



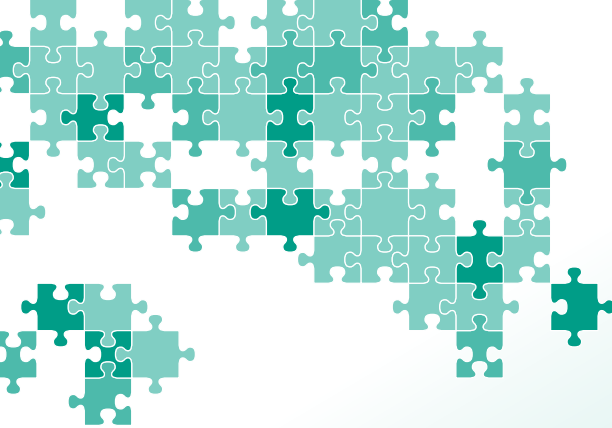
**2012** Interim Report



# **Sichuan Expressway Company Limited**

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

(Stock Code: 00107)

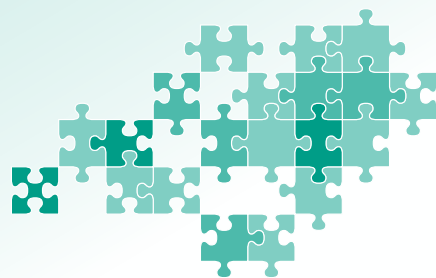


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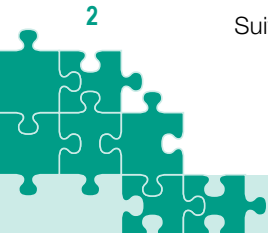


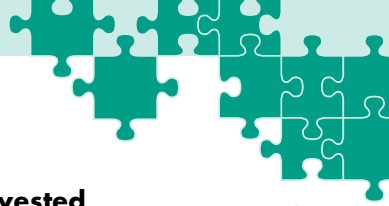
## DEFINITIONS

In this section, the definitions are presented in alphabetic order (A-Z).

### I. Name of Expressway Projects

|                          |                                                                                                      |
|--------------------------|------------------------------------------------------------------------------------------------------|
| Airport Expressway       | Chengdu Airport Expressway                                                                           |
| Chengbei Exit Expressway | Chengdu Chengbei Exit Expressway                                                                     |
| Chengle Expressway       | Sichuan Chengle (Chengdu-Leshan) Expressway                                                          |
| Chengnan Expressway      | Sichuan Chengnan (Chengdu-Nanchong) Expressway                                                       |
| Chengren Expressway      | Chengdu-Meishan (Renshou) Section of Sichuan 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                                                           |
| Suiyu Expressway         | Suiyu (Suining-Chongqing) Expressway                                                                 |



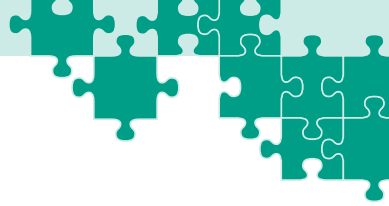


## II. Branches, Subsidiaries and Principal Invested Companies

|                             |                                                                       |
|-----------------------------|-----------------------------------------------------------------------|
| 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 Advertising Company | Sichuan Chengyu Expressway Advertising Company Limited                |
| Shugong Company             | Sichuan Shugong Expressway Engineering Company Limited                |
| Shugong Testing Company     | Sichuan Shugong Road Construction Engineering Testing Company Limited |

|                        |                                                      |
|------------------------|------------------------------------------------------|
| Shuhai Company         | Chengdu Shuhai Investment Management Company Limited |
| Shuhong Company        | Chengdu Shuhong Property Company Limited             |
| Shunan Company         | Sichuan Shunan Investment Management Company Limited |
| Shusha Company         | Sichuan Shusha Industrial Company Limited            |
| Suiguang Suixi Company | Sichuan Suiguang Suixi Expressway Company Limited    |
| Zhonglu Energy Company | Sichuan Zhonglu Energy Company Limited               |

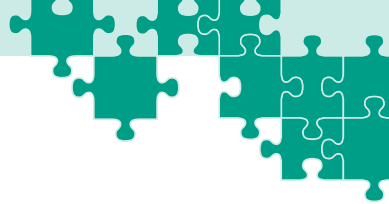
In this interim report, the English names of the PRC entities are translations of their Chinese names and included herein for identification purposes only. In the event of any inconsistency between the Chinese and English names, the Chinese names shall prevail.



