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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)

2015 INTERIM RESULTS ANNOUNCEMENT

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014 as follows (the data herein are presented in RMB except where otherwise indicated).

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		For the six months ended 30 June	
		2015	2014
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	3,704,374	4,296,953
Cost of sales and other direct operating costs		<u>(2,714,115)</u>	<u>(3,308,124)</u>
Gross profit		990,259	988,829
Other income and gains	4	57,734	54,635
Administrative expenses		(88,337)	(90,314)
Other expenses		(8,570)	(7,465)
Finance costs	5	(250,204)	(232,086)
Share of profits and losses of:			
Joint ventures		(360)	(396)
Associates		<u>10,321</u>	<u>6,561</u>
PROFIT BEFORE TAX	6	710,843	719,764
Income tax expense	7	<u>(134,936)</u>	<u>(111,364)</u>
PROFIT FOR THE PERIOD		<u><u>575,907</u></u>	<u><u>608,400</u></u>

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2015

		For the six months ended 30 June	
		2015	2014
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss)			
to be reclassified to profit or loss			
in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		8,013	(2,003)
Reclassification adjustments			
for gains included in profit or loss		–	(17)
Income tax effect		(1,486)	372
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		6,527	(1,648)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		582,434	606,752
Profit attributable to:			
Owners of the Company		559,947	554,296
Non-controlling interests		15,960	54,104
		575,907	608,400
Total comprehensive income attributable to:			
Owners of the Company		566,474	552,648
Non-controlling interests		15,960	54,104
		582,434	606,752
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted	8	RMB0.183	RMB0.181

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

		30 June 2015	31 December
	<i>Notes</i>	RMB'000	2014
		(Unaudited)	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	594,354	609,414
Service concession arrangements	9	20,411,792	19,453,600
Prepaid land lease payments	9	394,957	410,664
Other intangible assets		1,580	1,830
Investments in joint ventures	10	153,054	3,414
Investments in associates		66,699	68,503
Available-for-sale investments	11	316,837	158,824
Long term compensation receivables		52,197	57,230
Loan to a customer	15	280,000	–
Payments in advance	12	50,812	8,284
Interests in land held for property development	13	708,703	708,703
Pledged deposits		56,450	55,700
Deferred tax assets		4,316	5,468
Total non-current assets		23,091,751	21,541,634
CURRENT ASSETS			
Properties under development		1,112,051	1,060,704
Inventories		93,643	78,340
Due from customers for contract works	14	196,245	203,640
Trade and notes receivables, and other receivables	15	2,480,984	2,222,410
Pledged deposits		78,370	79,267
Cash and cash equivalents		2,613,330	3,617,110
Total current assets		6,574,623	7,261,471

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)
30 June 2015

		30 June 2015	31 December 2014
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	
CURRENT LIABILITIES			
Tax payable		105,025	141,485
Trade and other payables	16	2,567,457	3,189,569
Interest-bearing bank and other loans	17	1,253,961	2,000,275
Dividend payable		27,068	–
Total current liabilities		3,953,511	5,331,329
NET CURRENT ASSETS		2,621,112	1,930,142
TOTAL ASSETS LESS CURRENT LIABILITIES		25,712,863	23,471,776
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	17	12,846,962	11,013,753
Deferred tax liabilities		9,112	8,401
Deferred income	16	74,217	82,220
Total non-current liabilities		12,930,291	11,104,374
Net assets		12,782,572	12,367,402
EQUITY			
Equity attributable to owners of the Company			
Issued capital		3,058,060	3,058,060
Reserves		9,029,796	8,463,322
Proposed final dividend		–	244,645
		12,087,856	11,766,027
Non-controlling interests		694,716	601,375
Total equity		12,782,572	12,367,402

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

For the six months ended 30 June 2015

1. CORPORATE INFORMATION

The Company is a limited liability company established in the PRC. The registered office of the Company is located at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.

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

In the opinion of the Directors of the Company, the parent and the ultimate holding company of the Company is STI, which is established in the PRC.

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 2014.

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 2014, except for the adoption of amendments to a number of Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatory for the first time for the financial year beginning on or after 1 January 2015. The adoption of these amendments has had no significant financial effect on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions. For management purposes, the Group is organised into business units based on their services and products and has five reportable operating segments during the Period (six months ended 30 June 2014: five) 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 the provision of construction and upgrade services 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 comprises the investment and development of properties located in Mainland China; and
- (e) the “others” segment mainly comprises advertising, the rental of properties along expressways, and finance lease operation.

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.

3. OPERATING SEGMENT INFORMATION (continued)

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 2015 and 2014:

For the six months ended 30 June 2015

	Toll operation RMB'000 (Unaudited)	Construction contracts RMB'000 (Unaudited)	Gas stations operation RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
SEGMENT REVENUE	1,330,641	1,730,833	613,537	–	29,363	3,704,374
SEGMENT RESULTS	665,421	66,708	55,416	(44,738)	14,568	757,375
<i>Reconciliation:</i>						
Interest income on bank deposits						11,217
Dividend income and unallocated income and gains						24,059
Corporate and other unallocated expenses						(81,808)
Profit before tax						<u>710,843</u>
OTHER SEGMENT INFORMATION						
Share of losses of joint ventures	–	–	–	–	(360)	(360)
Share of profits and losses of associates	10,321	–	–	–	–	10,321
Depreciation and amortisation	275,740	7,033	2,694	230	1,199	286,896
Capital expenditure*	<u>1,196,986</u>	<u>10,527</u>	<u>5,695</u>	<u>11</u>	<u>1,657</u>	<u>1,214,876</u>

3. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2014

	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	1,283,106	1,466,301	1,527,029	–	20,517	4,296,953
SEGMENT RESULTS	619,347	120,828	45,008	(10,054)	6,095	781,224
<i>Reconciliation:</i>						
Interest income on bank deposits						10,213
Dividend income and unallocated income and gains						8,613
Corporate and other unallocated expenses						(80,286)
Profit before tax						<u>719,764</u>
OTHER SEGMENT INFORMATION						
Share of loss of a joint venture	–	–	–	–	(396)	(396)
Share of profits and losses of associates	6,561	–	–	–	–	6,561
Depreciation and amortisation	263,138	5,449	2,075	209	922	271,793
Capital expenditure*	<u>1,001,315</u>	<u>11,455</u>	<u>10,371</u>	<u>514</u>	<u>430</u>	<u>1,024,085</u>

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

3. OPERATING SEGMENT INFORMATION (continued)

The following tables present the Group's consolidated assets, consolidated liabilities and other consolidated information by operating segment as at 30 June 2015 and 31 December 2014:

As at 30 June 2015

	Toll operation RMB'000 (Unaudited)	Construction contracts RMB'000 (Unaudited)	Gas stations operation RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
SEGMENT ASSETS	21,700,647	2,593,066	126,725	1,837,488	339,145	26,597,071
<i>Reconciliation:</i>						
Available-for-sale investments						316,837
Deferred tax assets						4,316
Pledged deposits						134,820
Cash and cash equivalents						<u>2,613,330</u>
Total assets						<u><u>29,666,374</u></u>
SEGMENT LIABILITIES	12,277,962	2,508,688	13,053	1,717,162	225,732	16,742,597
<i>Reconciliation:</i>						
Tax payable						105,025
Deferred tax liabilities						9,112
Dividend payable						<u>27,068</u>
Total liabilities						<u><u>16,883,802</u></u>
OTHER SEGMENT INFORMATION						
Investments in joint ventures	150,000	-	-	-	3,054	153,054
Investments in associates	<u>60,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,036</u>	<u>66,699</u>

3. OPERATING SEGMENT INFORMATION (continued)

As at 31 December 2014

	Toll operation RMB'000 (Unaudited)	Construction contracts RMB'000 (Unaudited)	Gas stations operation RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
SEGMENT ASSETS	20,570,107	2,383,723	124,184	1,774,642	34,080	24,886,736
<i>Reconciliation:</i>						
Available-for-sale investments						158,824
Deferred tax assets						5,468
Pledged deposits						134,967
Cash and cash equivalents						3,617,110
Total assets						<u>28,803,105</u>
SEGMENT LIABILITIES	13,338,844	2,714,923	23,420	177,993	30,637	16,285,817
<i>Reconciliation:</i>						
Tax payable						141,485
Deferred tax liabilities						8,401
Total liabilities						<u>16,435,703</u>
OTHER SEGMENT INFORMATION						
Investments in associates	64,053	–	–	–	4,450	68,503
Investment in joint ventures	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,414</u>	<u>3,414</u>

Entity-wide disclosures

Geographical information

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

Information about major customers

During the Period, no revenue derived from a customer amounted to 10% or more of the Group's total revenue. Revenue from sales of petrochemical products to a third-party customer amounting to RMB708,754,000, accounted for more than 10% of the Group's revenue for the six months ended 30 June 2014.

