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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)

2016 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 2016, together with the comparative figures for the corresponding period in 2015 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 2016

		For the six months ended 30 June	
		2016	2015
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	3,741,312	3,704,374
Cost of sales and other direct operating costs		<u>(2,576,091)</u>	<u>(2,714,115)</u>
Gross profit		1,165,221	990,259
Other income and gains	4	56,624	57,734
Administrative expenses		(100,483)	(88,337)
Other expenses		(5,854)	(8,570)
Finance costs	5	(227,793)	(250,204)
Share of profits and losses of:			
Joint ventures		(495)	(360)
Associates		<u>7,746</u>	<u>10,321</u>
PROFIT BEFORE TAX	6	894,966	710,843
Income tax expense	7	<u>(169,179)</u>	<u>(134,936)</u>
PROFIT FOR THE PERIOD		<u><u>725,787</u></u>	<u><u>575,907</u></u>

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

For the six months ended 30 June 2016

		For the six months ended 30 June	
		2016	2015
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME/			
(LOSS)			
Other comprehensive income/(loss)			
to be reclassified to profit or loss			
in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		(8,013)	8,013
Income tax effect		1,486	(1,486)
		<u> </u>	<u> </u>
OTHER COMPREHENSIVE INCOME/			
(LOSS) FOR THE PERIOD, NET OF			
TAX			
		<u>(6,527)</u>	<u>6,527</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE PERIOD			
		<u><u>719,260</u></u>	<u><u>582,434</u></u>
Profit attributable to:			
Owners of the Company		681,539	559,947
Non-controlling interests		44,248	15,960
		<u> </u>	<u> </u>
		<u><u>725,787</u></u>	<u><u>575,907</u></u>
Total comprehensive income attributable to:			
Owners of the Company		675,012	566,474
Non-controlling interests		44,248	15,960
		<u> </u>	<u> </u>
		<u><u>719,260</u></u>	<u><u>582,434</u></u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE			
COMPANY			
– Basic and diluted	8	<u><u>RMB0.223</u></u>	<u><u>RMB0.183</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

		30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	605,099	628,300
Service concession arrangements	9	23,462,790	23,133,239
Prepaid land lease payments	9	377,999	396,189
Other intangible assets		1,081	1,331
Investments in joint ventures	10	150,728	151,223
Investments in associates	11	85,083	77,337
Available-for-sale investments	12	139,937	297,950
Loan to customers	17	324,219	481,108
Other receivable		8,885	7,830
Long term compensation receivables		46,462	52,197
Payments in advance	13	109,393	113,736
Deferred tax assets		9,804	9,532
Interests in land held for property development	14	164,266	708,703
Pledged deposits		55,700	55,700
Total non-current assets		25,541,446	26,114,375
CURRENT ASSETS			
Properties under development	15	1,841,313	1,190,749
Inventories		82,855	162,387
Due from customers for contract works	16	468,948	251,969
Trade and other receivables	17	2,942,858	2,591,777
Pledged deposits		23,042	79,355
Cash and cash equivalents		3,409,123	3,067,744
Total current assets		8,768,139	7,343,981

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2016

		30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Tax payable		128,557	169,874
Trade and other payables	18	3,018,567	3,813,066
Dividend payables		149,630	–
Interest-bearing bank and other loans	19	1,434,050	1,274,550
Total current liabilities		4,730,804	5,257,490
NET CURRENT ASSETS		4,037,335	2,086,491
TOTAL ASSETS LESS CURRENT LIABILITIES		29,578,781	28,200,866
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	19	15,861,150	14,807,894
Deferred tax liabilities		6,353	7,064
Deferred income	18	85,524	89,260
Total non-current liabilities		15,953,027	14,904,218
Net assets		13,625,754	13,296,648
EQUITY			
Equity attributable to owners of the Company			
Issued capital		3,058,060	3,058,060
Reserves		9,889,109	9,461,206
		12,947,169	12,519,266
Non-controlling interests		678,585	777,382
Total equity		13,625,754	13,296,648

NOTES TO FINANCIAL STATEMENTS

30 June 2016

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 Group was involved in the following principal activities:

- investment holding;
- construction;
- management and operation of expressways and a high-grade toll bridge;
- operation of gas stations along expressways;
- property development; and
- financial lease business.

In the opinion of the directors, STI is the parent and the ultimate holding company of the Company, which is incorporated 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 2015.

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 2015, except for the adoption of amendments to a number of Hong Kong Financial Reporting Standards issued by the HKICPA that are mandatory for the first time for the financial year beginning on or after 1 January 2016. The adoption of these amendments has had no significant financial effect on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2016 and 2015.

For the six months ended 30 June 2016

	Toll operation <i>RMB'000</i> (Unaudited)	Construction contracts <i>RMB'000</i> (Unaudited)	Gas station and oil 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	1,387,086	1,579,211	714,397	–	60,618	3,741,312
SEGMENT RESULTS	754,504	153,776	52,646	(43,889)	25,975	943,012
<i>Reconciliation:</i>						
Interest income on bank deposits						17,927
Dividend income and unallocated income and gains						20,728
Corporate and other unallocated expenses						(86,701)
Profit before tax						<u>894,966</u>

For the six months ended 30 June 2015

	Toll operation <i>RMB'000</i> (Unaudited)	Construction contracts <i>RMB'000</i> (Unaudited)	Gas station and oil 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	1,330,641	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>

3. OPERATING SEGMENT INFORMATION (*CONTINUED*)

The following table presents the information of assets and liabilities for the Group's operating segments as at 30 June 2016 and 31 December 2015.

30 June 2016

	Toll operation <i>RMB'000</i> (Unaudited)	Construction contracts <i>RMB'000</i> (Unaudited)	Gas station and oil operation <i>RMB'000</i> (Unaudited)	Property development <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT ASSETS	24,787,934	2,762,182	183,550	2,017,082	921,231	30,671,979
<i>Reconciliation:</i>						
Available-for-sale investments						139,937
Deferred tax assets						9,804
Pledged deposits						78,742
Cash and cash equivalents						3,409,123
Total assets						34,309,585
SEGMENT LIABILITIES	14,831,089	2,743,138	21,594	2,244,901	558,569	20,399,291
<i>Reconciliation:</i>						
Tax payable						128,557
Dividend payable						149,630
Deferred tax liabilities						6,353
Total liabilities						20,683,831

3. OPERATING SEGMENT INFORMATION (*CONTINUED*)

31 December 2015

	Toll operation <i>RMB'000</i>	Construction contracts <i>RMB'000</i>	Gas station and oil operation <i>RMB'000</i>	Property development <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT ASSETS	24,561,616	2,574,819	148,666	1,897,917	765,057	29,948,075
<i>Reconciliation:</i>						
Available-for-sale investments						297,950
Deferred tax assets						9,532
Pledged deposits						135,055
Cash and cash equivalents						<u>3,067,744</u>
Total assets						<u><u>33,458,356</u></u>
SEGMENT LIABILITIES	15,982,002	3,295,384	33,425	252,131	421,828	19,984,770
<i>Reconciliation:</i>						
Tax payable						169,874
Deferred tax liabilities						<u>7,064</u>
Total liabilities						<u><u>20,161,708</u></u>

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Toll income		
– Chengyu Expressway	416,692	433,805
– Chengya Expressway	389,066	366,387
– Chengle Expressway	224,090	216,525
– Chengren Expressway	343,948	319,091
– Chengbei Exit Expressway and Qinglongchang Bridge	47,105	41,926
	1,420,901	1,377,734
Less: Revenue taxes	(33,815)	(47,093)
Sub-total	1,387,086	1,330,641
Construction revenue in respect of:		
– Service concession arrangements	571,210	1,193,620
– Construction and maintenance works performed for other parties	1,005,322	569,783
	1,576,532	1,763,403
Less: Revenue taxes, net of overprovision of revenue in prior years	2,679	(32,570)
Sub-total	1,579,211	1,730,833
Financial lease operation income revenue	25,960	6,000
Less: Revenue taxes	(87)	(336)
Sub-total	25,873	5,664
Revenue from operation of gas stations and petrochemicals and other oil products	714,397	613,537
Others	34,745	23,699
Total revenue	3,741,312	3,704,374

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income from bank deposits	17,927	11,217
Interest income from discounting long-term compensation receivables	7,587	8,581
Interest income from construction contracts	12,688	13,876
Rental income	1,552	4,314
Government grants*	3,356	2,513
Dividend income from available-for-sale investments	–	6,682
Compensation income	5,447	5,680
Reversal of bad debt provision	–	1,084
Gain on disposal of available-for-sale investment	8,911	–
Others	(844)	3,787
	<u>56,624</u>	<u>57,734</u>
Total revenue, other income and gains	<u><u>3,797,936</u></u>	<u><u>3,762,108</u></u>

