESS DEVELOPMENT OUTLOOK AND PLAN

China's macro-economic growth rate is expected to continue to slow down in the second half of 2013, but would not be subject to major fluctuations, as the government will step up efforts to adjust the economic structure by developing a new type of urbanisation and boosting domestic demand, maintaining and improving people's livelihood and achieving sustainable and healthy economic development and social harmony and stability. The Group will keep watching the economic trend, assess the impact of evolving business environment on the Company's operation and development and take feasible countermeasures in a timely manner.

Industry policy risk is one of the major risks faced by toll roads operators. Currently, the policy climate for the toll roads industry is evolving. On 8 May 2013, the amendment to the Regulation on the Administration of Toll Roads (consultation draft) was disclosed at the website of the Ministry of Transport of the PRC, which adds more detailed provisions and makes improvements to several policies governing the toll roads industry, such as implementation of toll-free policy, compensation principles for toll road expansion, principles for fixing the term of toll collection and toll fees. As this amendment is in the process of soliciting public comments, it remains uncertain yet as to whether these amendments would be finally adopted, with uncertainty surrounding the policy development trend. The Group will proactively take counter measures in response to policy change.

To accelerate the construction of comprehensive transport hub in western Sichuan province to build up full-fledged urban transport, the government and transportation authorities aim to establish a comprehensive and convenient road network through initiatives such as constructing new expressways and fast lines. It is expected that Leya (Leshan-Ya'an) Expressway and ChengZiLuChi Expressway will be fully open to traffic in succession in the second half of 2013. Some parallel highways such as Yangma-Shiqiao Section of the Chengjian Fast Line and the Chengren Fast Line are also expected to open to traffic. 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.

Based on our analysis and judgment of the business conditions for the second half of 2013, we formulated the following business strategies and work plans accordingly:

1. Establish strategy-oriented thinking and ensure progress towards the pre-set strategic targets of the Group. Following the Group's overall requirement to "exploit advantages, expedite development" and the development guideline of "expanding one main body and two wings, and strengthening capital operation", the Group will vigorously focus on "five major segments", namely the toll roads and bridges, city operation, construction, energy and cultural media and financial investments to achieve diversified operations which are highly related to its principal businesses and achieve development that has multipoint underpinning and multi-pole breakthroughs and pursues both expansion and profitability. In line with the Company's strategic targets and with the aim of fulfilling the full-year targets, we will focus on improving profitability and operation quality, exploit potential and increase efficiency, step up management and control and ensure the Group's progress towards the established strategic targets.
2. Tighten up management of the Group's road assets operation. In response to the varying degrees of change in the operating environment of existing road assets, the Company will further analyze and study factors such as the change in road networks in the region and its impact, composition of traffic volume and price elasticity of demand, based on which, the Company will accordingly update its managerial philosophy and system in a timely manner and implement effective and feasible marketing initiatives, improve service quality, with a view to strengthening the market competitiveness of existing road assets.
3. Proceed with the projects under construction in an effective and orderly manner. The Group's toll roads under construction include Suiguang-Suixi Expressways BOT Project, and road infrastructure projects under construction include Renshou Land-linked Pilot Project, Shuangliu West Airport Phase VI BT Project and Shuangliu Zongbao BT Project, etc. The Group will strictly follow the administrative measures for construction projects, strengthen management, specify the responsibilities of constructors of various projects, break down targets and tasks for implementation and ensure quality and progress to build high-quality exemplary projects.