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Toll income		
– Chengyu Expressway	433,805	419,544
– Chengya Expressway	366,387	371,650
– Chengren Expressway	319,091	274,402
– Chengle Expressway	216,525	219,156
– Chengbei Exit Expressway and Qinglongchang Bridge	41,926	43,637
	<u>1,377,734</u>	<u>1,328,389</u>
Less: Revenue taxes	(47,093)	(45,283)
	<u>1,330,641</u>	<u>1,283,106</u>
Sub-total		
Construction revenue in respect of		
– Service concession arrangements	1,193,620	1,004,002
– Construction and maintenance and works performed for third parties	569,783	502,301
	<u>1,763,403</u>	<u>1,506,303</u>
Less: Revenue taxes	(32,570)	(40,002)
	<u>1,730,833</u>	<u>1,466,301</u>
Sub-total		
Revenue from operation of gas stations	613,537	1,527,029
Others (including income from rental of properties and advertising)	29,363	20,517
	<u>29,363</u>	<u>20,517</u>
Total revenue	<u><u>3,704,374</u></u>	<u><u>4,296,953</u></u>

4. REVENUE, OTHER INCOME AND GAINS (continued)

	For the six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income from bank deposits	11,217	10,213
Interest income from discounting of long term compensation receivables	8,581	9,121
Interest income from construction contracts	13,876	24,121
Interest income for overdue trade receivables	–	2,526
Rental income	4,314	1,238
Dividend income from available-for-sale investments	6,682	266
Compensation	5,680	8,577
Government grants*	2,513	1,640
Reversal of bad debt provision	1,084	–
Miscellaneous	3,787	(3,067)
	<u>57,734</u>	<u>54,635</u>
 Total revenue, other income and gains	 <u><u>3,762,108</u></u>	 <u><u>4,351,588</u></u>

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other loans	355,407	301,994
Interest on medium term notes	47,906	31,439
	<u>403,313</u>	<u>333,433</u>
Less: Interest capitalised in		
– Service concession arrangements (<i>note 9(c)</i>)	(151,047)	(101,347)
– Properties under development	(2,062)	–
	<u>250,204</u>	<u>232,086</u>
Interest rate of borrowing costs capitalised	<u>5.60%–6.55%</u>	<u>5.70%–6.55%</u>

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction costs in respect of:		
– Service concession arrangements*	1,201,170	921,648
– Construction works performed for third parties*	473,314	447,364
Cost of sales of refined oil and chemical products	543,452	1,465,263
Depreciation and amortisation expenses (<i>note 9</i>)	286,646	271,543
Amortisation of other intangible assets	250	250
Employee costs	258,510	221,512
Repairs and maintenance expenses	11,461	25,728
Auditors' remuneration	460	497
Minimum lease payments under operating leases –		
Land and buildings	11,110	12,863
Reversal of bad debt provision	(1,084)	–
Net losses on disposal and write-off of items		
of property, plant and equipment	777	161
Loss on deemed disposal of		
available-for-sale investments	–	42
	<u>–</u>	<u>42</u>

* During the Period, employee costs of RMB35,899,000 (six months ended 30 June 2014: RMB27,928,000) and depreciation charge of RMB5,198,000 (six months ended 30 June 2014: RMB3,736,000) were included in the construction costs in respect of service concession arrangements and construction works performed for third parties.

7. INCOME TAX

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charged for the period	127,866	120,898
Underprovision/(overprovision) in prior years	6,693	(9,534)
Deferred	377	–
Total tax charge for the period	134,936	111,364

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, associates and joint ventures of the Company are required to pay corporate income tax at the standard rate of 25%.

For subsidiaries and associates within the scope of Guiding Catalog for Adjustment in the Industrial Structure (2011 Version) (Revised) (產業結構調整指導目錄(2011年本) (修正)) issued by the National Development and Reform Commission of the People's Republic of China under the Western Development Policy, they are entitled to a preferential tax rate of 15% until 2020.

The share of tax attributable to associates amounting to RMB1,847,000 (six months ended 30 June 2014: RMB1,182,000) is included in “Share of profits and losses of associates” on the face of the interim consolidated statement of profit or loss and other 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 RMB559,947,000 (six months ended 30 June 2014: RMB554,296,000) and the number of ordinary Shares of 3,058,060,000 (six months ended 30 June 2014: 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 2014 and 2015 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	609,414	19,453,600	442,738
Additions	20,901	1,193,620	355
Disposals	(781)	–	–
Depreciation/amortisation charged for the Period	<u>(35,180)</u>	<u>(235,428)</u>	<u>(16,038)</u>
Carrying amounts at end of the Period	594,354	20,411,792	427,055
Portion classified as current assets	<u>–</u>	<u>–</u>	<u>(32,098)</u>
Non-current portion	<u>594,354</u>	<u>20,411,792</u>	<u>394,957</u>

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

Notes:

- (a) At 30 June 2015 and 31 December 2014, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (note 17(a)):

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Chengle Expressway	1,032,313	1,056,545
Chengren Expressway	7,342,420	7,406,562
Chengya Expressway*	–	2,253,127
Suiguang-Suixi Expressways	7,312,384	6,124,254
	15,687,117	16,840,488

* Bank loan secured by the service concession arrangements of Chengya Expressway has been repaid during the Period. As at 30 June 2015, the Group was still in the legal process of releasing the pledge.

- (b) During the Period, the Group was in the process of constructing Suining-Guang'an Expressway and Suining-Xichong Expressway (the "Suiguang-Suixi Expressways BOT Project") in the form of Build-Operate-Transfer ("BOT") mode. Total construction costs of RMB1,195,680,000 (six months ended 30 June 2014: RMB903,030,000) were incurred, among which RMB624,639,000 (six months ended 30 June 2014: RMB332,128,000) was sub-contracted to third party subcontractors.

In addition, construction revenue of RMB1,188,130,000 (six months ended 30 June 2014: RMB984,686,000) 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 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 included interests capitalised in respect of bank loans amounting to RMB151,047,000 (six months ended 30 June 2014: RMB101,347,000).

10. INVESTMENT IN JOINT VENTURES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Unlisted investments, share of net assets	153,054	3,414

Particulars of the indirectly held joint ventures by the Company, which were established in the PRC and operate in Mainland China, are as follows:

Name	Percentage of ownership interest attributable to the Group	Principal activities
Sichuan Zhongxin Assets Management Company Limited	50	Assets management
Sichuan Chengyu Development Equity Investment Fund Center (Limited Partnership)	50	Fund investment and management

11. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Listed equity investments, at fair value:		
Mainland China	89,480	81,467
Unlisted equity investments, at cost	77,357	77,357
Investments in trust products	150,000	—
	316,837	158,824

The above investments consisted of investments in equity securities and trust products 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.

11. AVAILABLE-FOR-SALE INVESTMENTS (continued)

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.

12. PAYMENTS IN ADVANCE

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Payments in advance in respect of:		
– Suiguang-Suixi Expressways BOT Project	32,178	5,929
– Prepaid land lease payments	18,634	2,355
	50,812	8,284

13. INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT

The Group's interests in land use rights for property development were in respect of prepayment for the rights to use certain land situated in Mainland China over fixed periods and held under the medium lease terms. As at 30 June 2015, the legal title of the land use rights with a carrying amount of approximately RMB700,740,000 (31 December 2014: RMB700,740,000) that the Group acquired have not been transferred to the Group and relevant title transfer is still under application. The Directors of the Company do not foresee any major obstacles to complete the transfer of legal title of the above-mentioned land use rights to the Group.

14. CONSTRUCTION CONTRACTS IN PROGRESS

	30 June 2015 <i>RMB'000</i> (Unaudited)	31 December 2014 <i>RMB'000</i>
Contract costs incurred plus recognised profits to date	1,561,002	1,264,527
Less: Progress billings	<u>(1,364,757)</u>	<u>(1,060,887)</u>
Construction contracts in progress	<u>196,245</u>	<u>203,640</u>
Representing:		
Amount due from customers for contract works	219,515	237,149
Amount due to customers for contract works	<u>(23,270)</u>	<u>(6,509)</u>
	<u>196,245</u>	<u>203,640</u>

At 30 June 2015, retentions held by customers for contract works included in the Group's trade receivables amounted to approximately RMB92,742,000 (31 December 2014: RMB86,493,000).

15. TRADE AND NOTES RECEIVABLES, OTHER RECEIVABLES AND LOAN TO A CUSTOMER

		30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
	<i>Notes</i>		
Current portion:			
Trade receivables			
Trade receivables		1,750,295	1,742,008
Impairment		<u>—</u>	<u>—</u>
Trade receivables, net	(a)	1,750,295	1,742,008
Notes receivable		<u>1,000</u>	<u>—</u>
Trade and notes receivables		<u>1,751,295</u>	<u>1,742,008</u>
Other receivables			
Other receivables	(b)	390,827	344,644
Impairment		<u>(109,353)</u>	<u>(110,437)</u>
Other receivables, net		281,474	234,207
Deposits		291,938	161,199
Prepayments		<u>156,277</u>	<u>84,996</u>
Other receivables, net		<u>729,689</u>	<u>480,402</u>
Total trade and notes receivables, and other receivables		<u>2,480,984</u>	<u>2,222,410</u>
Non-current portion:			
Loan to a customer	(c)	<u>280,000</u>	<u>—</u>

15. TRADE AND NOTES RECEIVABLES, OTHER RECEIVABLES AND LOAN TO A CUSTOMER (continued)

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 2015, trade receivables of RMB1,485,812,000 (31 December 2014: RMB1,097,372,000) were to be settled by instalments within two to three years upon completion of the relevant construction works and bore interest at rates ranging from 3.00% to 14.98% (31 December 2014: 5.60% to 14.98%) per annum. The remaining trade receivables are non-interest-bearing.

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Within 3 months	347,567	819,778
3 to 6 months	151,482	4,550
6 to 12 months	369,221	86,932
Over 1 year	882,025	830,748
	1,750,295	1,742,008

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Neither past due nor impaired	1,555,346	1,524,326
Past due but not impaired:		
Over 1 year	194,949	217,682
	1,750,295	1,742,008

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 government agencies and a number of independent customers. 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 NOTES RECEIVABLES, OTHER RECEIVABLES AND LOAN TO A CUSTOMER (continued)

Notes: (continued)

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Temporary advances	50,000	50,000
Interest receivables on temporary advances	48,882	41,884
Long term compensation receivables to be received within one year	5,034	4,419
Toll income receivables	94,306	71,531
Interest income from pledged deposits	12,426	12,426
Loan to a customer (note 15(c))	20,000	–
Miscellaneous	160,179	164,384
	390,827	344,644

As stipulated in the contracts entered into between the Group and the respective government agencies, other than the provision 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. These advances bear interest rates at 14.98% to 16.00% (31 December 2014: 14.98% to 16.00%) per annum.