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other loans	341,497	355,407
Interest on medium term notes	63,229	47,906
	<u>404,726</u>	<u>403,313</u>
Less: Interest capitalised in respect of:		
– Service concession arrangements (note 9(c))	(174,860)	(151,047)
– Properties under development (note 15)	(2,073)	(2,062)
	<u>227,793</u>	<u>250,204</u>
Interest rate of borrowing costs capitalised	<u>4.90%–6.55%</u>	<u>5.60%–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	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction costs in respect of:		
– Service concession arrangements*	546,015	1,201,170
– Construction works performed for third parties*	877,775	473,314
Cost of sales of refined oil and chemical products	641,858	543,452
Depreciation and amortisation expenses (<i>note 9</i>)	295,832	286,646
Amortisation of other intangible assets	250	250
Employee benefit expenses	250,021	258,510
Repairs and maintenance expenses	21,702	11,461
Auditors' remuneration	460	460
Minimum lease payments under operating leases: Land and buildings	11,218	11,110
Reversal of bad debt provision	–	(1,084)
Net losses on disposal and write-off of items of property, plant and equipment	993	777

- * During the Period, employee costs of RMB29,122,000 (six months ended 30 June 2015: RMB35,899,000) and depreciation charge of RMB7,094,000 (six months ended 30 June 2015: RMB5,198,000) 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	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charged for the period	162,395	127,866
Underprovision in prior years	6,281	6,693
Deferred	503	377
Total tax charge for the period	169,179	134,936

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 tax rate of 25%.

Pursuant to the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies of the State Administration of Taxation, the Ministry of Finance and General Administration of Customs (Cai Shui [2011] No. 58), the tax preferential treatments for the Western Region Development are valid until 2020. According to the Circular, “from 1 January 2011 to 31 December 2020, corporate income tax may be levied at a reduced tax rate of 15% for enterprises established in the western region and engaged in encouraged industries. The above-mentioned industries shall refer to enterprises whose principal businesses are the industrial projects prescribed in the Catalogue of Encouraged Industries in the Western Region, the income from which accounts for more than 70% of the total income of such enterprises.

7. INCOME TAX (CONTINUED)

For entities within the scope of the transportation industry, i.e., the Company, Chengle Company and Chengbei Company and Chengdu Airport Expressway Company Limited, an associate of the Company, which have been approved to enjoy the preferential tax rate of 15% before 2012 and have not changed their business operations, income tax of these entities for the year ended 31 December 2015 continued to be calculated at a tax rate of 15%.

On 21 May 2014, Sichuan Trading Construction Engineering Company Limited (“TCC”) obtained the approval from the local tax bureau, which confirmed it was eligible to enjoy the preferential tax rate of 15% under the Western Development Policy by reference to the Catalogue as its eligible revenue exceeded 70% of its total revenue during 2013. During the Period, the directors of the Company estimated the eligible revenue derived by TCC during the year ending 31 December 2016 may not exceed 70% of its total revenue, and the provision of income tax expenses of TCC Period the year was calculated at the CIT rate of 25%.

The share of tax attributable to associates amounting to RMB1,391,000 (six months ended 30 June 2015: RMB1,847,000) 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 RMB681,539,000 (six months ended 30 June 2015: RMB559,947,000) and the number of ordinary shares of 3,058,060,000 (six months ended 30 June 2015: 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 2015 and 2016 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 were 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	628,300	23,133,239	428,287
Additions	15,682	571,210	–
Disposals	(2,900)	–	–
Depreciation/amortisation charged for the Period	<u>(35,983)</u>	<u>(241,659)</u>	<u>(18,190)</u>
Carrying amounts at end of the Period	605,099	23,462,790	410,097
Portion classified as current assets	<u>–</u>	<u>–</u>	<u>(32,098)</u>
Non-current portion	<u>605,099</u>	<u>23,462,790</u>	<u>377,999</u>

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

Notes:

- (a) At 30 June 2016 and 31 December 2015, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (note 19(a)):

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Chengren Expressway	7,203,309	7,270,918
Chengle Expressway	979,226	1,002,934
Suiguang-Suixi Expressways	<u>10,830,086</u>	<u>10,266,715</u>
	<u>19,012,621</u>	<u>18,540,567</u>

- (b) During the Period, the Group was in the process of the construction of 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 and borrowing costs of RMB538,176,000 (six months ended 30 June 2015: RMB1,195,680,000) were incurred, among which RMB362,303,000 (six months ended 30 June 2015: RMB624,639,000) was sub-contracted to third party sub-contractors.

In addition, construction revenue of RMB563,371,000 (six months ended 30 June 2015: RMB1,188,130,000) 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 in the additions to service concession arrangements which will be amortised upon the commencement of operation of the Suiguang-Suixi Expressways.

- (c) Additions to service concession arrangements during the Period include interests capitalised in respect of bank loans amounting to RMB174,860,000 (six months ended 30 June 2015: RMB151,047,000).

10. INVESTMENTS IN JOINT VENTURES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Unlisted investments, share of net assets	150,728	151,223

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

Name	Percentage of ownership interest attributable to the Group	Principal activities
Sichuan Zhongxin Assets Management Company Limited*	50	Asset management
Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partnership)	49	Asset management

* The above investment in the joint venture is indirectly held by the Company, through a subsidiary of the Company.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Share of the joint ventures' loss and total comprehensive loss for the period/year	(495)	(2,191)
Aggregate carrying amount of the Group's investments in the joint ventures	150,728	151,223

11. INVESTMENTS IN ASSOCIATES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Share of net assets	94,246	86,500
Provision for impairment	(9,163)	(9,163)
	<u>85,083</u>	<u>77,337</u>

Particulars of the major associates of the Group, which was established and operate in Mainland China, are as follows:

Name	Percentage of ownership interest attributable to the Group	Principal activities
Chengdu Airport Expressway Company Limited	25	Operation of Chengdu Airport Expressway

The Group's shareholdings in the associates all comprise equity shares held by the Company.

None of the above associates is individually material to the Group.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Share of the associates' profit and losses, and total comprehensive income for the period/year	7,746	20,959
Aggregate carrying amount of the Group's investments in the associates	<u>85,083</u>	<u>77,337</u>

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Listed equity investments, at fair value:		
Mainland China	62,770	70,783
Unlisted equity investments, at cost	77,167	77,167
Investments in trust products	<u>–</u>	<u>150,000</u>
	<u>139,937</u>	<u>297,950</u>

The fair values of listed equity investments are based on quoted market prices.

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

13. PAYMENTS IN ADVANCE

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Payments in advance in respect of:		
– Purchase of property, plant and equipment	–	4,343
– Investment in Renshou Rural Commercial Bank	107,393	107,393
– Prepayment for land use right	<u>2,000</u>	<u>2,000</u>
	<u>109,393</u>	<u>113,736</u>

14. 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. As at 30 June 2016, the legal title of the land use rights with a carrying amount of approximately RMB164,266,000 (31 December 2015: RMB700,740,000) that the Group acquired has not been transferred to the Group and the 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.

15. PROPERTIES UNDER DEVELOPMENT

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Land use right cost	1,511,067	966,630
Development cost	330,246	224,119
	<u>1,841,313</u>	<u>1,190,749</u>

The Group's properties under development are situated on leasehold land in Mainland China. As at 30 June 2016, properties under development were expected to be completed within normal operating cycle, and recovered after one year. Interest expenses capitalised by the Group during the Period amounted to RMB2,073,000 (For the six months ended 30 June 2015: RMB2,062,000) (*note 5*).

16. CONSTRUCTION CONTRACTS IN PROGRESS

	30 June 2016 <i>RMB'000</i> (Unaudited)	31 December 2015 <i>RMB'000</i>
Contract costs incurred plus recognised profits to date	2,346,707	1,637,253
Less: Progress billings	<u>(1,877,759)</u>	<u>(1,385,284)</u>
Construction contracts in progress	<u>468,948</u>	<u>251,969</u>
Representing:		
Amount due from customers for contract works	530,526	297,331
Amount due to customers for contract works	<u>(61,578)</u>	<u>(45,362)</u>
	<u>468,948</u>	<u>251,969</u>

At 30 June 2016, retentions held by customers for contract works included in the Group's trade receivables amounted to approximately RMB126,711,000 (31 December 2015: RMB109,010,000).