### III. Others

|                                 |                                                                                                                                                     |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| A Share(s)                      | ordinary share(s) of the Company with a nominal value of RMB1.00 each, which is/ are issued in the PRC, subscribed for in RMB and listed on the SSE |
| Articles of Association         | the Articles of Association of the Company, as amended from time to time                                                                            |
| associated corporation(s)       | has the meaning as ascribed to it under the SFO                                                                                                     |
| associate(s)                    | has the meaning as ascribed to it under the Listing Rules of the Stock Exchange                                                                     |
| Audit Committee                 | Audit Committee of the Company                                                                                                                      |
| Board                           | the Board of Directors of the Company                                                                                                               |
| Chengren Expressway BOT Project | the project on Chengren Expressway in the form of BOT (build-operate-transfer)                                                                      |
| Company                         | Sichuan Expressway Company Limited                                                                                                                  |
| CSRC                            | China Securities Regulatory Commission                                                                                                              |
| Director(s)                     | director(s) of the Company                                                                                                                          |
| Group                           | the Company and its subsidiaries                                                                                                                    |

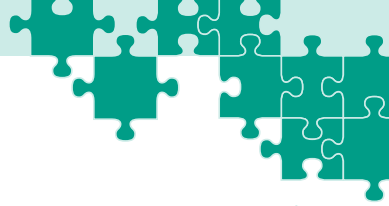
|                 |                                                                                                                                                                                                                                                                     |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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                                                              |
| Huajian Company | China Merchants Huajian Highway Investment Co., Ltd. (formally 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 of the Company |
| PRC             | the People's Republic of China, for the purpose of this interim report, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan                                                                                                          |



|                                        |                                                                                                                                      |   |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|---|
| Renshou Avenue Connection Line Project | the Renshou Avenue Connection Line project in Renshou County, Meishan City in the form of BT (build-transfer)                        | 7 |
| Renshou BT Projects                    | the Renshou Avenue Connection Line Project and the Renshou Land-linked Pilot Project                                                 |   |
| Renshou Land-linked Pilot Project      | the land-linked pilot project in Renshou County, Meishan City in the form of BT (build-transfer)                                     |   |
| SASAC of Sichuan                       | State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government of the PRC                             |   |
| Shareholder(s)                         | holder(s) of Shares                                                                                                                  |   |
| Share(s)                               | A Share(s) and/or H Share(s) (as the case may be)                                                                                    |   |
| Shuangliu Renbao BT Project            | the road project within Renbao Industry Park, Tianfu New District, Shuangliu County, Chengdu City in the form of BT (build-transfer) |   |



|                                               |                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shuangliu West Airport<br>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 Project” by the Transportation Bureau of Shuangliu County, Chengdu City, the tenderee of this project |
| Shuangliu Zongbao<br>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<br>Development                | Sichuan Highway Development Holding Company, a subsidiary of STI Group                                                                                                                                                                                                                                                                      |
| SFO                                           | the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)                                                                                                                                                                                                                                                                 |
| SSE                                           | Shanghai Stock Exchange                                                                                                                                                                                                                                                                                                                     |



SSF

The National Council for Social Security Fund of the PRC (全國社會保障基金理事會轉持三戶), the Shareholder of the Company (On 27 July 2009, the A Shares of the Company were listed on the SSE. According to the Measures of Transfer of Certain State-owned Shares to National Social Security Fund through Domestic Stock Exchange Market) (Cai Qi [2009] No. 94) and the Reply of the State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government on Transfer of State-Owned Shares of Sichuan Expressway Company Limited During Its IPO of A Shares (Chuan Guo Zi Chan Quan [2009] No. 39), Sichuan Highway Development and Huajian Company transferred 30,229,922 Shares and 19,770,078 Shares respectively to the National Council for Social Security Fund of the PRC)

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|                                        |                                                                                                     |
|----------------------------------------|-----------------------------------------------------------------------------------------------------|
| STI Group                              | Sichuan Transportation Investment Group Corporation, the controlling shareholder of the Company     |
| Stock Exchange                         | The Stock Exchange of Hong Kong Limited                                                             |
| 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                  | Supervisory Committee of the Company                                                                |
| Period or Reporting Period             | the 6 months ended 30 June 2012                                                                     |

## CORPORATE INFORMATION

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|                                                       |                                                           |
|-------------------------------------------------------|-----------------------------------------------------------|
| Statutory Chinese and English<br>Names of the Company | 四川成渝高速公路股份有限公司<br>Sichuan Expressway Company Limited      |
| Legal Representative                                  | Tang Yong                                                 |
| Company Website                                       | <a href="http://www.cygs.com">http://www.cygs.com</a>     |
| Company's Registered<br>Address & Office Address      | 252 Wuhouci Da Jie, Chengdu, Sichuan<br>Province, the PRC |
| Postal Code                                           | 610041                                                    |
| Secretary to the Board                                | Zhang Yongnian                                            |
| Tel                                                   | (86)28-8552-7510                                          |
| Representative of<br>Securities Affairs               | Zhang Hua                                                 |
| Tel                                                   | (86)28-8552-7510                                          |
| Fax                                                   | (86)28-8553-0753                                          |
| Investors' Hotline                                    | (86)28-8552-7510/(86)28-8552-7526                         |
| E-mail                                                | <a href="mailto:cygzh@163.com">cygzh@163.com</a>          |
| Contact Address                                       | 252 Wuhouci Da Jie, Chengdu, Sichuan<br>Province, the PRC |