As at the end of the Reporting Period, other receivables that were not considered to be impaired were not past due.

15. TRADE AND NOTES RECEIVABLES, OTHER RECEIVABLES AND LOAN TO CUSTOMER (continued)

Notes: (continued)

- (c) The Group's loan to a customer, represented net investments in fixed assets leased to a third party customer under a finance lease contract. The contract runs for an initial period of 2 years, with an option for acquiring by the lessee the leased assets at nominal value at the end of the lease period. The loan bore effective interest at 5.5% per annum and secured by the underlying assets and guaranteed by an independent third party. The total minimum lease payments receivable and their present value at the Period-end are as follows:

30 June 2015

	Present value of Minimum lease payments receivable RMB'000 (Unaudited)	Interest income relating to future periods RMB'000 (Unaudited)	Total minimum lease payments receivable RMB'000 (Unaudited)
Amounts receivable:			
– within one year	20,000	16,225	36,225
– in the second year	280,000	15,125	295,125
Total	300,000	31,350	331,350

- (d) Amounts due from related parties, which are repayable on similar credit terms to those offered to the major customers of the Group, included in trade and other receivables as at the end of the reporting period are as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Fellow subsidiaries under common control of STI		
– Trade receivables	220,406	544,964
– Other receivables	652	2,539
– Deposits	180,776	54,025
	401,834	601,528
PetroChina* and its fellow subsidiaries		
– Other receivables	2,332	2,231
– Prepayments	5,927	11,292
	8,259	13,523
	410,093	615,051

- * PetroChina Company Limited (“PetroChina”) is the non-controlling shareholder of Sichuan Zhonglu Energy Company Limited, a major subsidiary of the Group.

16. TRADE AND OTHER PAYABLES

		30 June 2015	31 December 2014
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	
<i>Current portion:</i>			
Trade payables	(a)	843,679	1,081,741
Other payables	(b)	1,605,588	1,996,129
Accruals	(c)	109,665	109,147
Deferred income		8,525	2,552
		2,567,457	3,189,569
<i>Non-current portion:</i>			
Deferred income		74,217	82,220
		2,641,674	3,271,789

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 2015	31 December 2014
	RMB'000	RMB'000
	(Unaudited)	
Within 3 months	275,670	584,008
3 to 6 months	55,490	190,130
6 to 12 months	183,067	241,413
Over 1 year	329,452	66,190
	843,679	1,081,741

The trade payables are non-interest-bearing and are normally settled within one to twelve months, except for retention payables from construction projects of RMB98,825,000 (31 December 2014: RMB89,607,000) which are normally settled within two years.

16. TRADE AND OTHER PAYABLES (continued)

Notes: (continued)

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

		30 June 2015	31 December 2014
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	
Advances		88,107	30,410
Salary and welfare payable		15,145	58,424
Taxes and surcharge payables		92,745	144,253
Progress billing payables	(i)	851,175	1,181,021
Retention payables	(ii)	192,371	193,750
Deposits	(ii)	256,733	250,202
Others		109,312	138,069
		1,605,588	1,996,129

- (i) Balances mainly represented progress billing payables of RMB612,907,000 (31 December 2014: RMB689,622,000) in connection with the construction of the Suiguang-Suixi Expressway BOT Project.
- (ii) Balances mainly consisted of retention payables and deposits of RMB307,386,000 (31 December 2014: RMB314,352,000) in respect of the construction of the Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project, among which performance guarantee deposits of RMB125,508,000 (31 December 2014: RMB121,438,000) were received from subcontractors bearing interest at a rate of 0.35% (31 December 2014: 0.35%) per annum.
- (c) The balance as at 30 June 2015 consisted of interest accrued in respect of medium term notes of RMB44,958,000 (31 December 2014: RMB44,236,000) and interest-bearing bank loans of RMB64,707,000 (31 December 2014: RMB64,911,000) respectively.

16. TRADE AND OTHER PAYABLES (continued)

Notes: (continued)

- (d) Amounts due to related parties included in trade and other payables as at the end of the Reporting Period, which are on credit terms similar to those offered by the fellow subsidiaries to their major customers, are as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
Fellow subsidiaries under common control of STI		
– Trade payables	94,128	80,720
– Other payables	124,923	104,773
	219,051	185,493
PetroChina and its fellow subsidiaries		
– Trade payables	4,295	660
– Other payables	6,052	3,669
	10,347	4,329
	229,398	189,822

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.

17. INTEREST-BEARING BANK AND OTHER LOANS

		30 June 2015 <i>RMB'000</i> (Unaudited)	31 December 2014 <i>RMB'000</i>
	<i>Notes</i>		
Bank loans:			
Secured and guaranteed	(a)	2,106,400	2,106,400
Secured	(a)	9,008,523	7,912,536
Unsecured		1,243,000	1,243,000
Medium term notes	(b)	1,600,000	1,600,000
Other loans, unsecured	(c)	143,000	152,092
		<u>14,100,923</u>	<u>13,014,028</u>
Portion classified as current liabilities		<u>(1,253,961)</u>	<u>(2,000,275)</u>
Non-current portion		<u>12,846,962</u>	<u>11,013,753</u>

At the end of the Reporting Period 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 2015 <i>RMB'000</i> (Unaudited) (Bank loan amount)	31 December 2014 <i>RMB'000</i>
	<i>Notes</i>		
Secured by concession rights of:	9(a)		
Chengle Expressway	(i)	106,400	106,400
Chengren Expressway		3,902,423	3,906,436
Chengya Expressway		–	750,000
Suiguang-Suixi Expressways		5,106,100	3,256,100
		<u>9,114,923</u>	<u>8,018,936</u>
Secured by pledged time deposits	(ii)	<u>2,000,000</u>	<u>2,000,000</u>
		<u>11,114,923</u>	<u>10,018,936</u>

17. INTEREST-BEARING BANK AND OTHER LOANS (continued)

Notes: (continued)

(a) (continued)

- (i) The bank loan was also guaranteed by Sichuan Highway Development for nil consideration.
- (ii) As at 30 June 2015, time deposits of RMB112,150,000 (31 December 2014: RMB112,150,000) were pledged to China Construction Bank Chengdu Xinhua Branch to counter guarantee the Group's bank loans of RMB2,000,000,000 (31 December 2014: RMB2,000,000,000) granted by China Construction Bank (Asia) and China Construction Bank (Tokyo).

The bank loans bear interest at respective fixed rates ranging from 4.85% to 6.15% (31 December 2014: 5.00% to 6.55%) per annum.

- (b) As at 30 June 2015, the Company has issued medium-term notes totalling RMB1,600 million (31 December 2014: RMB1,600 million) to domestic institutional investors participating in the PRC interbank debt market. The medium-term notes were issued at par value of RMB100 per unit, at interest rates within the range of 4.75% to 6.30% per annum, and will be repaid after five years since the respective dates of issuance. Included in these notes is RMB300 million notes, at the maturity date of which, the Company has the option to increase coupon rate and extend the maturity period for another five years, subject to whether the note holders exercising their option to demand the Company to repurchase such notes at the end of maturity period.
- (c) Other loans mainly consisted of unsecured shareholder loans of RMB143,000,000 (31 December 2014: RMB147,547,000) granted to the Group by a non-controlling shareholder and bearing interest at rates ranging from 6.00% to 6.51% (31 December 2014: 6.00% to 6.51%) per annum.

18. DIVIDENDS

At a meeting of the board of directors held on 27 August 2015, the Directors of the Company resolved not to pay an interim dividend to shareholders (six months ended 30 June 2014: Nil).

The proposed final dividend of RMB0.080 per ordinary Share for the year ended 31 December 2014 (2013: RMB0.080) was declared and paid during the Period.

RESULTS

The Group is principally engaged in the investments, construction, operation and management of road infrastructure projects in Sichuan Province, the PRC, and carries out diversified business operation highly related to its principal business. Its business covers five major segments, namely the “toll roads and bridges”, “city operation”, “construction”, “energy and cultural media” and “financial investments”. During the Reporting Period, under the combined impact of factors including the slowing macro-economic growth, expressway network diversion, governance of over-limit and overload freight trucks and others, the Group’s toll income growth was not significant and the Group did not undertake the sales of chemical products during the Period, resulting in a reduction in the Group’s total operating income year-on-year. In order to cope with the changes in the operation, the Group is strengthening its cost control, increasing its profitability of assets by continuous strengthening and improving the sophisticated management of its existing assets on one hand and the Group, on the other hand, continues to steadily promote the relevant diversified strategy, to cautiously explore and attempt on property development, financial investment and other business, so as to further foster new profit growth to realize the sustainable development of the Group.

During the Reporting Period, the net revenue of the Group amounted to approximately RMB3,704,374,000, representing a decrease of approximately 13.79% year-on-year, among which the net toll income amounted to approximately RMB1,330,641,000, up approximately 3.70% year-on-year, the net revenue from construction contracts amounted to approximately RMB1,730,833,000, up approximately 18.04% year-on-year (including the construction contracts revenue (before revenue tax) of approximately RMB1,188,130,000 from Suiguang-Suixi Expressways BOT Project, which was recognized according to the HKFRSs, up 20.66% year-on-year), the revenue from operation of gas stations along the expressways amounted to approximately RMB613,537,000, representing a decrease of 59.82% year-on-year, and other income and gains amounted to approximately RMB57,734,000, up 5.67% year-on-year. The profit attributable to the owners of the Company was approximately RMB559,947,000, representing an increase of 1.02% year-on-year. Basic earnings per Share were approximately RMB0.1831 (the same period of 2014: approximately RMB0.1813). As at 30 June 2015, the Group’s total assets amounted to approximately RMB29,666,374,000 and net assets amounted to approximately RMB12,782,572,000.