4. Actively develop investment projects and improve the project management system. Efforts will be made to integrate the Group's advantageous resources, deepen the Group's internal and external cooperation and develop strategic cooperation modes. In addition, the Company will proactively keep track of the key projects and conduct due analysis and assessment as well as negotiation for specific projects, producing a reserve of quality projects with great profitability and growth potential. Meanwhile, the Company will improve project management system, standardize and refine the pre-investment risk control processes and the post-investment management after making investment. Scientific project management tools and approaches would be introduced and assessments would be made from multiple perspectives including target, progress, efficiency and accuracy.
5. Tighten up financial control. The Company will raise the awareness of financial control in an all-round way and tighten up control over various costs and expenses. Meanwhile, under the premises of financial security, the Company will proactively explore various financing channels, step up capital operation, turn its 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.
6. Deepen reform, drive innovation and improve the corporate governance in an all-round way. On the basis of the Company's operation and development status and meticulous study, the Company will adjust the existing management system and models when and as appropriate, improve the "group-based" management architecture, optimize organisational structure, and cut decision-making hierarchies to achieve work efficiency. To execute the strategy of boosting the Company by talent, the Company will bring on board more sought-after talented staff, step up nurturing talent and team building and establish an efficient management system and operating mechanism which cater for needs of market competition.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

EMPLOYEES AND THEIR REMUNERATION AND TRAINING

As at 30 June 2013, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,643
Number of in-service employees of major subsidiaries	1,813
Total number of in-service employees	4,456
Number of retired employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	66

Composition by Expertise

Type of Expertise	Number of people
Production	3,302
Sales	17
Technical	438
Financial	111
Administrative	588
Total	4,456

Educational Level

Type of Education Level	Number of people
Postgraduate	104
University graduate	788
Junior college graduate	1,736
Technical secondary school and below	1,828
Total	4,456

1. Employee's Remuneration

The total remuneration of the Group's employees is correlated with the operating results of the Group. The wages of the Group's employees are comprised of fixed wages (including basic salary, and salaries determined by the position and period of service) and performance incentive bonus. Employee's salary is determined with reference to his position (i.e. the salary changes in accordance with the position of service) and performance. During the Reporting Period, the employees' salary of the Group totaled approximately RMB115,921,000 (of which approximately RMB68,834,000 for the employees of the Company (including its branches)).

2. Employee's Insurance and Welfare

The Company cherishes employees and protects their lawful interests. During the Reporting Period, 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 management knowledge training for middle and senior level management, continuing education for professional technical staff and skill training for operating staff. A total of 2,177 employees of the Company (including its branches) attended the above training courses.

CORPORATE GOVERNANCE

1. Corporate Governance Code

Sound corporate governance goes beyond merely meeting the regulatory authorities' basic requirements for operating a listed company. More importantly, it fulfils the Company's internal development needs. The Company is committed to continuously enhancing its corporate governance standard. During the Reporting Period, the Company has complied with the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and there has not been any violation of the code provisions.

2. Audit Committee

The Audit Committee of the Company comprises three independent non-executive Directors including Mr. Yu Haizong, Mr. Guo Yuanxi and Mr. Fang Guijin who are all professionals experienced in finance, economy and transportation industries. The Audit Committee has reviewed and confirmed the interim condensed financial information and interim report of the Company for the half year ended 30 June 2013.

COMPLIANCE WITH THE MODEL CODE

During the Reporting Period, the Company has adopted a code of conduct regarding its Directors' and supervisors' securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) contained in Appendix 10 to the Listing Rules of the Stock Exchange. Having made specific enquiries of all Directors and supervisors of the Company, it was confirmed that all Directors and supervisors have complied with the Model Code in relation to securities transactions by the Directors and supervisors and the Company's own code of conduct and there had not been any non-compliance with the relevant requirements of the Model Code.

PUBLICATION OF THE INTERIM REPORT

The Company's interim report for the six months ended 30 June 2013 containing all information required by the Listing Rules will be dispatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Chengdu, Sichuan Province, the PRC
29 August 2013

As at the date of this announcement, the Board comprises Mr. Zhou Liming (Chairman), Mr. Gan Yongyi (Vice Chairman) as executive Directors, Mr. Wu Xinhua (Vice Chairman), Mr. Tang Yong, Mr. Huang Bin, Mr. Wang Shuanming, 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*