17. TRADE RECEIVABLES, OTHER RECEIVABLES AND LOAN TO CUSTOMERS

		30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
	<i>Notes</i>		
Current portion:			
Trade receivables			
Trade receivables		1,749,513	1,688,996
Impairment		<u>—</u>	<u>—</u>
Trade receivables, net	(a)	1,749,513	1,688,996
Other receivables			
Other receivables	(b)	856,508	470,160
Impairment		<u>(107,990)</u>	<u>(107,990)</u>
Other receivables, net		748,518	362,170
Deposits		320,293	278,349
Prepayments		<u>124,534</u>	<u>262,262</u>
Other receivables, net		<u>1,193,345</u>	<u>902,781</u>
Total trade and other receivables		<u>2,942,858</u>	<u>2,591,777</u>
Non-current portion:			
Loan to customers	(c)	<u>324,219</u>	<u>481,108</u>

17. TRADE RECEIVABLES, OTHER RECEIVABLES AND LOAN TO CUSTOMERS (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 2016, trade receivables of RMB1,124,011,000 (31 December 2015: RMB1,187,726,000) 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 5.60% to 14.98% (31 December 2015: 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 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Within 3 months	364,092	477,106
3 to 6 months	358,405	74,677
6 to 12 months	115,844	411,561
Over 1 year	911,172	725,652
	1,749,513	1,688,996

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Neither past due nor impaired	1,745,381	1,684,864
Past due but not impaired:		
Over 1 year	4,132	4,132
	1,749,513	1,688,996

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.

17. TRADE RECEIVABLES, OTHER RECEIVABLES AND LOAN TO CUSTOMERS (CONTINUED)

Notes: (continued)

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Temporary advances	20,000	20,000
Interest receivables on temporary advances	57,573	50,594
Long term compensation receivables to be received within one year	5,734	5,033
Toll income receivables	144,321	104,706
Interest income from pledged deposits	8,315	9,356
Loan to customers – current portion	439,027	132,248
Miscellaneous	181,538	148,223
	856,508	470,160

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 (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 rate at 14.98% per annum (31 December 2015: 14.98% per annum).

As at the end of the reporting period other receivables that are not considered to be impaired were not past due.

17. TRADE RECEIVABLES, OTHER RECEIVABLES AND LOAN TO CUSTOMERS (*CONTINUED*)

Notes: (continued)

- (c) The Group's loan to customers, represented net investments in fixed assets leased to a third party customer under finance lease contracts. The contracts run for an initial period of 5 months to 60 months, with an option for acquiring by the lessee the leased asset at nominal value at the end of the lease period.

At 30 June 2016, the Group has pledged lease receivables of approximately RMB313,100,000 to secure bank loans granted to the Group (note 19(a)). The loan to customers was secured by the collateral provided by the lessees including specific equipment or assets.

- (d) Amounts due from related parties, which are repayable on credit terms similar 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 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Fellow subsidiaries under common control of STI Group		
– Trade receivables	148,176	148,136
– Other receivables	227,335	157,509
– Prepayments	6,012	15,403
– Deposits	62,850	80,846
	444,373	401,894

18. TRADE AND OTHER PAYABLES

		30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
	<i>Notes</i>		
<i>Current portion:</i>			
Trade payables	(a)	1,305,367	1,211,546
Other payables	(b)	1,602,961	2,499,613
Accruals	(c)	102,599	93,116
Deferred income		7,640	8,791
		3,018,567	3,813,066
<i>Non-current portion:</i>			
Deferred income		85,524	89,260
		3,104,091	3,902,326

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 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Within 3 months	692,057	741,362
3 to 6 months	202,498	179,073
6 to 12 months	181,055	206,973
Over 1 year	229,757	84,138
	1,305,367	1,211,546

The trade payables are non-interest-bearing and are normally settled within one to twelve months, except for retention payables from construction projects of RMB119,467,000 (31 December 2015: RMB105,952,000) which are normally settled within two years.

18. TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

(b) Other payables at the end of the reporting period mainly included the following balances:

		30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
	<i>Notes</i>		
Advances		197,067	110,620
Salary and welfare payable		35,113	82,601
Taxes and surcharge payables		32,657	137,990
Progress billing payables	(i)	711,038	1,519,013
Retention payables	(ii)	222,111	214,350
Deposits	(ii)	211,273	258,451
Others		193,702	176,588
		1,602,961	2,499,613

(i) Balance as at 30 June 2016 include progress billing payables of RMB572,872,000 (31 December 2015: RMB982,361,000) in respect of the construction of the Suiguang-Suixi Expressways BOT Project.

(ii) Retention payables and deposits in aggregate of RMB238,387,000 (31 December 2015: RMB299,053,000) in respect of the construction of the Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project, including a performance guarantee deposit of approximately RMB34,950,000 (31 December 2015: RMB103,167,000) received from subcontractors, bear interest at a rate of 0.35% (31 December 2015: 0.35%) per annum.

(c) The balance as at 30 June 2016 consisted of interest accrued in respect of medium term notes of RMB68,106,000 (31 December 2015: RMB48,565,000) and interest-bearing bank loans of RMB34,493,000 (31 December 2015: RMB44,551,000).

18. 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 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Fellow subsidiaries under common control of STI Group		
– Trade payables	118,264	183,522
– Other payables	62,899	87,432
	181,163	270,954

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.

19. INTEREST-BEARING BANK AND OTHER LOANS

		30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
	<i>Notes</i>		
Bank loans:			
Secured and guaranteed	(a)	1,106,400	1,106,400
Secured	(a)	11,112,300	10,544,544
Unsecured		1,138,000	1,493,000
Medium term notes	(b)	3,800,000	2,800,000
Other loans, unsecured	(c)	138,500	138,500
		17,295,200	16,082,444
Portion classified as current liabilities		(1,434,050)	(1,274,550)
Non-current portion		15,861,150	14,807,894

19. INTEREST-BEARING BANK AND OTHER LOANS (*CONTINUED*)

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 2016 RMB'000 (Unaudited) (Bank loan amount)	31 December 2015 RMB'000
	<i>Notes</i>		
Secured by concession rights of:	9(a)		
Chengle Expressway	(i)	106,400	106,400
Chengren Expressway		3,756,200	3,768,444
Suiguang-Suixi Expressways		7,126,100	6,676,100
		10,988,700	10,550,944
Secured by pledged time Secured			
by deposits	(ii)	1,000,000	1,000,000
Secured by loan to customers	17(c)	230,000	100,000
		12,218,700	11,650,944

(i) The bank loans were also guaranteed by Sichuan Highway Development for nil consideration.

(ii) As at 30 June 2016, time deposits of RMB55,700,000 (31 December 2015: RMB112,150,000) were pledged to China Construction Bank Chengdu Xinhua Branch to counter guarantee the Group's bank loans of RMB1,000,000,000 (31 December 2015: RMB1,000,000,000) granted by China Construction Bank (Asia).

The bank loans bear interest at the respective fixed rates ranging from 4.09% to 6.55% (31 December 2015: 4.00% to 6.55%) per annum.

19. INTEREST-BEARING BANK AND OTHER LOANS (*CONTINUED*)

Notes: (continued)

- (b) At 30 June 2016, the Company has six (31 December 2015: five) tranches of outstanding medium term notes totalled RMB3,800 million (31 December 2015: RMB2,800 million) issued to domestic institutional investors participating in the PRC interbank debt market. The effective interest rates for the medium term notes ranging from 3.56% to 6.30% (31 December 2015: 3.65% to 6.30%). The medium term notes were all issued at a par value of RMB100 per unit, and will be repaid after five years since the respective date of issuance.
- (c) Other loans mainly consisted of unsecured shareholder loans of RMB138,500,000 (31 December 2015: RMB138,500,000) granted to the Group by a non-controlling shareholder and bearing interest at rates ranging from 4.75% to 6.51% (31 December 2015: 6.00% to 6.51%) per annum.

20. DIVIDENDS

At a meeting of the board of directors held on 30 August 2016, the directors of the Company resolved not to pay an interim dividend to shareholders (six months ended 30 June 2015: Nil).

The proposed final dividend of RMB0.080 per ordinary share for the year ended 31 December 2015 (2014: RMB0.080) was declared during the Period and fully paid on 8 July 2016.