BUSINESS REVIEW AND ANALYSIS

1. Operating conditions of the “toll roads and bridges” segment of the Group

During the Reporting Period, the operation conditions of all the expressways of the Group were as follows:

Item	Shareholding percentage (%)	Converted average daily traffic flow (vehicles)			Toll income (before turnover tax) (RMB'000)		
		For the Period	For the same period in 2014	Increase/ (decrease) (%)	For the Period	For the same period in 2014	Increase/ (decrease) (%)
Chengyu Expressway	100	25,412	22,763	11.64	433,805	419,544	3.40
Chengya Expressway	100	32,658	28,254	15.59	366,387	371,650	(1.42)
Chengren Expressway	100	30,294	28,762	5.33	319,091	274,402	16.29
Chengle Expressway	100	30,241	24,474	23.56	216,525	219,156	(1.20)
Chengbei Exit Expressway (including Qinglongchang Bridge)	60	39,338	38,241	2.87	41,926	43,637	(3.92)

During the Reporting Period, the toll income (before deduction of the turnover tax) of the Group was approximately RMB1,377,734,000, representing an increase of approximately 3.71% as compared with the same period last year. The percentage of the toll income to the Group's total revenue (after deduction of the turnover tax) was approximately 35.92%, representing a year-on-year increase of approximately 6.06 percentage points. During the Reporting Period, the Group's operating environment regarding expressways and the constituting factors are as follows:

- (1) For the first half year of 2015, the GDP realized by the PRC was approximately RMB29,686.8 billion, representing a year-on-year growth of approximately 7.0%¹. The economic growth was basically stable and the GDP for Sichuan Province area represented a year-on-year growth of 8.0%² which is slightly higher than the average level of the PRC. Yet, under the constraint of the periodic factors and structural conflict, the economic growth of the region has slowed down. The economy was under greater downwards pressure. The demand for regional traffic, in particular, cargo transportation were directly impacted and the growth of most of the traffic volume of toll projects of the Group has slowed down.

¹Source: The preliminary verification results of National Bureau of Statistics.

²Source: The preliminary verification results of the Bureau of Statistics of Sichuan Province.

- (2) In December 2014, the Planning of Sichuan Province Expressway Network (2014–2030) (《四川省高速公路網規劃(2014–2030年)》) was launched. According to such planning, by the end of 2030, the expressway mileage in the province will reach 12,000 kilometers, linking all administrative centres of the locality and the counties and cities with population of more than 100,000, covering more than 90% of the counties (cities and districts) of the province and servicing more than 99% of the population of the province. The construction of the traffic network within the region would greatly support the future economic growth of the region. Meanwhile, the overlapping impact on the need of traffic and transportation from the effect of road network would further be released, bringing positive impact on the performance of the operation of the Group's expressways.
- (3) On 21 May 2015, Sichuan Province and Chongqing Municipality jointly signed and executed the Memorandum of Work Regarding the Strengthening of the Cooperation Between the Province and the Municipality for Joint Establishment of Cheng-Yu City Cluster (《關於加強兩省市合作共築成渝城市群工作備忘錄》), defining that their cooperation in respect of the integration of traffic of both the province and the municipality would be strengthened and that the two comprehensive traffic hubs of Chengdu and Chongqing acting as the support would be structured and constructed; railways and expressways would be the backbone of the comprehensive traffic network and a large number of traffic construction projects were being planned and organized, all such would provide the Group with even more vast room for development regarding the investment and construction business of the transportation infrastructure.
- (4) Commencing from 8 October 2014, the Electronic Toll Collection System (ETC) of expressways in Sichuan Province was commissioned for operation. During the Reporting Period, the expansion in the ETC's coverage scope of roads and the increase in the number of cars processing with ETC, together with the preferential policy of 5% toll being implemented have produced some impact, to a certain extent, on the growth of the toll income of the Group.
- (5) The governance of expressways in Sichuan Province was being implemented continuously. In addition to implementing the policy of persuading the return of trucks with loads beyond the normal limit, commencing from 1 January 2015, no commodity vehicles nor vehicles particularly used for transportation failing to meet the loading requirements may enter the expressways of Sichuan Province, which further impacted the volume of trucks using the expressways of the Group.

- (6) For recent years, the toll-free travel policy for small-passenger vehicles on major festivals and holidays had been implemented in the PRC. During the Reporting Period, the impact of the foregoing policy still persisted. The toll-free travel was implement for a total of thirteen days due to the Chinese New Year, the Tomb Sweeping Day (or Ching Ming Festival) and the Labour Day, causing a reduction of the total toll income of the Group. Yet, such impact on the change in the year-on-year income had basically been eliminated.
- (7) The operating performance of the expressways under the Group was also affected to various extents either positively or adversely by the circumjacent competitiveness or changes in the cooperative road networks as well as the maintenance and repairing works conducted on the roads. During the Reporting Period, the expressways under the Group were impacted by such factors to various extents:

Chengyu Expressway: the ChengZiLuChi (Chengdu-Zigong- Luzhou-Chishui) Expressway was completed and open to traffic in June 2014. Since the direction of the expressway was in parallel to the Chengyu Expressway, a definite diverging effect was created for vehicles which originally ran from Chengdu via Chengyu Expressway to Zigong and Luzhou. Commencing from December 2014, Jianyang Hongri Bridge (簡陽紅日大橋) was closed for construction. Vehicles originally went to and returned from Anyue and Lezhi would no longer enter and exit at Shiqiao Station of Chengyu Expressway but would change to go from Sui (Ning) Zi (Yang) Mei (Shan) Expressways and return from Chengyu Expressway or vice versa. The mileage of vehicles would be increased if vehicles changed to use Sui (Ning) Zi (Yang) Mei (Shan) Expressway to and from Chengyu Expressway and as a result, the toll income would be increased. Commencing from June 2015, the roads for Shipan to Shiqiao section of Chengjian Rapid Pathway (成簡快速通道石盤至石橋段) was under treatment and construction and some vehicles changed to run on Chengyu Expressway, causing an increase in traffic volume of Chengyu Expressway.

Chengya Expressway and Chengren Expressway: In December 2014, the West Section of Chengdu Second Belt Expressway (成都第二繞城高速公路西段) was completed and open to traffic. Such section was linked with the ChengZiLuChi (Chengdu-Zigong-Luzhou- Chishui) Expressway, Chengya Expressway, Cheng (Du) Wen (Jiang) Qiong (Xia) Expressway and Cheng (Du) Guan (Dujiangyan) Expressway, via Shuangliu County, Xinjin County, Chongzhou City, Wenzhou District, Pi County, Xindu District and Pengzhou City, causing a decrease of the mileage of vehicles using Chengya Expressway and Chengren Expressway. In November 2014, Sui (Ning) Zi (Yang) Mei (Shan) Expressway was open for trial and commencing from April 2015, the expressway was officially charged. Since such expressway was the horizontal connecting route located in several major economic zones in Chuandongbei, Chuannan, Chengdu, Panxi and other provinces, a diverging effect was created on vehicles ran originally from Chuannan via Chengren Expressway to Chengdu and Chuandongbei.

Chengle Expressway: In December 2014, Chengdu, Mianyang, Leshan intercity high-speed railway line (成(都)綿(陽)樂(山)城際高速鐵路客運專線) was open to traffic, causing some reduction in the volume of passenger vehicles using Chengle Expressway. Commencing from August 2014 to February 2015, the section from Xinjin to Panshan of S103 Provincial Highway was under construction and some passenger vehicles and trucks going to and from Qinglong and Pengshan chose to use Chengle Expressway, causing an increase in the volume of vehicles using Chengle Expressway during such period.

2. Operating conditions of the “Construction” segment and “City Operation” segment of the Group

“Construction” is a mature business of the Group and “City Operation” is an emerging business established by the Group at the current stage. Depending on the professional expertise and experience in the field of construction accumulated for the past many years and relying on the good cooperation between the Company and the local governments along the Group’s highways, the Group will bring into play its advantages in finance, location and brand to vigorously expand its business of highway construction, urban infrastructures and property development along the highways, so as to promote the extension into related upstream and downstream industries and achieve overall improvement in the Group’s efficiency. At present, the relevant projects invested and constructed by the Group mainly include:

(1) *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 164.826km with an operation period of 29 years and 336 days, and the approved estimated preliminary investment is approximately RMB11,887 million. In July 2012, the Company established Suiguang Suixi Company to be in overall charge of the preparation, construction, operation, management and transfer of Suiguang-Suixi Expressways BOT Project. From the date of its commencement of the construction to 30 June 2015, a total of approximately RMB7.312 billion has been invested, accounting for approximately 61.51% of the estimated total investment of the project.

(2) *Renshou Land-linked Pilot BT Project*

On 28 January 2011, the 34th meeting of the fourth session of the Board of Directors of the Company was convened and the proposal in relation to the investment in Renshou Land-linked Pilot BT Project was considered and approved by the Company. In July 2011, Shuhong Company was established to take charge of the implementation of this project. The Renshou Land-linked Pilot BT Project, with an estimated total investment of approximately RMB280,270,000, is located at Gaotan village, Wenlin Town (where the county government is located), Renshou County, Sichuan Province which involves a land area of approximately 4,848 mu. The investment includes relocation of farmers' houses, settlement of "San Tong Yi Ping" ("三通一平", 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 at the resettlement (community) site. From the date of its commencement of the construction to 30 June 2015, an accumulated complete investment of approximately RMB0.245 billion has been invested in Renshou Land-linked Pilot BT Project, accounting for approximately 87.50% of the estimated total investment of the project.