|                                                                          |                                                                                                                                                                                   |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stock Exchanges of the Listing Shares                                    | A Shares: Shanghai Stock Exchange<br>Stock Code: 601107<br>Stock Name: Sichuan Express                                                                                            |
|                                                                          | H Shares: The Stock Exchange of Hong Kong Limited<br>Stock Code: 00107<br>Stock Name: Sichuan Express                                                                             |
| Newspapers Selected by the Company for Information Disclosure            | China Securities Journal,<br>Shanghai Securities News                                                                                                                             |
| Websites Designated for Publication of the Interim Report of the Company | <a href="http://www.sse.com.cn">http://www.sse.com.cn</a><br><a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a><br><a href="http://www.cygs.com">http://www.cygs.com</a> |
| Place for Inspection of the Interim Report of the Company                | PRC : 252 Wuhouci Da Jie,<br>Chengdu, Sichuan Province,<br>the PRC<br>Hong Kong: Rooms 2201-2203,<br>22/F, World-Wide House,<br>19 Des Voeux Road Central,<br>Central, Hong Kong  |
| International Auditor                                                    | Ernst & Young Certified Public Accountants<br>22/F, CITIC Tower, 1 Tim Mei Avenue,<br>Central, Hong Kong                                                                          |



PRC Auditor

Shinewing Certified Public Accountants  
9th Floor, Block A, Fu Hua Mansion,  
No. 8 Chao Yang Men Bei Da Jie,  
Dong Cheng District,  
Beijing City, the PRC

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Hong Kong Legal Adviser

Messrs. Li & Partners  
22/F, World-Wide House,  
19 Des Voeux Road Central, Central,  
Hong Kong

PRC Legal Adviser

Zhong Yin Law Firm  
31F, Office Tower A, Jianwai SOHO,  
39 Dongsanhuan Zhonglu,  
Chaoyang District,  
Beijing, the PRC

Domestic Shares Registrar  
and Transfer Office

China Securities Depository and Clearing  
Corporation Limited Shanghai Branch  
36/F China Insurance Building,  
No.166 Lujiazui East Road,  
Pudong, Shanghai, the PRC

Hong Kong Shares Registrar  
and Transfer Office

Hong Kong Registrars Limited  
1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East,  
Wanchai, Hong Kong

|                                             |                                                                                              |
|---------------------------------------------|----------------------------------------------------------------------------------------------|
| Principal Place of Business<br>in Hong Kong | Rooms 2201-2203, 22/F, World-Wide House,<br>19 Des Voeux Road Central, Central,<br>Hong Kong |
| Initial Registration Date<br>and Place      | 19 August 1997<br>Chengdu, Sichuan Province, the PRC                                         |
| Latest Date of<br>Registration Update       | 7 November 2011                                                                              |
| Registration Number<br>of Business Licence  | 510000400003856                                                                              |
| Tax Registration Number                     | Chuan Guo Shui Zhi Zi No. 51010720189926X<br>Chuan Di Shui Zi No. 51900020189926X            |
| Organization Code                           | 20189926-X                                                                                   |
| Principal Banker                            | China Construction Bank                                                                      |

## COMPANY PROFILE

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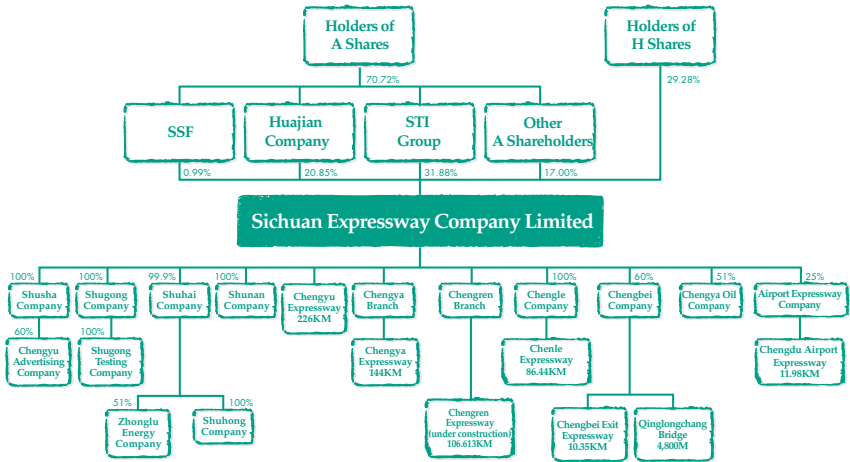
The Company was registered with the Industry and Commerce Bureau of Sichuan Province of the PRC on 19 August 1997. The Company was listed on the Stock Exchange (stock code: 00107) on 7 October 1997 and on the SSE (stock code: 601107) on 27 July 2009, respectively.