RESULTS

The Group is principally engaged in the investment, construction, operation and management of expressway infrastructure projects, and implements diversified business operations which are highly related to our principal business. The business covers five major segments, namely the “toll roads and bridges”, “city operation”, “construction”, “energy and cultural media” and “financial investment”. During the Reporting Period, as affected by the macro-economic environment, the demands for road passenger and freight transportation declined, and the natural growth rate of traffic volume of certain expressways under the Group was in a slowing trend. At the same time, the operating performance of the Group’s expressways also suffered pressure from the continuing implementation of the governance of over-limit and overload freight trucks, diversion by circumjacent competitive road networks, toll reduction and relief and ETC (as defined herein below) preferential policies. In this regard, the Group adopted proactive operation and management strategies to constantly strengthen the business management of expressways, striving to improve the profitability of its principal business. During the Reporting Period, the overall operating performance of the Group’s expressways was well, with total toll income maintaining growth in the period. Moreover, the Group endeavoured to increase the overall return on assets, continued to advance diversified businesses including construction, sales of energy, city operation, advertising media and financial investment on a steady basis, ensuring the continuous growth of operating income of the Group. Besides, effective control of costs and expenses also helped to smoothly improve the Group’s overall profitability and unceasingly enhance its ability to resist risks.

During the Reporting Period, the net revenue of the Group amounted to approximately RMB3,741,312,000, representing an increase of approximately 1.00% year-on-year, among which the net toll income amounted to approximately RMB1,387,086,000, up approximately 4.24% year-on-year; the net revenue from construction contracts amounted to approximately RMB1,579,211,000, down approximately 8.76% year-on-year (including the construction contracts revenue of approximately RMB563,371,000 from Suiguang-Suixi Expressways BOT Project, which was recognized according to the HKFRSs, down 52.58% year-on-year); the net revenue from operation of gas stations along the expressways and sales of petrochemicals and other oil products amounted to approximately RMB714,397,000, representing an increase of 16.44% year-on-year; the net revenue from the advertising and leasing business amounted to approximately RMB60,618,000, up 106.44% year-on-year. Revenue from other income and gains amounted to approximately RMB56,624,000, down 1.92% year-on-year. The profit attributable to the owners of the Company was approximately RMB681,539,000, representing an increase of 21.72% year-on-year. Basic earnings per Share were approximately RMB0.2229 (the same period of 2015: approximately RMB0.1831). As at 30 June 2016, the Group’s total assets amounted to approximately RMB34,309,585,000 and net assets amounted to approximately RMB13,625,754,000.

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 2015	Increase/ (decrease) (%)	For the Period	For the same period in 2015	Increase/ (decrease) (%)
Chengyu Expressway	100	22,444	25,412	(11.68)	416,692	433,805	(3.94)
Chengya Expressway	100	35,693	32,658	9.29	389,066	366,387	6.19
Chengren Expressway	100	30,130	30,294	(0.54)	343,948	319,091	7.79
Chengle Expressway	100	33,191	30,241	9.75	224,090	216,525	3.49
Chengbei Exit Expressway (including Qinglongchang Bridge)	60	50,380	39,338	28.07	47,105	41,926	12.35

During the Reporting Period, the toll income (before deduction of turnover taxes) of the Group was approximately RMB1,420,901,000, representing an increase of approximately 3.13% as compared with the same period of last year. The percentage of the toll income (after deduction of turnover taxes) to the Group's net revenue was approximately 37.07%, representing an increase of approximately 1.15 percentage points as compared with the same period of last year. During the Reporting Period, the following factors constituted combined effects on the overall operating performance of the Group's expressways:

(1) Economic environment

Economic environment is a key factor affecting the demand for transportation. During the Reporting Period, the PRC continued to advance the structural reform on the supply side and vigorously promoted the Business Startups and Creativity for the Public, contributing to the overall stability and steady progress of national economy despite the large downward pressure on economy. In the first half of 2016, the PRC's GDP reached approximately RMB34,063.7 billion, representing an increase of 6.7%¹ as compared with the same period of last year, and the year-on-year growth rate dropped by 0.3 percentage points. During the Reporting Period, Sichuan Province endeavored to strengthen the foundation for economy growth, and achieved a regional GDP of approximately RMB1,422.23 billion, representing an increase of about 7.5%² as compared with the same

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

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

period of last year, which is relatively higher than the national average level but 0.4 percentage points lower than that of the same period of last year. During the Reporting Period, due to the combined effects of downward pressure of the macro and regional economy, the natural growth rate of traffic volume of certain expressways of the Group slackened as compared with the same period of last year, and, in particular, obvious decrease was seen in the traffic volume of heavy freight.

(2) *Policy environment*

On 4 May 2016, the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development jointly promulgated the Development Plan for Chengdu-Chongqing City Agglomeration (the “Plan”), specifying that Chengdu-Chongqing City Agglomeration shall be basically built into a national city agglomeration with full economic vitality, high-quality living standards and beautiful ecological environment by 2020; and to undergo a historical leap from a national city agglomeration to a world-class one by 2030. As far as the connectivity among infrastructures is concerned, the Chengdu-Chongqing City Agglomeration will, in accordance with the objectives set by the Plan, build up a comprehensive traffic network, giving priority to the construction of the inter-city traffic network, with an aim to create a 1-hour traffic circle between core cities, between core cities and their surrounding cities, and between adjacent cities. At present, the expressway projects and relevant operating business of the Group are all located in the hinterland of Chengdu-Chongqing City Agglomeration, the construction of which will provide the Group with even more room for development with respect to the investment and construction business of the transportation infrastructure and will also be beneficial to maintaining stable growth of traffic volume of the expressways of the Group.

During the Reporting Period, the toll-free travel policy for small passenger vehicles on major festivals and holidays and the toll-free travel policy for fresh agricultural product vehicles still exerted effect, though becoming stable, on the gross toll income of the Group.

During the Reporting Period, the Electronic Toll Collection System (“ETC”) of expressways in Sichuan Province continued to implement the preferential policy of 5% toll. As at 30 May 2016, the accumulative number of ETC users of expressways throughout the province exceeded 1.4 million (as at 1 July 2015: 0.7 million), and this number keeps on increasing at an average rate of over 2,500 per day. Expansion in the scope of ETC’s road coverage and the significant year-on-year increase in number of ETC users had affected the growth of the toll income of the Group to a certain extent.

During the Reporting Period, the governance of expressways in Sichuan Province was being implemented continuously. On 5 February 2016, the Expressway Administration Bureau of the Department of Transportation of Sichuan Province issued the Notice on Further Strengthening Overload Control at Expressway Entrances, strictly prohibiting overload vehicles to have access to expressways, so as to further strengthen the overload control at expressway entrances, which, to a certain extent, impacted the volume of trucks using the expressways of the Group.

(3) *Changes in road network and road construction*

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 synergy of 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: On 26 December 2015, Chengdu-Chongqing High-Speed Rail was put into operation. The routing of Chengdu-Chongqing High-Speed Rail is in parallel with Chengyu Expressway and is more advantageous in terms of speed and convenience, resulting in a decrease in the volume of passenger vehicles along Chengyu Expressway. On 26 December 2015, Zigong-Longchang Expressway was completed and open to traffic. Since the terminal of the expressway was linked to the Chengyu Expressway, a definite diverging effect was created for vehicles which originally ran from Zigong via Neijiang to Chongqing, and the mileage of such vehicles therefore declined. In February and May 2016, the maintenance and repair of the roads for Shipan to Shiqiao section of Chengjian Rapid Pathway (成簡快速通道石盤至石橋段) and Jianyang Hongri Bridge (簡陽紅日大橋) were completed, respectively, and the roads and bridge were open to traffic for free, diverging certain vehicles of the Chengyu Expressway.

Chengya Expressway, Chengren Expressway and Chengle Expressway: In December 2015, Chengdu Second Belt Expressway (the “Second Belt”) was completed and open to traffic. Since the expressway was connected to Chengya Expressway and Chengren Expressway, the traffic volume of Chengya Expressway and Chengren Expressway decreased. In September 2015, the South Extension Line of Hongxing Road (紅星路南延線) and the South Extension Line of Tianfu Renshou Avenue (天府仁壽大道南延線) in Chengdu were completed and open to traffic; in February 2016, the express section of Chengren Expressway was completed and open to traffic. Since the express section of Chengren Expressway overlaps with Chengren Expressway, and the South Extension Line of Hongxing Road and the South

Extension Line of Tianfu Renshou Avenue were in parallel with Chengren Expressway, certain diverging effects were formed on the traffic volume of Chengren Expressway. In May 2016, Pengshan to Meishan section of Meishan Binjiang Avenue (眉山濱江大道彭山至眉山段) was completed and open to traffic, diverging certain vehicles originally using the Meishan section of Chengle Expressway.