(3) *Shuangliu West Airport Phase VI BT Project*

On 13 January 2012, the 41th meeting of the fourth session of the Board of Directors of the Company was convened and the proposal in relation to the investment in and construction of Shuangliu West Airport Phase VI BT Project was considered and approved, and Shunan Company was approved to be the project company responsible for the preparation, construction and transfer of the project. On 17 January 2012, the Company won the bid to undertake the project, content of which includes a total of 4 roads, i.e. south extension line of Aviation Avenue, the road on the east side of Rayspower, Airport Road No. 4 and the west extension line of Industrial Park Avenue, with a total length of approximately 8.84km. The estimated total investment amount is approximately RMB616,070,000, 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. From the date of its commencement of the construction to 30 June 2015, a total of approximately RMB0.309 billion has been invested in Shuangliu West Airport Phase VI BT Project, accounting for approximately 50.17% of the estimated total investment of the project.

(4) *Shuangliu Zongbao BT Project*

On 28 March 2012, the 42th meeting of the fourth session of the Board of Directors of the Company was convened and the proposal in relation to the investment in Shuangliu Zongbao BT Project was considered and approved, and Shunan Company was approved 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, 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. From the date of its commencement of the construction to 30 June 2015, a total of approximately RMB0.187 billion has been invested in Shuangliu Zongbao BT Project, accounting for approximately 66.87% of the estimated total investment of the project.

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

On 30 January 2013, resolution in relation to 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 by the Office of the General Manager of the Company. On 22 February 2013, the Company won the bid for the land use rights of such land parcels (with a total site area of 235,558.10 sq.m.) at a price of RMB920,160,000. In May 2013, Renshou Landmark Company was established to take full charge of the development and construction of the real estate project in Chengbei New Town, Renshou County. On 15 May 2014, Renshou Landmark Company won the bid for the land use rights of five state-owned construction land parcels (with a total site area of 194,810.52 sq.m.) in Chengbei New Town at a price of RMB787,100,000. At present, as for such property project, the reporting of rules and progress, bid invitation and bid tendering, construction and marketing and sales for Phase I engineering work are being processed simultaneously. In addition, the receipt in advance for the sale of properties was approximately RMB9,904,000 during the Period.

(6) *Renshou Gaotan BT Project*

On 3 January 2014, the Office of the General Manager of the Company considered and approved the investment in the construction projects of Renshou Gaotan BT Project. On 15 January 2014, the Company won the bid to undertake such projects, and on 28 January 2014, the Company entered into the investment and construction contract in relation to the engineering construction projects including Gaotan Water Park, roads in the area of Gaotan Reservoir, landscape engineering of Central Business Avenue, Tianfu Renshou Avenue, underneath channel of Lingzhou Avenue and Renshou Avenue extension. The total estimated investment in these projects amounted to approximately RMB2,472 million (subject to the final financial review price, exclusive of land requisition, demolition costs and upfront fee. Relevant preliminary work and expenses for, inter alia, land requisition and demolition were borne by the tenderer.) Renshou Shunan Company is in full charge of the project. From the date of its commencement of the construction to 30 June 2015, the accumulated investment for Renshou Gaotan BT Project was approximately RMB0.204 billion, accounting for approximately 8.25% of the total investment amount for such project on budgetary estimation basis.

(7) *Renshou Shigao BT Project*

On 3 January 2014, the Office of the General Manager of the Company considered and approved the investment in the road engineering project of Renshou Shigao BT Project. On 17 January 2014, the Company won the bid to undertake the project, and on 28 January 2014, the Company entered into the Investment and Construction Contract in relation to the engineering construction projects including section II of Shigao Avenue in Renshou Shigao Economic Development Zone, Tianfu New District, Gangtie Avenue, Qingshui Road and Ring Road (including road maintenance project of Artery No. 1), south section of Zhanhua Road (including the business street and Quanlong River levee project) and Logistics Avenue (including storm sewage pipe network project of Huahai Avenue). The total estimated investment in these projects amounted to approximately RMB780 million (subject to the final financial review price). Renshou Shunan Company is in full charge of the project. From the date of its commencement of the construction to 30 June 2015, the accumulated investment for the road engineering project of Renshou Shigao BT Project were approximately RMB0.107 billion, accounting for approximately 13.72% of the total investment amount for such project on budgetary estimation basis.

3. Operating conditions of the “financial investment” segment of the Group

Financial investment is a business type established by the Group in the principle of integration of industry and finance, aiming at turning its credit and product advantages into financial advantages. While securing low-cost capital through diverse means, the Group will deepen the cooperation with professional investment management institutions, give play to the functions of equity investment, adopt the development mode of “driving finance with industry and promoting industry with finance”, interactively combine industrial capital and financial capital in multiple ways and in multiple levels, and expand on industrial and financial businesses. Currently, the Group’s major investment and financing work conditions are as follows:

(1) *Offshore bank loans*

In March 2015, the Company and Construction Bank of China (Asia) Corporation Limited successfully entered into the renewed agreement on the first offshore Renminbi loan in Sichuan Province. Pursuant to said renewed agreement, the term of the 1 billion offshore Renminbi denominated loan was adjusted from three years to six years and the consolidated financing cost for the said loan was reduced by 2.5 percentage points. As of 30 June 2015, the Company had fully withdrawn the said loan.

(2) *Industrial investment funds*

On 24 December 2013, the 10th meeting of the fifth session of the Board of Directors of the Company considered and approved the resolution in relation to the cooperation with Development Investment Company in carrying out industrial investment funds related business, pursuant to which, Zhongxin Company was established on 6 January 2014, with the registered capital of RMB10 million. Shuhai Company, a wholly-owned subsidiary of the Company and Development Investment Company each contributed RMB5 million and held 50% equity interest in the company, respectively. On 19 June 2014, the Company, Development Investment Company and Zhongxin Company entered into a partnership agreement in relation to the joint contribution to establish of Chengyu Development Fund (成渝發展基金). The total contribution is RMB610,000,000, of which the Company, Development Investment Company and Zhongxin Company should contribute RMB300,000,000, RMB300,000,000 and RMB10,000,000 respectively. Business registration of Chengyu Development Fund has been completed on the same date with its business scope being equity investment and relevant advisory service in relation to non-public transactions involving equity of listed enterprises, non-public offering of equity of listed enterprises, etc.. During the Reporting Period, the exploration work of Zhongxin Company and Chengyu Development Fund Project (成渝發展基金項目) had achieved good progress and the investment for the project amounting to approximately RMB84 million in total was paid.

(3) *Establishment of Chengyu Financial Leasing Company*

On 15 January 2015, the Office of the General Manager of the Company considered and approved that the Company and CSI SCE Investment Holding Limited (信成香港投資有限公司) would jointly establish Chengyu Financial Leasing Company (成渝融資租賃公司). On 4 February 2015, the Company entered into a joint venture contract with CSI SCE Investment Holding Limited. In accordance with such joint venture contract, the registered capital of Chengyu Financial Leasing Company would be RMB300 million and the Company and CSI SCE Investment Holding Limited would contribute RMB180 million and RMB120 million respectively and would each own 60% and 40% of the equity interest of Chengyu Financial Leasing Company respectively. On 13 April 2015, Chengyu Financial Leasing Company completed its registration for industry and commerce with Market Supervision Administration of Shenzhen Municipality (深圳市市場監督管理局). During the Reporting Period, Chengyu Financial Leasing Company was actively seeking business opportunity in respect of traffic and transportation. On 16 June 2015, the first “buy and lease out” business of RMB300 million regarding expressway was successfully completed.

(4) *Proposed issuance of corporate bonds*

In order to broaden financing channels and reduce finance costs, to raise funds for the medium and long term development of the Company and to ensure the continuous and stable growth of the operating efficiency of the Company, the Company convened an extraordinary general meeting on 5 February 2015, with reference to the analysis on the current bond market and the capital needs of the Company. At the meeting, the Company considered and passed the resolution in relation to the issuance of corporate bonds. On 8 July 2015, the Company received the Approval and Reply On Verification of the Public Offer Made by Sichuan Expressway Company Limited to the Public Investors (《關於核准四川成渝高速公路股份有限公司向公眾投資者公開發行公司債券的批復》) from CSRC, whereby the Company was approved to issue corporate bonds to the public investors by instalments of which the total face value amounted to not more than RMB1 billion.

(5) *Subscription of 9.99% equity interests in Renshou Bank*

On 23 March 2015, the Office of the General Manager of the Company considered and approved the investment of Shuhai Company in the project of the conversion of Renshou County Rural Credit Cooperative into Renshou Bank. On 10 August 2015, Shuhai Company and the preparation team of Renshou Bank entered into a share subscription agreement, pursuant to which Shuhai Company would subscribe 49,950,000 shares of Renshou Bank at the price of RMB2.15 per share, representing 9.99% equity interests in Renshou Bank, and the total subscription consideration is RMB107,392,500. On 20 August 2015, the Company had injected an additional amount of approximately RMB107 million into Shuhai Company to meet the capital demand of Shuhai Company for the subscription.

4. Operating conditions of the “energy and cultural media” segment of the Group

Energy and cultural media has been a fast-growing business of the Group in recent years and mainly involves the operation of gas stations along the expressways of the Group and management of assets, service zones, advertisement, etc. along the expressways. The Group did not undertake the sales of chemical products during the Period, causing a decrease in the year-on-year net operating income of the Group’s service stations during the Reporting Period. However, during the Reporting Period, the Group maintained a growth of revenue through integration of assets along the expressways, improvement of service functions, and vigorous development of the business related to advertising, assets leasing and others. As a result, a growth of the net income from the advertising and assets leasing along the expressways was maintained. During the Reporting Period, the Group’s net operating income of service stations along the expressways amounted to approximately RMB613,537,000 (the same period in 2014: RMB1,527,029,000), representing a year-on-year decrease of approximately 59.82%. The net income from the advertising and assets leasing along the expressways was RMB23,699,000 (the same period in 2014: RMB20,517,000), representing a year-on-year increase of approximately 15.51%.

ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Summary of the Group's Operating Results

	For the six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	3,704,374	4,296,953
Including: Net toll income	1,330,641	1,283,106
Net construction contract revenue	1,730,833	1,466,301
Profit before tax	710,843	719,764
Profit attributable to owners of the Company	559,947	554,296
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.1831	0.1813

Summary of the Group's Financial Position

	At 30 June 2015	At 31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
Total assets	29,666,374	28,803,105
Total liabilities	16,883,802	16,435,703
Non-controlling interests	694,716	601,375
Equity attributable to owners of the Company	12,087,856	11,766,027
Equity per share attributable to owners of the Company (<i>RMB</i>)	3.953	3.848

ANALYSIS OF OPERATING RESULTS

Revenue

The Group's revenue for the Reporting Period amounted to RMB3,704,374,000 (the same period in 2014: RMB4,296,953,000), representing a year-on-year decrease of 13.79%, of which:

- (1) The net toll income was RMB1,330,641,000 (the same period in 2014: RMB1,283,106,000), representing a year-on-year increase of 3.70%, which was mainly due to the increase in the net toll income of Chengyu Expressway and Chengren Expressway. Please refer to Page 32 to Page 35 of this announcement for details of the main factors affecting the toll income of the Group during the Reporting Period;
- (2) Construction revenue (before revenue taxes) in respect of service concession arrangements was RMB1,193,620,000 (the same period in 2014: RMB1,004,002,000), representing a year-on-year increase of 18.89%. This mainly included RMB1,188,130,000 of construction revenue (before revenue taxes) (the same period in 2014: RMB984,686,000) from the Suiguang-Suixi Expressways BOT Project and an aggregate of RMB5,490,000 of construction revenue (before revenue taxes) (the same period in 2014: RMB19,316,000) from the technical renovation projects of expressways and reconstruction projects of gas stations and service zones along the expressways during the Reporting Period recognized under the percentage-of-completion method;
- (3) Construction revenue (before revenue taxes) in respect of construction works performed for third parties amounted to RMB569,783,000 (the same period in 2014: RMB502,301,000), representing a year-on-year increase of 13.43%;
- (4) Revenue from operation of gas stations along expressways amounted to RMB613,537,000 (the same period in 2014 RMB1,527,029,000), representing a year-on-year decrease of 59.82%. This was mainly attributable to the inclusion of operation of the sales business of chemical products in the same period of last year, resulting in the significant decrease in the operating revenue for the same period of last year during the Reporting Period.

Other income and gains

The Group's other income and gains for the Reporting Period amounted to RMB57,734,000 (the same period in 2014: RMB54,635,000), representing an increase of 5.67% as compared with the same period last year. This was mainly attributable to the dividends from the available-for-sale investments of approximately RMB6,682,000 received during the Period, representing an increase of approximately RMB6,416,000 as compared with the same period last year; the reversal of the provision for impairment of approximately RMB1,084,000 charged during the Period; the rental income and interest income from bank deposits of approximately RMB15,531,000 (the same period in 2014: RMB11,451,000) received during the Period, which partially offset the impact brought about by the decrease in interest income from the advance payment in respect of the BT Projects of the Group recognized for the Period.

Operating Expenses

The Group's operating expenses for the Reporting Period amounted to RMB2,811,022,000 (the same period in 2014: RMB3,405,903,000), representing a year-on-year decrease of 17.47%, of which:

- (1) Construction contract costs recognized under the percentage-of-completion method in respect of service concession arrangements were RMB1,201,170,000 (the same period in 2014: RMB921,648,000), representing a year-on-year increase of 30.33%. This mainly included construction contract costs of RMB1,195,680,000 (the same period in 2014: RMB903,030,000) from Suiguang-Suixi Expressways BOT Project and aggregate construction contract costs of RMB5,490,000 (the same period in 2014: RMB18,618,000) from the technical renovation projects of expressways and reconstruction projects of gas stations and service zones along the expressways during the Reporting Period;
- (2) The construction costs for third parties recognized under the percentage-of-completion method in respect of construction contracts amounted to RMB473,314,000 (the same period in 2014: RMB447,364,000), representing a year-on-year increase of 5.80% during the Reporting Period. This mainly included the construction costs incurred of approximately RMB261,785,000 (the same period in 2014: RMB136,856,000) in respect of BT projects such as Renshou Gaotan BT Project, etc. undertaken by the Group in the Period; and other construction costs amounted to approximately RMB211,529,000 (the same period in 2014: RMB310,508,000);
- (3) Depreciation and amortization expenses increased by 5.56% from RMB271,793,000 in the corresponding period of last year to RMB286,896,000 during the Reporting Period, which was mainly attributable to the increase in amortization for service concession arrangements from RMB222,334,000 in the corresponding period of last year to RMB235,428,000 during the Reporting Period;

- (4) The cost of sales of refined oil and petrochemical products was RMB543,452,000 (the same period in 2014: RMB1,465,263,000), which represented a 62.91% year-on-year decrease and such significant decrease in the cost during the Reporting Period was mainly due to the inclusion of the cost of the sales business of chemical products in the same period of last year;
- (5) Staff costs increased by 16.70% from RMB221,512,000 in the corresponding period of last year to RMB258,510,000 during the Reporting Period. This was principally due to the increases in total salary, various social insurances and housing accommodation fund paid in the Reporting Period to certain extent given the Group's business expansion, the addition of subsidiaries as well as the increase in staff of the Group and increased average salary for the employees in Chengdu;
- (6) Repair and maintenance costs decreased by 55.45% from RMB25,728,000 in the corresponding period of last year to RMB11,461,000 during the Reporting Period, being the daily maintenance costs for the roads and auxiliary facilities of the Group.

Finance Costs

The Group's finance costs for the Reporting Period amounted to RMB250,204,000, representing a year-on-year increase of 7.81%, principally attributable to the following: the Group issued medium-term notes of RMB300 million in July 2014 and made additional short-term bank loans of RMB120 million, and hence the interests charged for the additional notes and loans were included in the finance costs for the Period.

Income Tax

The income tax expense of the Group for the Reporting Period amounted to RMB134,936,000, representing an increase of approximately 21.17% as compared with the same period of 2014, principally due to the increase in the additional provision made for income tax after its final settlement and increase of profits of some companies.

Profit

The Group's profit for the Reporting Period amounted to RMB575,907,000 (the same period in 2014: RMB608,400,000), representing a year-on-year decrease of 5.34%, of which the profit attributable to the owners of the Company was RMB559,947,000, representing a year-on-year increase of 1.02%. This was mainly due to:

- (1) Regional economic development, operation of Chengren Expressway and natural growth of vehicle volume for using the expressways resulted in an increase in toll income which offset the adverse impact brought by the increase in the road maintenance cost and amortization of concession arrangements. The pre-tax profit of the entire segment of toll income increased by approximately RMB46,074,000.
- (2) Since, inter alia, land expropriation was slowed down, which resulted in that the construction failed to be completed pursuant to schedule, some construction procedures changes regarding some projects had not been completed and the decline in the construction business volume, the pre-tax profit of construction contract segment decreased by approximately RMB54,120,000.
- (3) Since the margin of oil sales increased over the same period of last year, causing pre-tax profit from operation of the segment of gas stations along the expressways increased by approximately RMB10,408,000 for the Reporting Period.
- (4) Since Renshou Landmark Company, a subsidiary of the Company which engaged in real estate development business during the Period suffered from a loss of approximately RMB46,529,000.
- (5) The new establishment of Chengyu Financing Leasing Company, a non-wholly-owned subsidiary, during the Period gave rise to pre-tax profit of the segment of the advertising and leasing business increased by approximately RMB8,473,000.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 30 June 2015, the Group's non-current assets amounted to RMB23,091,751,000, representing an increase of 7.20% as compared with the end of 2014. The increase was mainly due to:

- (1) Cost of Property, plant and equipment increased by RMB20,901,000 during the current year;

- (2) Cost of Service concession arrangements increased by RMB1,193,620,000, including RMB5,490,000 from the technical renovation projects on road surface of expressways and reconstruction of gas stations etc. along the expressways, and RMB1,188,130,000 from Suiguang-Suixi Expressways BOT Project;
- (3) A total of RMB286,896,000 in provision of depreciation and amortization;
- (4) An increase of RMB42,528,000 in prepayment related to purchase and construction of non-current asset;
- (5) Investment available for sale increased by RMB158,013,000, mainly due to the purchase of trust products;
- (6) Investment made in associated companies and joint venture companies increased by an aggregate of RMB147,836,000, mainly due to the investment in Chengyu Development Fund;
- (7) Long-term compensation receivable decreased by approximately RMB5,033,000;
- (8) Loan to a customer increased by RMB280,000,000, mainly due to the business development of Chengyu Financing and Leasing Company; and
- (9) Deferred income tax assets decreased by approximately RMB1,152,000.

Current Assets and Current Liabilities

As at 30 June 2015, the current assets of the Group amounted to RMB6,574,623,000, representing a decrease of 9.46% as compared with the end of 2014, mainly attributable to:

- (1) A decrease of RMB1,003,780,000 in the closing balance of cash and cash equivalents as compared with the end of 2014, mainly due to the increase in the service concession arrangements, increase in the receivables from operating activities, settlement of payables during the Period and the increase in the expenditures generated from investing activities, repayment of principal and interest thereon, and decrease in new loans;
- (2) An increase of approximately RMB15,303,000 in inventories as compared with the end of 2014 is mainly due to the increase in the reserve of refined oil of approximately RMB7,679,000 and the increase in spare parts and construction materials of approximately RMB7,624,000 for the Period;

- (3) An increase of trade, notes and other receivables of approximately RMB258,574,000 as compared with the end of 2014, mainly due to notes and trade receivables increased by RMB9,287,000, performance guarantee deposits receivables increased by approximately RMB130,740,000, prepayment for inventory and contracting materials increased by RMB32,840,000, the repurchase upon completion of construction of BT Project, prepaid land expropriation and interests thereon increased by RMB6,999,000 year on year, the loan to a customer due within one year of RMB20,000,000, and ethers increased by RMB58,708,000.
- (4) The developing property increased by RMB51,347,000 as compared with that of the end of 2014 mainly due to the cost of property development of the Group.