The Group is principally engaged in the investment in, construction, operation and management of road infrastructure projects in Sichuan Province, the PRC as well as the operation of other businesses related to toll roads. Currently, the Group mainly owns all or substantially all interests in a number of toll roads in Sichuan Province such as Chengyu Expressway, Chengya Expressway, Chengle Expressway, Chengbei Exit Expressway as well as Chengren Expressway, Suiguang Expressway and Suixi Expressway which are under construction. As at 30 June 2012, the length of completed expressways of the Group has reached approximately 467km in total and the length of the expressways under construction amounted to approximately 269km, representing total assets of approximately RMB18,960,289,000 and net assets (equity attributable to owners of the Company) of approximately RMB9,716,314,000.

As at 30 June 2012, the total number of Shares of the Company was 3,058,060,000 Shares (comprising 895,320,000 H Shares and 2,162,740,000 A Shares).



The shareholdings and major asset structure of the Company were as follows:



## INTERIM CONDENSED FINANCIAL INFORMATION

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### INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

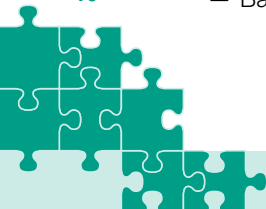
For the six months ended 30 June 2012

|                                                   |       | For the six months<br>ended 30 June |             |
|---------------------------------------------------|-------|-------------------------------------|-------------|
|                                                   |       | 2012                                | 2011        |
|                                                   | Notes | RMB'000                             | RMB'000     |
|                                                   |       | (Unaudited)                         | (Unaudited) |
| <b>REVENUE</b>                                    | 4     | <b>3,444,354</b>                    | 2,654,907   |
| Cost of sales and other<br>direct operating costs |       | <b>(2,585,539)</b>                  | (1,817,415) |
| Gross profit                                      |       | <b>858,815</b>                      | 837,492     |
| Other income and gains                            | 4     | <b>67,395</b>                       | 45,882      |
| Administrative expenses                           |       | <b>(64,069)</b>                     | (42,598)    |
| Other expenses                                    |       | <b>(3,424)</b>                      | (11,162)    |
| Finance costs                                     | 5     | <b>(79,926)</b>                     | (64,906)    |
| Share of profits and<br>losses of associates      |       | <b>11,002</b>                       | 5,598       |
| <b>PROFIT BEFORE TAX</b>                          | 6     | <b>789,793</b>                      | 770,306     |
| Income tax expense                                | 7     | <b>(122,431)</b>                    | (192,586)   |
| <b>PROFIT FOR THE PERIOD</b>                      |       | <b>667,362</b>                      | 577,720     |

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2012

|                                                                                              | For the six months<br>ended 30 June |                          |
|----------------------------------------------------------------------------------------------|-------------------------------------|--------------------------|
|                                                                                              | 2012                                | 2011                     |
| Notes                                                                                        | RMB'000                             | RMB'000                  |
|                                                                                              | (Unaudited)                         | (Unaudited)              |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                            |                                     |                          |
| Changes in fair value of<br>available-for-sale assets                                        | <b>(682)</b>                        | (10,401)                 |
| Income tax effect                                                                            | <b>127</b>                          | 2,600                    |
|                                                                                              | <u>          </u>                   | <u>          </u>        |
| <b>OTHER COMPREHENSIVE INCOME<br/>FOR THE PERIOD, NET OF TAX</b>                             | <b>(555)</b>                        | (7,801)                  |
|                                                                                              | <u>          </u>                   | <u>          </u>        |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE PERIOD</b>                                         | <b>666,807</b>                      | 569,919                  |
|                                                                                              | <u><u>          </u></u>            | <u><u>          </u></u> |
| Profit attributable to:                                                                      |                                     |                          |
| Owners of the Company                                                                        | <b>646,934</b>                      | 567,538                  |
| Non-controlling interests                                                                    | <b>20,428</b>                       | 10,182                   |
|                                                                                              | <u>          </u>                   | <u>          </u>        |
|                                                                                              | <b>667,362</b>                      | 577,720                  |
|                                                                                              | <u><u>          </u></u>            | <u><u>          </u></u> |
| Total comprehensive income<br>attributable to:                                               |                                     |                          |
| Owners of the Company                                                                        | <b>646,379</b>                      | 559,740                  |
| Non-controlling interests                                                                    | <b>20,428</b>                       | 10,179                   |
|                                                                                              | <u>          </u>                   | <u>          </u>        |
|                                                                                              | <b>666,807</b>                      | 569,919                  |
|                                                                                              | <u><u>          </u></u>            | <u><u>          </u></u> |
| <b>EARNINGS PER SHARE<br/>ATTRIBUTABLE TO ORDINARY<br/>EQUITY HOLDERS OF<br/>THE COMPANY</b> |                                     |                          |
| — Basic and diluted                                                                          | 8                                   |                          |
|                                                                                              | <b>RMB0.212</b>                     | RMB0.186                 |
|                                                                                              | <u><u>          </u></u>            | <u><u>          </u></u> |



## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

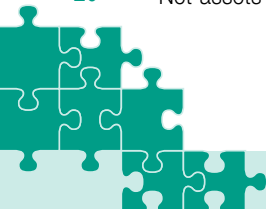
30 June 2012

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

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION***(Continued)**30 June 2012*

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



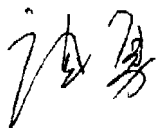
# INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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(Continued)

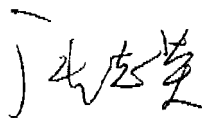
30 June 2012

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



**Tang Yong**

Director



**Zhang Zhiying**

Director

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

|                                                                      | Attributable to owners of the Company |                       |                           |                         |                                                                  |                                                   |                   |                  |                         |                  |                           |                  |
|----------------------------------------------------------------------|---------------------------------------|-----------------------|---------------------------|-------------------------|------------------------------------------------------------------|---------------------------------------------------|-------------------|------------------|-------------------------|------------------|---------------------------|------------------|
|                                                                      | Issued capital                        | Share premium account | Statutory surplus reserve | General surplus reserve | Difference arising from acquisition of non-controlling interests | Available-for-sale investment revaluation reserve | Merger difference | Retained profits | Proposed final dividend | Total            | Non-controlling interests | Total equity     |
|                                                                      | RMB'000                               | RMB'000               | RMB'000                   | RMB'000                 | RMB'000                                                          | RMB'000                                           | RMB'000           | RMB'000          | RMB'000                 | RMB'000          | RMB'000                   | RMB'000          |
|                                                                      | (Unaudited)                           | (Unaudited)           | (Unaudited)               | (Unaudited)             | (Unaudited)                                                      | (Unaudited)                                       | (Unaudited)       | (Unaudited)      | (Unaudited)             | (Unaudited)      | (Unaudited)               | (Unaudited)      |
| At 1 January 2011                                                    | 3,058,060                             | 2,654,601             | 834,792                   | 775,510                 | (248,470)                                                        | 27,960                                            | (533,123)         | 1,484,254        | 266,051                 | 8,319,635        | 104,362                   | 8,423,997        |
| Profit for the period                                                | -                                     | -                     | -                         | -                       | -                                                                | -                                                 | -                 | 567,538          | -                       | 567,538          | 10,182                    | 577,720          |
| Other comprehensive income for the period:                           |                                       |                       |                           |                         |                                                                  |                                                   |                   |                  |                         |                  |                           |                  |
| Changes in fair value of available-for-sale investments, net of tax  | -                                     | -                     | -                         | -                       | -                                                                | (7,798)                                           | -                 | -                | -                       | (7,798)          | (3)                       | (7,801)          |
| Total comprehensive income for the period                            | -                                     | -                     | -                         | -                       | -                                                                | (7,798)                                           | -                 | 567,538          | -                       | 559,740          | 10,179                    | 569,919          |
| Capital injection from a non-controlling shareholder of a subsidiary | -                                     | -                     | -                         | -                       | -                                                                | -                                                 | -                 | -                | -                       | -                | 25,480                    | 25,480           |
| Dividends paid to non-controlling shareholders                       | -                                     | -                     | -                         | -                       | -                                                                | -                                                 | -                 | -                | -                       | -                | (9,600)                   | (9,600)          |
| Dividends declared to owners of the Company                          | -                                     | -                     | -                         | -                       | -                                                                | -                                                 | -                 | -                | (266,051)               | (266,051)        | -                         | (266,051)        |
| At 30 June 2011                                                      | <u>3,058,060</u>                      | <u>2,654,601</u>      | <u>834,792</u>            | <u>775,510</u>          | <u>(248,470)</u>                                                 | <u>20,162</u>                                     | <u>(533,123)</u>  | <u>2,051,792</u> | <u>-</u>                | <u>8,613,324</u> | <u>130,421</u>            | <u>8,743,745</u> |