2. Operating conditions of the “construction” segment and “urban operations” segment of the Group

“Construction” is a mature business of the Group and “City Operation” is an emerging business established by the Group. By virtue of the professional expertise and experience in the field of construction accumulated over the years and relying on the good cooperation between the Company and the local governments along the Group’s expressways, the Group will bring into play its advantages in finance, location and brand to vigorously expand its businesses 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 in and constructed by the Group mainly include:

(1) Suiguang-Suixi Expressways BOT Project

At the general meeting of the Company held on 13 January 2012, the investment in Suiguang-Suixi Expressways BOT Project was considered and approved. Its total length is approximately 164.826 km with an operation period of 29 years and 336 days. Suixi Expressway and Suiguang Expressway were opened to traffic and were under trial operation without toll since 10 December 2015 and 30 December 2015 respectively.

(2) Renshou Land-linked Pilot BT Project

The proposal in relation to the investment in Renshou Land-linked Pilot BT Project was considered and approved at the 34th meeting of the fourth session of the Board of the Company on 28 January 2011. 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 farmhouses, 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 preparatory works) (approximately 112,700 sq.m.) and ancillary construction works of the resettlement community. From the date of the commencement of the construction to 30 June 2016, an accumulated investment of approximately RMB251 million had been invested in Renshou Land-linked Pilot BT Project, accounting for approximately 89.64% of the estimated total investment of the project.

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

On 13 January 2012, the 41st meeting of the fourth session of the Board 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, which involved a total of 4 roads, i.e. south extension line of Aviation Avenue, the road on the east side of Rayspower, No. 4 Airport Road and the west extension line of Industrial Park Avenue, with a total length of approximately 8.84 km. The estimated total investment amount is approximately RMB616,070,000, including land acquisition and relocation fees of approximately RMB163,030,000 and expenditure 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 2016, a total of approximately RMB325 million had been invested in Shuangliu West Airport Phase VI BT Project, accounting for approximately 52.76% of the estimated total investment of the project.

(4) *Shuangliu Zongbao BT Project*

On 28 March 2012, the 42nd meeting of the fourth session of the Board 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 involved 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 acquisition 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 2016, a total of approximately RMB192 million had been invested in Shuangliu Zongbao BT Project, accounting for approximately 68.57% of the estimated total investment of the project.

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

On 30 January 2013, a 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, some construction works of the project have been completed and the pre-selling of which have commenced. As of 30 June 2016, the pre-sale proceeds of realty was approximately RMB145,886,000.

(6) *Renshou Gaotan BT Project*

On 3 January 2014, the Office of the General Manager of the Company considered and approved the investment in 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 (exclusive of land acquisition, demolition costs and upfront fee. Relevant preliminary works and expenses for, inter alia, land acquisition and demolition were borne by the tenderer). In order to reduce the investment risks, and speed up the investment return, upon friendly negotiation, the Company and the Urban and Rural Construction Bureau of Renshou County entered into the Supplementary Agreement to Investment and Construction Contract (“Supplementary Agreement”) on 30 December 2015, which adjusted and reduced the greening landscape engineering and internal road works of Gaotan Water Park, and the construction engineering from Tianfu Renshou Avenue G213 to Renshou Urban Section, amounting to investment reduction of approximately RMB1.334 billion, and the total investment budget of Renshou Gaotan BT Project reduces from approximately RMB2.472 billion to approximately RMB1.138 billion (see the Announcement of Sichuan Chengyu Concerning Change in External Investment (Announcement No.: L2015–031) published by the Company

on Shanghai Securities News, China Securities Journal and the website of SSE on 31 December 2015). Renshou Shunan Company is in full charge of the said project. During the Reporting Period, Renshou Avenue extension and landscaping works and landscape engineering of Central Business Avenue (inclusive of water diversion into the city) had passed completion acceptance; the Gaotan Reservoir project had passed completion acceptance; underneath channel of Lingzhou Avenue and the inner ring road of Gaotan had been completed. The accumulated investment in Renshou Gaotan BT Project from the commencement date to 30 June 2016 was approximately RMB623 million, accounting for approximately 54.75% of the total investment budget after adjustment and reduction.

(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 Renshou Shigao BT Project. On 17 January 2014, the Company won the bid to undertake the project, and on 7 March 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 RMB824 million (subject to the final financial review price). Renshou Shunan Company is in full charge of the project. During the Reporting Period, Section II of Shigao Avenue and storm sewage pipe network project of Huahai Avenue had passed completion acceptance; the works of Gangtie Avenue (exclusive of the parts which had not yet been requisitioned and demolished), Qingshui Road (exclusive of the parts which had not yet been requisitioned and demolished) and Ring Road had been completed. From the date of its commencement of the construction to 30 June 2016, the accumulated investment for the road engineering project of Renshou Shigao BT Project were approximately RMB240 million, accounting for approximately 29.13% 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 an emerging business established by the Group in the principle of integration of production 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 at multiple levels, and expand industrial and financial businesses. Currently, the Group’s major investment and financing work conditions are as follows:

(1) Medium-long term syndicated loan

In order to secure the timely availability of the construction funds for Suiguang-Suixi Expressways BOT Project, upon approval by the Company, the syndicated loan contract in relation to Suiguang-Suixi Expressways BOT Project with China Development Bank as the leading bank was entered into in December 2013. The total syndicated facilities amounted to RMB8,330 million. The lending banks included China Development Bank, China Construction Bank, Industrial and Commercial Bank of China and Postal Savings Bank of China. As at 30 June 2016, an aggregate of RMB7,126 million of the loan had been drawn down by the Company.

(2) Industrial investment funds

On 24 December 2013, at the 10th meeting of the fifth session of the Board of the Company, a resolution in relation to the cooperation with Development Investment Company in carrying out industrial investment funds related business was considered and approved, pursuant to that, Zhongxin Company was established on 6 January 2014, with a 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 Chengyu Development Fund. 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. At present, the funds which Zhongxin Company has participated in the formation and/or is entrusted to manage are: Chengyu Development Fund, Panxi Strategic Resources Development Investment Fund, Panxi New Material Venture Investment Fund, Pengzhou Aerospace Dynamics Industry Guidance Fund, Sichuan Transportation Industry Investment Fund and Sichuan Intellectual Property Right Operation and Equity Investment Fund. At present, the financing and investment business of such funds are moving forward steadily.

(3) *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 agreement with CSI SCE Investment Holding Limited. In accordance with such joint venture agreement, 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 own 60% and 40% equity interest in Chengyu Financial Leasing Company, respectively. On 13 April 2015, Chengyu Financial Leasing Company completed business registration with the Market Supervision Administration of Shenzhen Municipality. On 31 May 2016, the Company completed the acquisition of CSI SCE and thus owned 100% equity interest in Chengyu Financial Leasing Company. During the Reporting Period, in an active effort to develop financial leasing business, Chengyu Financial Leasing Company, based on the traffic sector, actively developed new markets including medical care, intelligent transportation and equipment manufacturing, and vigorously developed finance leasing business to the extent that the risk was controllable, and completed investment in four projects with an accumulated investment amount of approximately RMB221 million. Meanwhile, it kept advancing the market development for its “Jiaozubao” (交租寶) product independently developed by it for the traffic industry and put into play its advantages in respect of product innovation.

(4) *Acquisition of 100% shares of CSI SCE*

CSI SCE is an investment holding company incorporated in Hong Kong and mainly engaged in investment in and equity holding of joint ventures. In order to further facilitate the integration of production and finance through building an overseas investment and financing platform, the Company entered into the Share Transfer Agreement with Dragon Stream Investment Limited (DSI Company) on 31 May 2016 after the consideration and approval by the Office of the General Manager of the Company. Pursuant to the agreement, the Company acquired all the shares of CSI SCE held by DSI Company with a consideration of RMB132,909,000 and the transfer were registered on the same day. As a result, CSI SCE became a wholly-owned subsidiary of the Company in Hong Kong.