As at 30 June 2015, the Group's current liabilities amounted to RMB3,953,511,000, representing a decrease of 25.84% as compared with the end of 2014, mainly attributable to: tax payable decreased by RMB36,460,000; short-term bank loans decreased by RMB114,545,000 due to loan repayment; construction cost payable and land expropriation decreased by RMB329,846,000 and the trade payables decreased by RMB238,062,000 in the meantime, resulting in a decrease of RMB622,112,000 in the aggregate of trade and other payables; long-term loans reclassified as due within one year amounting to RMB1,133,961,000, decreased by RMB631,769,000 as compared with the end of 2014.

Non-current Liabilities

As at 30 June 2015, the non-current liabilities of the Group amounted to RMB12,930,291,000, representing an increase of 16.44% as compared with the end of 2014, which was principally attributable to the increase in bank and other interest-bearing loans of RMB1,833,209,000 due to the new syndicated loan of RMB1,850,000,000 for Suiguang-Suixi Expressways BOT Project.

Equity

As at 30 June 2015, the Group's equity amounted to RMB12,782,572,000, representing an increase of 3.36% as compared with the end of 2014, mainly attributable to: (1) profit for the Reporting Period of RMB575,907,000 which increased the equity; (2) changes in the fair value of available-for-sale investments amounting to RMB6,527,000, which increased the equity; (3) investments from minority shareholders received by Chengyu Financial Leasing Co., Ltd. (成渝融資租賃有限公司), the newly incorporated non wholly-owned subsidiary, amounting to RMB120,000,000, which increased the equity; (4) the final dividend of 2014 declared in the Period amounting to RMB244,645,000, which decreased the equity; (5) payment of dividends of RMB42,619,000 to non-controlling shareholders, which decreased the equity.

Capital Structure

As at 30 June 2015, the Group had total assets of RMB29,666,374,000 and total liabilities of RMB16,883,802,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 56.91% (31 December 2014: 57.06%).

Cash Flow

As at 30 June 2015, the closing balance of the cash and bank balance of the Group amounted to RMB2,613,330,000, including approximately HKD66,000 (equivalent to approximately RMB52,000) deposits in Hong Kong dollars, and RMB2,613,278,000 cash and deposits in RMB, and representing a net decrease of approximately RMB1,003,780,000 over the end of 2014.

During the Reporting Period, net cash outflows used in operating activities amounted to RMB969,602,000 (the same period of 2014: net cash outflows of RMB531,187,000), representing an increase of RMB438,415,000 in cash outflows over the same period of 2014, which was mainly due to the increase in the expenses from service concession arrangements and in the receivables and the decrease in the payables.

Net cash outflows from investing activities amounted to RMB578,082,000 (the same period of 2014: net cash inflows of RMB18,470,000), representing an increase of RMB596,552,000 in net cash outflows over the same period last year, which was mainly due to the costs of RMB150,000,000 from the acquisition of available-for-sale investments during the Period, the investment in partnership amounted to RMB150,000,000, and loan to customer amounted to RMB300,000,000.

Net cash inflows from financing activities was RMB543,904,000 (the same period of 2014: net inflow of RMB1,920,718,000), representing an decrease in cash inflows of RMB1,376,814,000 over the same period last year which was mainly attributable to the increase in the repayment of the principal and interests of bank and other loans of RMB133,797,000 and the decrease in new loans of RMB1,359,110,000, and capital contribution received from a non-controlling shareholder of RMB120,000,000.

Exchange Fluctuations and its Risks

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

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

Borrowings and Solvency

As at 30 June 2015, the Group's interest-bearing bank and other loans amounted to RMB14,100,923,000, all of which bore fixed interest rates. In particular, the balance of domestic bank loans was RMB9,334,923,000, with annual interest rates ranging from 4.85% to 6.15%; the balance of overseas bank loans was RMB3,023,000,000, with annual interest rates ranging from 4.89% to 5.81%; the balance of other loans amounted to RMB143,000,000, with annual interest rates ranging from 6% to 6.51%; and the outstanding medium-term notes amounted to RMB1,600,000,000, with annual interest rates ranging from 4.75% to 6.30%. The relevant balances are set out as follows:

Maturity profile of interest-bearing borrowings				
	Total	1 year	Over 1	
	amount	or within	year to	Over
	RMB'000	1 year	5 years	5 years
		RMB'000	RMB'000	RMB'000
Loans from domestic commercial banks	9,334,923	253,961	1,796,602	7,284,360
Loans from overseas commercial banks	3,023,000	1,000,000	2,023,000	
Other loans	143,000		143,000	
Medium-term notes	1,600,000		1,300,000	300,000*
Total (as at 30 June 2015)	<u>14,100,923</u>	<u>1,253,961</u>	<u>5,262,602</u>	<u>7,584,360</u>
Total (as at 31 December 2014)	<u>13,014,028</u>	<u>2,000,275</u>	<u>4,967,199</u>	<u>6,046,554</u>

* On 23 May 2014, the Company completed the registration for its RMB1.5 billion medium-term notes, and on 17 July 2014, successfully issued the 2014 first tranche of medium term notes of RMB300 million at a unit par value of RMB100 for a term of "5+5" years, together with an option for the issuer to increase the coupon rate and a sell-back option for investors at the end of the fifth year, at issuance interest rates of 6.30%. The notes created the longest record for financing terms of Sichuan enterprises in the inter-bank bonds market, and the issue price for the 5+5-year-term notes was lower than the interest rate of 10-year-term notes. Moreover, the enterprise could choose whether to extend the financing term at the end of the fifth year based on the availability of proceeds and the consequent financing costs, which will retain a great degree of flexibility in funding arrangement.

With the Group's steady cash flow, solid capital structure and sound credit records, the Group has established and maintained favorable credit relations with financial institutions and enjoyed most preferential interest rates for its loans. The Group has acquired bank facilities of RMB3,850 million from financial institutions available for use in the following one to two years. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying out

businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,890 million. Such loan is specially used for construction of Chengren Expressway BOT Project. As at 30 June 2015, the balance of syndicated loan for the project amounted to RMB3,902 million.

In 2013, China Development Bank (Sichuan Branch) as leader and other three 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 totalled RMB8,330 million. Such loan is specially used for Suiguang-Suixi Expressways BOT Project. As at 30 June 2015, approximately RMB5,106 million of the loan has been drawn-down by the Group.

Contingent Liabilities and Pledge of Assets

As at 30 June 2015, the Group's time deposits of RMB11,578,000 and RMB11,092,000, respectively (31 December 2014: RMB11,436,000 and RMB10,939,000 respectively) were pledged to secure Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project respectively; time deposits of RMB112,150,000 (31 December 2014: RMB112,150,000) were pledged for bank loans; the concession rights to collect toll income pertaining to Chengle Expressway with the net book values of RMB1,032,313,000 (31 December 2014: RMB1,056,545,000) were pledged to secure bank loans amounting to RMB106,400,000 (31 December 2014: RMB106,400,000, respectively); the concession rights to collect toll income pertaining to Chengren Expressway with net book value of RMB7,342,420,000 (31 December 2014: RMB7,406,562,000) was pledged to secure the syndicated loan amounting to RMB3,902,423,000 (31 December 2014: RMB3,906,436,000); the future concession rights to collect toll income pertaining to Suiguang-Suixi Expressway with net book value of RMB7,312,384,000 (31 December 2014: RMB6,124,254,000) was pledged to secure the syndicated loan amounting to RMB5,106,100,000 (31 December 2014: RMB3,256,100,000). Bank loan RMB750,000,000 (31 December 2014: RMB750,000,000) secured by the service concession arrangements of Chengya Expressway has been repaid during the Period. As at 30 June 2015, the Group was still in the legal process of releasing the pledge.

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2015.

BUSINESS DEVELOPMENT PLANS

Based on our analysis and judgment of the business conditions, policy climate and our own development status for the second half of 2015, and in line with our business targets for year 2015, we formulated the following business plans:

- (1) **Management Strengthening and Innovation Reform.** By taking the accomplishment of the Group's annual operating goals as the core, the Company is firmly sticking to the general mode of the work, that is "To enhance benefits by strengthening the management and to promote development by deepening reform" ("強化管理提效益，深化改革促發展"), strengthens the management, digs out potential and enhances benefits, to ensure that the Group's goal of annual profits can be realized. The Company will also fully strengthen the internal management innovation, endeavour its efforts to facilitate the reform on human resources and remuneration system, explore such long-term and effective incentive mechanism suiting the Group's development and continuously enhance the Company's vitality and competitiveness.
- (2) The Company will continue to maintain its major business of expressways, enhance the standard of management over its major business operation and increase the benefits. By strengthening the Group's management regarding the operation of the Group's road assets, endeavouring greater efforts intelligent traffic construction (智能交通建設), upgrading quality service related to roads, strengthening the management of expressway maintenance, cost control and other measures, enhancing the quality of road maintenance and road quality, and increasing the efficiency of road access, the Company can increase its income but reduce its expenditure regarding toll fees and further enhance the Group's profitability regarding its major operating business.
- (3) The Company shall implement such diversified development strategy highly related to its major business in depth and thoroughly, and steadily promote the balanced development of the Group's diversified business. Besides, the Company shall endeavour greater efforts to develop the financial business, give full play to the roles played by Chengyu Financing and Leasing Company as an offshore financing platform and by the synergic effect created by capital assembled of Chengyu Fund, and strengthen the combination and interaction between the industry capital and financial capital. The Company shall facilitate the progress of the property project and the marketing planning in an orderly manner. It shall realize good rolling development for projects and highly efficient turnover of funds. It shall be well-positioned to conduct sophisticated management of construction projects and ensure that the quality, safety, pricing and progress of the project shall be in full control. It shall strengthen the sales of oils and extend the scales and length of its upstream and downstream industrial chains in appropriate manner. Besides, it shall innovate the servicing area of expressways and the operating mode of advertising media, develop the operating business of special industries, and enhance the overall revenue capacity increase efficiency.