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 30 June 2012

|                                                                     | Attributable to owners of the Company |                       |                           |                         |                                                                  |                                                   |                   |                   |                         |                  |                           |                  |
|---------------------------------------------------------------------|---------------------------------------|-----------------------|---------------------------|-------------------------|------------------------------------------------------------------|---------------------------------------------------|-------------------|-------------------|-------------------------|------------------|---------------------------|------------------|
|                                                                     | Issued capital                        | Share premium account | Statutory surplus reserve | General surplus reserve | Difference arising from acquisition of non-controlling interests | Available-for-sale investment revaluation reserve | Merger difference | Retained profits  | Proposed final dividend | Total            | Non-controlling interests | Total equity     |
|                                                                     | RMB'000                               | RMB'000               | RMB'000                   | RMB'000                 | RMB'000                                                          | RMB'000                                           | RMB'000           | RMB'000           | RMB'000                 | RMB'000          | RMB'000                   | RMB'000          |
|                                                                     | (Unaudited)                           | (Unaudited)           | (Unaudited)               | (Unaudited)             | (Unaudited)                                                      | (Unaudited)                                       | (Unaudited)       | (Unaudited)       | (Unaudited)             | (Unaudited)      | (Unaudited)               | (Unaudited)      |
| At 1 January 2012                                                   | 3,058,060                             | 2,654,601*            | 983,731*                  | 1,096,521*              | (248,470)*                                                       | 15,373*                                           | (533,123)*        | 2,043,242*        | 275,225                 | 9,345,160        | 162,116                   | 9,507,276        |
| Profit for the period                                               | -                                     | -                     | -                         | -                       | -                                                                | -                                                 | -                 | 646,934           | -                       | 646,934          | 20,428                    | 667,362          |
| Other comprehensive income for the period:                          |                                       |                       |                           |                         |                                                                  |                                                   |                   |                   |                         |                  |                           |                  |
| Changes in fair value of available-for-sale investments, net of tax | -                                     | -                     | -                         | -                       | -                                                                | (555)                                             | -                 | -                 | -                       | (555)            | -                         | (555)            |
| Total comprehensive income for the period                           | -                                     | -                     | -                         | -                       | -                                                                | (555)                                             | -                 | 646,934           | -                       | 646,379          | 20,428                    | 666,807          |
| Acquisition of a subsidiary#                                        | -                                     | -                     | -                         | -                       | -                                                                | -                                                 | -                 | -                 | -                       | -                | 14,324                    | 14,324           |
| Dividends paid to non-controlling shareholders                      | -                                     | -                     | -                         | -                       | -                                                                | -                                                 | -                 | -                 | -                       | -                | (12,922)                  | (12,922)         |
| Dividends declared to owners of the Company                         | -                                     | -                     | -                         | -                       | -                                                                | -                                                 | -                 | -                 | (275,225)               | (275,225)        | -                         | (275,225)        |
| At 30 June 2012                                                     | <u>3,058,060</u>                      | <u>2,654,601*</u>     | <u>983,731*</u>           | <u>1,096,521*</u>       | <u>(248,470)*</u>                                                | <u>14,818*</u>                                    | <u>(533,123)*</u> | <u>2,690,176*</u> | <u>-</u>                | <u>9,716,314</u> | <u>183,946</u>            | <u>9,900,260</u> |

\* These reserves accounts comprise the consolidated reserves of RMB6,658,254,000 (31 December 2011: RMB6,011,875,000) in the consolidated statement of financial position.

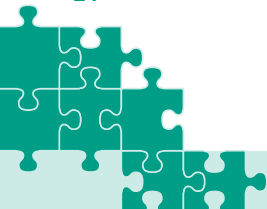
# As at 31 December 2011, the Company held a 45% equity interest in Chengya Oil, an associate that engaged in the operation of gas stations. On 5 January 2012, the Company and the other shareholder made additional capital injections of RMB12,882,000 and RMB12,118,000, respectively, into Chengya Oil. As a result of the capital injections, the Company's equity interest in Chengya Oil increased from 45% to 51% and Chengya Oil has become the Company's subsidiary since then.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

|                                                       | For the six months<br>ended 30 June   |                                       |
|-------------------------------------------------------|---------------------------------------|---------------------------------------|
|                                                       | 2012<br><i>RMB'000</i><br>(Unaudited) | 2011<br><i>RMB'000</i><br>(Unaudited) |
| Net cash flows used in operating activities           | <b>(752,613)</b>                      | (983,737)                             |
| Net cash flows from/(used in) investing activities    | <b>29,481</b>                         | (29,038)                              |
| Net cash outflows before financing activities         | <b>(723,132)</b>                      | (1,012,775)                           |
| Net cash flows from financing activities              | <b>1,419,651</b>                      | 1,722,685                             |
| <b>NET INCREASE IN CASH<br/>AND CASH EQUIVALENTS</b>  | <b>696,519</b>                        | 709,910                               |
| Cash and cash equivalents<br>at beginning of period   | <b>1,788,940</b>                      | 1,283,719                             |
| <b>CASH AND CASH EQUIVALENTS<br/>AT END OF PERIOD</b> | <b>2,485,459</b>                      | 1,993,629                             |



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

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For the six months ended 30 June 2012

For the six months  
ended 30 June  
2012                      2011  
RMB'000                      RMB'000  
(Unaudited)                      (Unaudited)

### ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:

|                                                                            |                         |                         |
|----------------------------------------------------------------------------|-------------------------|-------------------------|
| Cash and bank balances                                                     | <b>2,304,889</b>        | 1,762,255               |
| Non-pledged time deposits                                                  | <b>103,270</b>          | 200,866                 |
| Cash and cash equivalents as stated in the statement of financial position | <b>2,408,159</b>        | 1,963,121               |
| Pledged time deposits                                                      | <b>77,300</b>           | 30,508                  |
| Cash and cash equivalents as stated in the statement of cash flows         | <b><u>2,485,459</u></b> | <b><u>1,993,629</u></b> |

## **NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION**

*For the six months ended 30 June 2012*

### **1. CORPORATE INFORMATION**

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

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

In the opinion of the directors of the Company, the parent and the ultimate holding company of the Company is STI Group.