(5) 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 Offering of Corporate Bonds 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 par value amounted to not more than RMB1 billion. On 17 June 2016, the Company issued domestic corporate bonds to the public with a total amount of RMB1 billion. This tranche of bonds were fixed-rate bonds for a term of five years, which were issued at nominal value of RMB100 each. The issuing number was 10,000,000 and the final coupon rate was 3.48%. The actual net proceeds after deducting the issuing expense amounted to RMB996,000,000. The proceeds from issuing bond would be used for loans repayment and replenishment of working capital. The bonds were listed on the SSE on 11 July 2016 with the stock short name and stock code of “16 Chengyu 01” and “136493”, respectively, and with maturity date of 17 June 2021. (For details, please refer to relevant announcements published by the Company on the website of the Stock Exchange)

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

Energy and cultural media is 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. During the Reporting Period, the Group maintains a growth of revenue through integration of assets along the expressways, improvement of service functions, innovation of business model and vigorous development of sales of oil products, advertising, assets leasing, etc. During the Period, the Group recorded a net revenue of approximately RMB714,397,000 (the same period of 2015: RMB613,537,000) from operation of gas stations along the expressways and sales of petrochemicals and oil products, representing a year-on-year increase of approximately 16.44%; and a net revenue of RMB34,745,000 (the same period of 2015: RMB23,699,000) from advertising, assets leasing and chain supermarket in the service zones along the expressways, representing a year-on-year increase of approximately 46.61%.

ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Summary of the Group's Operating Results

	For the six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	3,741,312	3,704,374
Including: Net toll income	1,387,086	1,330,641
Net construction contract revenue	1,579,211	1,730,833
Profit before tax	894,966	710,843
Profit attributable to owners of the Company	681,539	559,947
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.2229	0.1831

Summary of the Group's Financial Position

	At 30 June 2016	At 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	
Total assets	34,309,585	33,458,356
Total liabilities	20,683,831	20,161,708
Non-controlling interests	678,585	777,382
Equity attributable to owners of the Company	12,947,169	12,519,266
Equity per share attributable to owners of the Company (<i>RMB</i>)	4.234	4.094

ANALYSIS OF OPERATING RESULTS

Revenue

The Group's revenue for the Reporting Period amounted to RMB3,741,312,000 (the same period in 2015: RMB3,704,374,000), representing a year-on-year increase of 1.00%, of which:

- (1) The net toll income was RMB1,387,086,000 (the same period in 2015: RMB1,330,641,000), representing a year-on-year increase of 4.24%, which was mainly due to the natural growth of traffic volume driven by economic development, speed-up of the construction project in Tianfu New District, Chengdu as well as the increase in tourism demands in neighbouring areas. Please refer to page 34 to 37 of this announcement for details of the main factors affecting the toll income of the Group during the Reporting Period;
- (2) Construction contract revenue (before deduction of revenue taxes) in respect of service concession arrangements was RMB571,210,000 (the same period in 2015: RMB1,193,620,000), representing a year-on-year decrease of 52.14%. This mainly included RMB563,371,000 of construction contract revenue (before deduction of revenue taxes) (the same period in 2015: RMB1,188,130,000) from the Suiguang-Suixi Expressways BOT Project, the decrease in revenue was due to the Suiguang-Suixi Expressways BOT Project has been basically completed at the end of 2015; and an aggregate of RMB7,839,000 of construction contract revenue (before deduction of revenue taxes) (the same period in 2015: RMB5,490,000) 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 contract revenue (before deduction of revenue taxes) in respect of construction works performed for third parties amounted to RMB1,005,322,000 (the same period in 2015: RMB569,783,000), representing a year-on-year increase of 76.44%, mainly due to recognized revenue of approximately RMB289,630,000 (the same period in 2015: RMB138,540,000) from Renshou Gaotan BT Project and newly-added construction works;
- (4) Net operating revenue from gas stations along expressways amounted to RMB714,397,000 (the same period in 2015: RMB613,537,000), representing a year-on-year increase of 16.44%. This was mainly attributable to the development of sales business of petrochemicals during the Reporting Period.

Other income and gains

The Group's other income and gains for the Reporting Period amounted to RMB56,624,000 (the same period in 2015: RMB57,734,000), representing a decrease of 1.92% as compared with the same period of last year. This was mainly attributable to the fact that the Group recognized dividend income from available-for-sale investments of approximately RMB6,682,000 and reversed the provision for impairment of RMB1,084,000 during the same period of last year, and for the Period, rental income decreased by RMB2,762,000, interest income from construction contracts decreased by RMB1,188,000 and other income decreased by RMB4,631,000, which were partially offset by the increase in interest income from bank deposits of approximately RMB6,709,000 and the gains from disposal of available-for-sale investments of approximately RMB8,911,000.

Operating Expenses

The Group's operating expenses for the Reporting Period amounted to RMB2,682,428,000 (the same period in 2015: RMB2,811,022,000), representing a year-on-year decrease of 4.57%, of which:

- (1) Construction contract costs recognized under the percentage-of-completion method in respect of service concession arrangements were RMB546,015,000 (the same period in 2015: RMB1,201,170,000), representing a year-on-year decrease of 54.54% during the Reporting Period. This mainly included construction contract costs of RMB538,176,000 (the same period in 2015: RMB1,195,680,000) from Suiguang-Suixi Expressways BOT Project and aggregate construction contract costs of RMB7,839,000 (the same period in 2015: RMB5,490,000) from the technical renovation projects of expressways and reconstruction projects of gas stations and service zones along the expressways being recognized;
- (2) The construction contract costs recognized under the percentage-of-completion method in respect of construction work amounted to RMB877,775,000 (the same period in 2015: RMB473,314,000), representing a year-on-year increase of 85.45% during the Reporting Period. This mainly included the costs incurred of approximately RMB207,959,000 (the same period in 2015: RMB110,634,000) in respect of Renshou Gaotan BT Project, and construction costs of newly added project of Chengwenqiong Expressway amounting to approximately RMB116,720,000;
- (3) Depreciation and amortization expenses increased by 3.20% from RMB286,896,000 in the same period of last year to RMB296,082,000 during the Reporting Period, which was mainly attributable to the increase in amortization for service concession arrangements from RMB235,428,000 in the same period of last year to RMB241,659,000 during the Reporting Period;

- (4) The cost of sales of refined oil and chemical products was RMB641,858,000 (the same period in 2015: RMB543,452,000), which represented a year-on-year increase of 18.11% and such increase in the cost during the Reporting Period was mainly due to the increase of costs arising from development of the sales business of chemical products;
- (5) Employee benefit expenses decreased by 3.28% from RMB258,510,000 in the same period of last year to RMB250,021,000 during the Reporting Period. This was principally due to the corresponding decrease of provision during the Period caused by relatively high balance of salary and welfare payable and the decrease in the ratio of social insurances paid by the entities in Chengdu;
- (6) Repair and maintenance costs increased by 89.35% from RMB11,461,000 in the same period of last year to RMB21,702,000 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 RMB227,793,000, representing a year-on-year decrease of 8.96% from RMB250,204,000 in the same period of last year, principally attributable to the following: decrease in the interests charged for the borrowings caused by the lower of interest rates, adjustment of debt structure of the Group and repayment of construction loans at the end of 2015.

Income Tax

The income tax expense of the Group for the Reporting Period amounted to RMB169,179,000, representing an increase of approximately 25.38% from RMB134,936,000 as compared with the same period of 2015, principally due to the significant 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 RMB725,787,000, representing a year-on-year increase of 26.03% as compared with RMB575,907,000 of the same period of last year, of which the profit attributable to the owners of the Company was RMB681,539,000, representing a year-on-year increase of 21.71%. 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 and facility maintenance cost and amortization of concession arrangements. The profit of toll income amounted to approximately RMB754,504,000, representing an increase of approximately RMB89,083,000 as compared with the same period of last year.
- (2) Since, inter alia, gross profit margin of construction projects increased and output value of Renshou Gaotan Project significantly improved, the profit of construction contract segment amounted to approximately RMB153,776,000 during the Period, representing an increase of approximately RMB87,068,000 as compared with the same period of last year.
- (3) Since the gross profit margin of refined oil sales decreased over the same period of last year, causing profit from the segment of gas stations operation along the expressways decreased by approximately RMB2,770,000 to RMB52,646,000 for the Reporting Period over the same period of last year.
- (4) Renshou Landmark Company, a controlled subsidiary engaged in real estate development business, suffered from a loss of approximately RMB43,889,000 of real estate development segment during the Period, representing a decrease of approximately RMB849,000 in loss as compared with the same period of last year, due to the fact that its real estate development and construction was still at the presale stage and most of the interest expenses on loans were capitalised as housing development costs according to the progress of housing construction.
- (5) Since Chengyu Financial Leasing Company was established in April last year, income from financing and leasing significantly increased and advertising income alongside the expressways increased during the Period, resulting in an increase of RMB11,407,000 in the profit of the segment of the advertising and leasing business to RMB25,975,000.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 30 June 2016, the Group's non-current assets amounted to RMB25,541,446,000, representing a decrease of 2.19% as compared with the end of 2015. The decrease was mainly due to the followings:

- (1) Additional property, plant and equipment amounted to RMB15,682,000 during the current year;
- (2) Service concession arrangements increased by RMB571,210,000, including RMB7,839,000 for the technical renovation projects on road surface of expressways and reconstruction of gas stations along the expressways, etc. and RMB563,371,000 for Suiguang-Suixi Expressways BOT Project;
- (3) A total of RMB296,082,000 was provided for depreciation and amortization;
- (4) Prepayment related to purchase and construction of non-current asset decreased by RMB4,343,000;
- (5) Investment available for sale decreased by RMB158,013,000, mainly due to the repurchase of trust asset management products with fixed income;
- (6) Investment made in associates and joint ventures increased by an aggregate of RMB7,251,000, mainly due to increase in share of profits of associates;
- (7) Long-term compensation receivable decreased by approximately RMB5,734,000;
- (8) Loans to customers decreased by approximately RMB156,889,000; and
- (9) Land held for property development decreased by approximately RMB544,437,000 due to payment of the balance of land acquisition price for obtaining its land use right.