- (4) The Company shall strengthen the financial management, create new financing mode and fully safeguard the Company's capital need. Besides, the Company shall thoroughly strengthen the management regarding financial and budgeting, make good coordination and planning for funds, strengthen its control over cost and expenses and safeguard the accomplishment of the annual index. Meanwhile, the Company shall continue to maintain its advantages of low-cost financing, positively explore multiple financing channels, obtain low-cost fund through multiple channels so as to ensure that the cash flow can support its liabilities and financial resources can support the business development of the Group.
- (5) The Company shall implement the strategy of "Strong Enterprise with Talented Professionals" (人才強企), and optimize the establishment of human resources system. It shall also strengthen the establishment of a team of talented professionals and the relevant system, continue to introduce and develop professionals in respect of financing, finance, engineering technology and real estate property, strengthen the innovation in respect of the management of human resources and remuneration system, fully encourage the passion and creativity of the staff, and fully upgrade the professional technique and consolidated quality of staff, so as to provide protected human resources to the Group for its development.

Purchase, redemption or sale of listed securities of the Company

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

Employees, remuneration and training

As at 30 June 2015, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,790
Number of in-service employees of major subsidiaries	1,825
Total number of in-service employees	4,615
Number of retired employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	Nil

Composition of Expertise

Type of Expertise	Number of people
Production	3,201
Sales	111
Technical	469
Financial	137
Administrative	697
Total	<u>4,615</u>

Educational Level

Type of Expertise	Number of people
Postgraduate	135
University graduate	1,000
Junior college graduate	1,886
Technical secondary school and below	1,594
Total	<u>4,615</u>

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 incurred approximately RMB159,363,000 of which approximately RMB93,298,000 was for the employees of the Company (including its branches).

2. Employee's Insurance and Welfare

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

3. Staff Training

The Company highly values staff training and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company has organised various centralized and specific trainings such as operating training for technical staff, and continuing education and training for professional technical staff. The attendance of the Company (including its subsidiaries) reached 4,300 person-time.

CORPORATE GOVERNANCE REPORT

1. Corporate Governance Code

As a listed company with both A Shares and H Shares, in addition to complying with the applicable laws and regulations, the Company is also required to comply with the requirements of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of Hong Kong and the Code of Corporate Governance for Listed Companies of the CSRC regarding the practice of corporate governance. During the Reporting Period, Corporate Governance of the Company in practice was of no material difference with the Code of Corporate Governance for Listed Companies, and the Company has adopted and fully complied with the requirements in the Corporate Governance Code. However, Mr. Wu Xinhua (吳新華先生) and Mr. Tang Yong (唐勇先生) failed to attend the 2015 first extraordinary general meeting held by the Company on 5 February 2015 due to urgent business commitment pursuant to Article A.6.7 of the Code; and Mr. Tang Yong failed to attend the 2014 general meeting held by the Company on 29 May 2015 due to urgent business commitment pursuant to Article A.6.7 of the Code.

2. Audit Committee

The Audit Committee of the Company comprises three independent non-executive Directors including Mr. Yu Haizong, Mr. Guo Yuanxi and Mr. Chen Weizheng who are all professionals experienced in finance and economy. The Audit Committee has reviewed and confirmed the unaudited interim condensed financial information and interim results report of the Group for the half year ended 30 June 2015.

Model Code for Securities Transactions by Directors and Supervisors

During the Reporting Period, the Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms not less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules of the Stock Exchange of Hong Kong. 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 half year ended 30 June 2015 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below and the definitions are presented in alphabetical order (A-Z):

Name of Expressway Projects

Airport Expressway	Chengdu Airport Expressway
Chengbei Exit Expressway	Chengdu Chengbei Exit Expressway
Chengle Expressway	Sichuan Chengle (Chengdu-Leshan) Expressway
Chengren Expressway	Chengdu-Meishan (Renshou) Section of ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway
Chengya Expressway	Sichuan Chengya (Chengdu-Ya'an) Expressway
Chengyu Expressway	Chengyu (Chengdu-Chongqing) Expressway (Sichuan Section)
Suiguang Expressway	Sichuan Suiguang (Suining-Guang'an) Expressway
Suixi Expressway	Sichuan Suixi (Suining-Xichong) Expressway

Branches, Subsidiaries and Principal Invested Companies

Airport Expressway Company	Chengdu Airport Expressway Company Limited
Chengbei Company	Chengdu Chengbei Exit Expressway Company Limited
Chengle Company	Sichuan Chengle Expressway Company Limited
Chengren Branch	Sichuan Expressway Company Limited Chengren Branch

Chengya Branch	Sichuan Expressway Company Limited Chengya Branch
Chengya Oil Company	Sichuan Chengya Expressway Oil Supply Company Limited
Chengyu Branch	Sichuan Expressway Company Limited Chengyu Branch
Chengyu Development Fund	Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partnership)
Chengyu Financing and Leasing Company	Chengyu Financing and Leasing Company Limited
Renshou Bank	Sichuan Renshou Rural Agricultural and Commercial Bank Limited
Renshou Landmark Company	Renshou Trading Landmark Company Limited
Renshou Shunan Company	Renshou Shunan Investment Management Company Limited
Shuhai Company	Chengdu Shuhai Investment Management Company Limited
Shuhong Company	Chengdu Shuhong Property Company Limited
Shunan Company	Sichuan Shunan Investment Management Company Limited
Shusha Company	Sichuan Shusha Industrial Company Limited
Suiguang Suixi Company	Sichuan Suiguang Suixi Expressway Company Limited
Trading Construction Company	Sichuan Trading Construction Engineering Co., Ltd. (formerly known as “Sichuan Shugong Expressway Engineering Company Limited”)
Zhonglu Energy Company	Sichuan Zhonglu Energy Company Limited
Zhongxin Company	Sichuan Zhongxin Assets Management Co., Ltd.

Others

A Share(s)	Ordinary share (s) denominated in RMB of the Company with a nominal value of RMB1.00 each, which is/are issued in the PRC, subscribed for in RMB and listed on the SSE
Audit Committee	the Audit Committee of the Board
Board	the Board of Directors of the Company
BT Project	build-transfer project
Chengren Expressway BOT Project	the project of Chengren Expressway in the form of BOT (build-operate-transfer)
Company	Sichuan Expressway Company Limited
Development Investment Company	Sichuan Development Equity Investment Fund Management Co., Ltd.
Director(s)	director (s) of the Company
Group	the Company and its subsidiaries
H Share(s)	overseas listed share (s) of the Company with a nominal value of RMB1.00 each, which is/are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the main board of the Stock Exchange
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Huajian Company	China Merchants Huajian Highway Investment Co., Ltd. (formerly known as Huajian Transportation Economic Development Centre), a substantial Shareholder of the Company
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Securities on the SSE (as the case may be)

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules of the Stock Exchange, which has been adopted by the Company as the code of conduct for securities transactions by Directors and Supervisors of the Company
PRC	The People’s Republic of China, for the purpose of this interim report, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
Renshou Gaotan BT Project	Gaotan Water Park, roads in the area of Gaotan Reservoir, landscape engineering of Central Business Avenue, Tianfu Renshou Avenue, underneath channel of Lingzhou Avenue and Renshou Avenue extension
Renshou Land-linked Pilot BT Project	the land-linked pilot project in Renshou County, Meishan City in the form of BT (build-transfer)
Renshou Shigao BT Project	section II of Shigao Avenue in Renshou Shigao Economic Development Zone, Tianfu New District, Gangtie Avenue, Qingshui Road and Ring Road (including road maintenance project of Artery No. 1), south section of Zhanhua Road (including the business street and Quanlong River levee project) and Logistics Avenue (including storm sewage pipe network project of Huahai Avenue)
RMB	Renmenbi, the lawful currency of the PRC
Share(s)	A Share(s) and/or H Share(s) (as the case may be)
Shareholder(s)	holder(s) of Shares
Shuangliu West Airport Phase VI BT Project	the road project within the Airport High-tech Industrial Functional Zone, Shuangliu County, Chengdu City, in the form of BT (build-transfer), which is referred to as the “West Airport Development Zone Phase VI Road Engineering BT (build-transfer) Project” by the Transportation Bureau of Shuangliu County, Chengdu City, the tenderer of this project

Shuangliu Zongbao BT Project	the Phase I road project within Zongbao ancillary area at Shuangliu County, Chengdu City in the form of BT (build-transfer)
Sichuan Highway Development	Sichuan Highway Development Holding Company, a subsidiary of STI
SSE	Shanghai Stock Exchange
STI	Sichuan Transportation Investment Group Corporation, the controlling Shareholder of the Company
STI Group	STI and its subsidiaries
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategic Committee	The Strategic Committee of the Board
Suiguang-Suixi Expressways BOT Project	the project on Suiguang Expressway and Suixi Expressway in the form of BOT (build-operate-transfer)
The Period or Reporting Period	For the six months ended 30 June 2015

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

Chengdu, Sichuan Province, the PRC
27 August 2015

As at the date of this announcement, the Board comprises Mr. Zhou Liming (Chairman) and Mr. Gan Yongyi (Vice Chairman) as executive Directors, Mr. Wu Xinhua (Vice Chairman), Mr. Tang Yong, Mr. Huang Bin, Mr. Wang Shuanming and Mr. Ni Shilin as non-executive Directors, and Mr. Sun Huibi, Mr. Guo Yuanxi, Mr. Chen Weizheng and Mr. Yu Haizong as independent non-executive Directors.

* *for identification purposes only*