### **2.1 BASIS OF PREPARATION**

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2011.

## **2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

## **3. OPERATING SEGMENT INFORMATION**

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

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

### **3. OPERATING SEGMENT INFORMATION** *(Continued)*

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

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

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

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

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

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

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

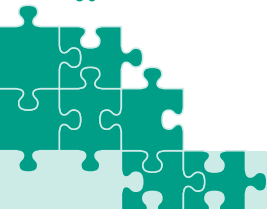
#### For the six months ended 30 June 2012

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

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2011

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



### 3. OPERATING SEGMENT INFORMATION *(Continued)*

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

#### As at 30 June 2012

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

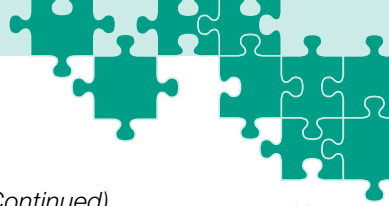


### 3. OPERATING SEGMENT INFORMATION *(Continued)*

As at 31 December 2011

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

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



### **3. OPERATING SEGMENT INFORMATION** *(Continued)*

#### **Entity-wide disclosures**

##### ***Geographical information***

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

##### ***Information about major customers***

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

#### 4. REVENUE, OTHER INCOME AND GAINS

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

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

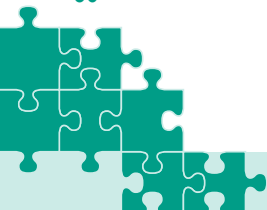


#### 4. REVENUE, OTHER INCOME AND GAINS (Continued)

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

## 5. FINANCE COSTS

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



## 6. PROFIT BEFORE TAX

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

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

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

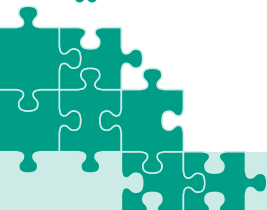
## 7. INCOME TAX EXPENSE

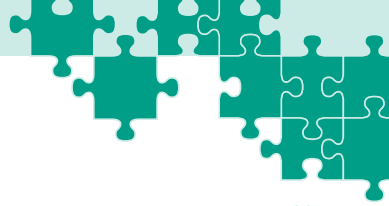
The major component of income tax expense for the Period is as follows:

|                          | <b>For the six months<br/>ended 30 June</b> |                |
|--------------------------|---------------------------------------------|----------------|
|                          | <b>2012</b>                                 | 2011           |
|                          | <b>RMB'000</b>                              | RMB'000        |
|                          | <b>(Unaudited)</b>                          | (Unaudited)    |
| Current – Mainland China |                                             |                |
| Charge for the Period    | <b><u>122,431</u></b>                       | <u>192,586</u> |

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

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





## **7. INCOME TAX EXPENSE** *(Continued)*

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

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

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

The calculation of basic earnings per share is based on the profit for the Period attributable to equity holders of the Company of RMB646,934,000 (six months ended 30 June 2011: RMB567,538,000) and the number of ordinary shares of 3,058,060,000 (six months ended 30 June 2011: 3,058,060,000) in issue during the Period.



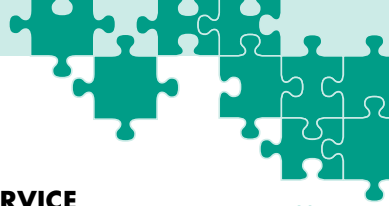
## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

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

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

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

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



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

- (a) As at 30 June 2012, the concession rights pertaining to Chengbei Exit Expressway and Chengle Expressway with net carrying amounts of approximately RMB160,789,000 and RMB1,159,125,000 (31 December 2011: RMB167,937,000 and RMB1,179,656,000), respectively were pledged to secure bank loans amounting to RMB91,000,000 and RMB106,400,000 (31 December 2011: RMB78,000,000 and RMB106,400,000), respectively (note 14(a)).
- (b) During the Period, construction costs of RMB1,667,034,000 (six months ended 30 June 2011: RMB1,186,602,000) were incurred for the construction of the Chengdu-Meishan (Renshou) section of Chengdu-Zigong-Luzhou-Chishui Expressway (“Chengren Expressway”) in the form of a build-operate-transfer model (the “Chengren Expressway BOT Project”). Those construction costs were included in the additions to service concession arrangements which will be amortised upon the commencement of operation of the Chengren Expressway BOT Project. In addition, those construction costs of RMB1,667,034,000 (six months ended 30 June 2011: RMB1,186,602,000) and construction revenue of RMB1,667,034,000 (six months ended 30 June 2011: RMB1,186,602,000) were recognised in respect of the construction service provided by the Company for the Chengren Expressway BOT Project using the percentage of completion method during the Period.