Current Assets and Current Liabilities

As at 30 June 2016, the current assets of the Group amounted to RMB8,768,139,000 representing a decrease of 19.39% as compared with the end of 2015, mainly attributable to:

- (1) An increase of RMB341,379,000 in the balance of cash and cash equivalents as compared with the end of 2015, mainly due to the decrease in the service concession arrangements, repurchase of investment available for sale and newly added corporate bonds;
- (2) A decrease of approximately RMB79,532,000 in inventories as compared with the end of 2015, which was due to the increase of approximately RMB26,496,000 in the reserve of refined oil and the decrease of approximating RMB106,028,000 in spare parts and construction materials for the Period;
- (3) An increase of trade and other receivables of approximately RMB351,081,000 as compared with the end of 2015, mainly due to the facts that trade receivables increased by RMB60,517,000 as compared with the same period of last year, performance guarantee deposits receivables increased by approximately RMB41,944,000, the repurchase upon completion of construction of BT Project, prepaid land expropriation and interests thereon increased by RMB6,979,000, the loan to a customer due within one year increased by approximately RMB306,779,000, and receivables due from the Settlement Center increased by RMB39,615,000, offsetting impacts caused by the decrease of advance payment for materials and subcontract payment by approximately RMB109,601,000;
- (4) The developing property increased by RMB650,564,000 as compared with that of the end of 2015, mainly stemming from the cost of property and land development of the Group;
- (5) Receivables due from customers for contract works increased by RMB216,979,000 as compared with the end of 2015, mainly due to the increase of construction projects.

As at 30 June 2016, the Group's current liabilities amounted to RMB4,730,804,000, representing a decrease of 10.02% as compared with the end of 2015, mainly attributable to: tax payable in final settlement decreased by approximately RMB41,317,000; progress billing payables decreased by RMB807,975,000 and tax payables decreased by RMB105,333,000, offsetting the increase in trade payables of RMB93,821,000, resulting in a decrease of RMB794,499,000 in the aggregate of trade and other payables; Interest-bearing bank and other loans amounted to RMB1,434,050,000, increased by RMB159,500,000 as compared with the end of 2015.

Non-current Liabilities

As at 30 June 2016, the non-current liabilities of the Group amounted to RMB15,953,027,000, representing an increase of 7.04% as compared with the end of 2015, which was principally attributable to the increase in bank and other interest-bearing loans of RMB1,053,256,000 due to the newly added corporate bonds of RMB1,000,000,000 for the Reporting Period.

Equity

As at 30 June 2016, the Group's equity amounted to RMB13,625,754,000, representing an increase of 2.48% as compared with the end of 2015, mainly attributable to: (1) profit for the Reporting Period of RMB725,787,000 which increased the equity; (2) decrease in the fair value of available-for-sale investments amounting to RMB6,527,000, which decreased the equity; (3) acquisition of CSI SCE Investment Holding Limited (信成香港投資有限公司) as a wholly-owned subsidiary which decreased the equity by RMB132,960,000; (4) the final dividend of 2015 declared in the Period amounting to RMB244,645,000, which decreased the equity; (5) payment of dividends of RMB12,600,000 to non-controlling shareholders, which decreased the equity.

Capital Structure

As at 30 June 2016, the Group had total assets of RMB34,309,585,000 and total liabilities of RMB20,683,831,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 60.29% (31 December 2015: 60.26%).

Cash Flow

As at 30 June 2016, the balance of the cash and bank balance of the Group amounted to RMB3,409,123,000, including approximately HKD372,000 (equivalent to approximately RMB318,000) deposits in Hong Kong dollars, and RMB3,408,805,000 cash and deposits in RMB, and representing a net decrease of approximately RMB341,379,000 as compared with the end of 2015.

During the Reporting Period, net cash outflows used in operating activities of the Group amounted to RMB314,459,000 (the same period of 2015: net cash outflows of RMB969,602,000), representing a decrease of RMB655,143,000 in cash outflows over the same period of 2015, which was mainly due to the decrease in the expenses from service concession arrangements.

Net cash outflows used in investing activities of the Group amounted to RMB54,060,000 (the same period of 2015: net cash outflows of RMB578,082,000), representing a decrease of RMB524,022,000 as compared with the same period of last year, which was mainly due to the payment of RMB150,000,000 for acquisition of available-for-sale investments for the same period last year and the investment has been redeemed during the Period; the investment in partnership amounted to RMB150,000,000 for the same period last year; loans to customers decreased by RMB150,110,000 due to receipt of repayments from customers and the payment of RMB132,909,000 for acquisition of CSI SCE Investment Holding Limited (信成香港投資有限公司) during the Period.

Net cash inflows from financing activities was RMB709,898,000 (the same period of 2015: net inflow of RMB543,904,000), representing an increase in net cash inflows of RMB165,994,000 over the same period of last year which was mainly due to the newly added corporate bonds of RMB1,000,000,000 during the Period, a decrease in the repayment of bank loans of RMB226,769,000 over the same period of last year, unpaid dividend attributable to the owners of the Company of RMB149,630,000, and the decrease in new bank loans of RMB1,110,000,000 during the Period.

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 2016, the Group's bank and other interest-bearing loans amounted to RMB17,295,200,000, all of which bore fixed interest rates. In particular, the balance of domestic bank loans was RMB11,668,700,000, with annual interest rates ranging from 4.09% to 4.90%; the balance of overseas bank loans was RMB1,688,000,000, with annual interest rates ranging from 4.82% to 5.60%; the balance of other loans amounted to RMB138,500,000, with annual interest rates ranging from 4.75% to 6.51%; and the outstanding medium-term notes amounted to RMB2,800,000,000, with annual interest rates ranging from 3.70% to 6.35%; the balance of corporate bonds amounted to RMB1,000,000,000, with annual interest rate of 3.56%. The relevant balances are set out as follows:

	Maturity profile of interest-bearing borrowings			
	Total amount RMB'000	1 year or within 1 year RMB'000	Over 1 year to 5 years RMB'000	Over 5 years RMB'000
Loans from domestic commercial banks	11,668,700	740,050	2,316,602	8,612,048
Loans from overseas commercial banks	1,688,000	494,000	1,194,000	
Other loans	138,500		138,500	
Medium-term notes	2,800,000	200,000	2,300,000	300,000
Corporate bond	1,000,000		1,000,000	
Total (as at 30 June 2016)	<u>17,295,200</u>	<u>1,434,050</u>	<u>6,949,102</u>	<u>8,912,048</u>
Total (as at 31 December 2015)	<u>16,082,444</u>	<u>1,274,550</u>	<u>6,073,602</u>	<u>8,734,292</u>

With the Group's steady cash flow, solid capital structure and sound credit records, the Group has established and maintained favorable credit relations with financial institutions and enjoyed most preferential interest rates for its loans. The Group has acquired bank facilities of RMB10,387 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 2016, the balance of syndicated loan for the project amounted to RMB3,756 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 totaling RMB8,330 million. Such loan is specially used for construction of Suiguang-Suixi Expressways BOT Project. As at 30 June 2016, the Company has withdrawn RMB7,126 million of such loan in aggregate.

Contingent Liabilities and Pledge of Assets

As at 30 June 2016, the Group's time deposits of RMB11,750,000 and RMB11,292,000, respectively (31 December 2015: RMB11,685,000 and RMB11,220,000 respectively) were pledged to secure Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project respectively; time deposits of RMB55,700,000 (31 December 2015: RMB112,150,000) were pledged to secure West Airport BT Project. The concession rights to collect toll income pertaining to Chengle Expressway with the net book values of RMB979,226,000 (31 December 2015: RMB1,002,934,000) were pledged to secure bank loans amounting to RMB106,400,000 (31 December 2015: RMB106,400,000); the concession rights to collect toll income pertaining to Chengren Expressway with net book value of RMB7,203,309,000 (31 December 2015: RMB7,270,918,000) was pledged to secure the syndicated loan amounting to RMB3,756,200,000 (31 December 2015: RMB3,768,444,000); the future concession rights to collect toll income pertaining to Suiguang-Suixi Expressway with net book value of RMB10,830,086,000 (31 December 2015: RMB10,266,715,000) was pledged to secure the syndicated loan amounting to RMB7,126,100,000 (31 December 2015: RMB6,676,100,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2016.

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 2016, and in line with our business targets for year 2016, we formulated the following business plans:

- (1) The Company will continue to expedite all works based on innovative management and continued efforts. It will promote the reform of labour, personnel and distribution systems, and revise and improve the Performance Examination Rules while pushing forward information construction with a view to enhancing the Company's management and operation efficiency. Besides, it will emphasize the establishment of a talent system and further enhancement of back-up talent pool so as to provide human resource guarantee for the development of the Group.

- (2) Centering on the accomplishment of annual operating goals and adhering to the keynote of advancing with stability, the Company will further consolidate and reinforce the fundamental role of toll roads and bridges in the development of the Group. It will continue to strengthen the meticulous toll management and promote normal crack-down on toll evasion in order to ensure full collection of toll receivables. Moreover, it will establish and implement the concept of maintenance throughout the life cycle of expressways and attach great importance to the management of special maintenance projects, to improve road conditions and road traffic efficiency and ability. The Company will strive to obtain approval for trial toll collection of Suiguang and Suixi Expressways to promote their transition from construction to operation. In addition, it will reinforce operation and management of service areas while speeding up upgrades and renovation of service areas to continually promote service image and quality.
- (3) The Company will increase investment in and reserves for special projects for more backup power for the Company's sustainable development. By positioning itself at the cutting edge of the industry and taking advantage of the road network of the Group, the Company will keep a close eye on the market trend of emerging investment projects to promote diversification in the investment field and seek new sources for profit growth on the premises of ensuring risk control. It will keep in line with and proactively adapt to the industry development trend, and seize every opportunity to expand operating scale at due time to provide more backup power for the Company's development. Furthermore, the Company will further strengthen the construction and management of BT projects to guarantee construction quality and push ahead construction progress in an orderly manner in order to ensure accomplishment of annual goals as scheduled. Meanwhile, the Company will further improve project risk control measures and take care of risk prevention and control throughout the whole construction process with an aim to accelerate return on investment and reduce investment risks thereof.
- (4) The Company will strengthen financial management and make innovations in terms of financing mode and means to fully guarantee the Company's capital needs. It will implement strict financial budget management and vigorously carry out implementation, supervision and assessment of budget to improve overall planning of funds and further strengthen control of costs and expenses, thus ensuring the accomplishment of the Company's annual operating goals. The Company will fully utilize the capital platform of A+H shares and actively explore and implement financing modes of higher efficiency and lower costs while optimizing its financing structure for the purpose of acquiring low-cost funds by a number of measures, in a move to ensure cash flow's support for liabilities and financial resources' support for the Group's business development.

Purchase, redemption or sale of listed securities of the Company

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

Employees and Their Remuneration and Training

As at 30 June 2016, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,694
Number of in-service employees of major subsidiaries	2,318
Total number of in-service employees	5,012
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	3,477
Sales	71
Technical	620
Financial	168
Administrative	676
Total	5,012

Educational Level

Type of Education Level	Number of people
Postgraduate	165
University graduate	1,161
Junior college graduate	2,194
Technical secondary school and below	1,492
Total	5,012

1. Employee's Remuneration

The total remuneration of the Company's employees is correlated with the operating results of the Company. 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 RMB161,174,000 of which approximately RMB83,460,000 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 5,330 person-time.

CORPORATE GOVERNANCE

1. Corporate Governance

Since establishment, the Company has set up a corporate governance structure comprising the general meeting, the Board, the Supervisory Committee and the management, and has conducted on-going review and improvement of such structure in practice. To date, the Company has successively established special committees under the Board, including the Audit Committee, the Strategic Committee, the Nomination Committee and the Remuneration and Appraisal Committee. The Company has also adopted an independent internal audit system, established a relatively comprehensive risk management and internal control system and formulated multi-tier governance rules based on the Articles of Association, aiming at clearly defining the job duties, authority and model of conduct. In accordance with laws, regulations and the governance rules, the general meeting, the Board, the Supervisory Committee and the management of the Company discharge their own duties, coordinate and counter-balance each other effectively, and continuously enhance corporate governance standards, thereby laying a solid foundation for driving the Company's development and maximising value for the Shareholders. For details, please refer to the 2015 Annual Report of the Company.

2. 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 the Stock Exchange 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. During the Reporting Period, Mr. Ni Shilin (倪士林先生) failed to attend the 2016 first extraordinary general meeting held by the Company on 24 February 2016 pursuant to A.6.7 of the Code due to urgent business commitment.

The Board of the Company has been attaching importance to the establishment of a risk management and internal control system. After years of operation and development, the Company has established a relatively comprehensive risk management and internal control system, ensuring the normal production and operation of the Company and playing a vital role in controlling operation risks. The amendments to the Corporate Governance Code by the Stock Exchange have become effective since 1 January 2016. During the Reporting Period, the Company amended and improved the Terms of Reference for the Audit Committee pursuant to Article C.3 of the Code so as to further facilitate effective supervision over the operation and management of the Company by the Board, strengthen the Company's capabilities in terms of risk management and internal control and optimise the risk management and internal control system of the Company. The Terms of Reference for the Audit Committee as approved by the Board has been published on the Company's website on 28 April 2016. In order to avoid recurrence of delay in compliance with relevant amendments to the Listing Rules, the Company and its Hong Kong Legal Adviser will subsequently review the amendments to the Listing Rules and other relevant laws and regulations in a timely manner, and report the same to the Board of the Company within a reasonable time prior to the effective date of the aforesaid amendments. Moreover, the Company's Hong Kong legal advisers will provide us with professional advices and suggestions on continuing obligations under the Listing Rules and the relevant guidelines issued by the Stock Exchange from time to time, and assist the Company in compliance with the compliance requirements.

3. Audit Committee

As at the date of the announcement, the Audit Committee of the Company comprises three independent non-executive Directors including Mr. Yu Haizong, Mr. Guo Yuanxi and Madam Liu Lina 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 2016.

4. 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 2016 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 section, 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 Financial Leasing Company	Chengyu Financial Leasing Company Limited
CSI SCE	CSI SCE Investment Holding 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
Shurui Company	Sichuan Shurui Construction Engineering Co. Ltd.
Shuxia Company	Sichuan Shuxia 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 RMB1.00each, which is/are issued in the PRC, subscribed for in RMB and listed on the SSE
Articles of Association	the Articles of Association of the Company, as amended from time to time
associate(s)	has the meaning as ascribed to it under the Listing Rules of the Stock Exchange
associated corporation(s)	has the meaning as ascribed to it under the SFO
Audit Committee	the Audit Committee of the Board
Board	the Board of Directors of the Company
BT Project	build-transfer project
Company	Sichuan Expressway Company Limited
CSRC	China Securities Regulatory Commission
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
HKD	Hong Kong dollars, the lawful currency of Hong Kong
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
Nomination Committee	the Nomination Committee of the Board
PRC or Mainland China	the People's Republic of China, for the purpose of this results announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
Remuneration and Appraisal Committee	the Remuneration and Appraisal Committee of the Board
Renshou Gaotan BT Project	engineering construction projects including Renshou 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	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)
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)
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Period or Reporting Period	For the six months ended 30 June 2016

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

Chengdu, Sichuan Province, the PRC
30 August 2016

As at the date of this announcement, the Board comprises Mr. Zhou Liming (Chairman), Mr. Gan Yongyi (Vice Chairman) and Mr. Luo Maoquan as executive Directors, Mr. Zheng Haijun (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. Yu Haizong and Madam Liu Lina as independent non-executive Directors.

* *For identification purposes only*