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

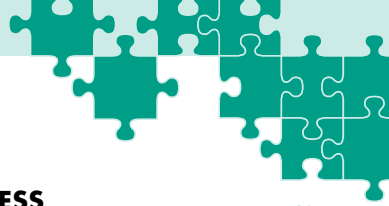
(b) *(Continued)*

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

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

## 10. PAYMENTS IN ADVANCE

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



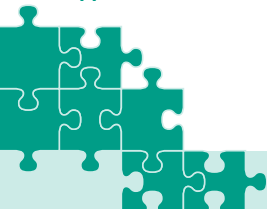
## 11. CONSTRUCTION CONTRACTS IN PROGRESS

43

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

## 12. TRADE AND OTHER RECEIVABLES

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



## 12. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) Trade receivables

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

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

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

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

## 12. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

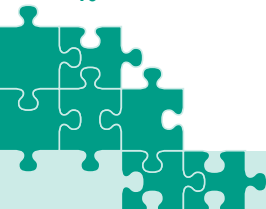
(a) Trade receivables *(Continued)*

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

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

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

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



## 12. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

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

## 13. TRADE AND OTHER PAYABLES

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



### 13. TRADE AND OTHER PAYABLES *(Continued)*

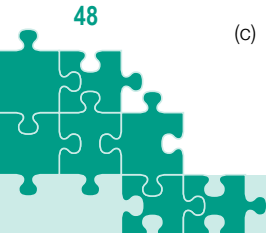
Notes:

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

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

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

- (b) Other payables at 30 June 2012 mainly included the following balances:
- (i) Progress billing payables of RMB911,886,000 (31 December 2011: RMB802,881,000) in respect of the construction of the Chengren Expressway BOT Project; and
  - (ii) Retention payables and deposits of RMB231,191,000 (31 December 2011: RMB214,897,000) in respect of the construction of the Chengren Expressway BOT Project, among which a performance guarantee deposit of approximately RMB25,257,000 (31 December 2011: RMB33,773,000) received from subcontractors bears interest at a rate of 0.40% (31 December 2011: 0.50%) per annum.
- (c) The balance mainly represented interest accrued in respect of interest-bearing bank loans.



### 13. TRADE AND OTHER PAYABLES (Continued)

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

### 14. INTEREST-BEARING BANK AND OTHER LOANS

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

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

## 14. INTEREST-BEARING BANK AND OTHER LOANS (Continued)

Notes:

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

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

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



## 14. INTEREST-BEARING BANK AND OTHER LOANS *(Continued)*

*Notes: (Continued)*

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

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

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

## 15. DIVIDENDS

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

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

## 15. DIVIDENDS *(Continued)*

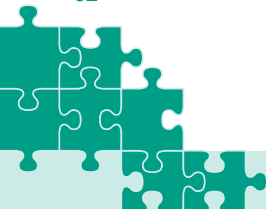
The Group had the following dividends payable at the end of the reporting period:

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

## 16. COMMITMENTS

### (a) Capital commitments

|                                    | <b>30 June</b><br><b>2012</b><br><b>RMB'000</b><br><b>(Unaudited)</b> | 31 December<br>2011<br>RMB'000 |
|------------------------------------|-----------------------------------------------------------------------|--------------------------------|
| Contracted, but not provided for   | <b>591,353</b>                                                        | 1,625,939                      |
| Authorised, but not contracted for | <b>2,202,544</b>                                                      | 3,043,167                      |
|                                    | <b>2,793,897</b>                                                      | 4,669,106                      |



## 16. COMMITMENTS (Continued)

### (a) Capital commitments (Continued)

Further details of the capital commitments of the Group as of 30 June 2012 are analysed as follows:

|                                 | <b>30 June<br/>2012</b> | 31 December<br>2011 |
|---------------------------------|-------------------------|---------------------|
|                                 | <b>RMB'000</b>          | RMB'000             |
|                                 | <b>(Unaudited)</b>      |                     |
| In respect of:                  |                         |                     |
| Service concession arrangements | <b>2,495,416</b>        | 4,279,777           |
| Property, plant and equipment   | <b>298,481</b>          | 389,329             |
|                                 | <b><u>2,793,897</u></b> | <u>4,669,106</u>    |

### (b) Operating lease arrangements – as lessee

|                                            | <b>30 June<br/>2012</b> | 31 December<br>2011 |
|--------------------------------------------|-------------------------|---------------------|
|                                            | <b>RMB'000</b>          | RMB'000             |
|                                            | <b>(Unaudited)</b>      |                     |
| Within one year                            | <b>22,673</b>           | 22,864              |
| In the second to fifth years,<br>inclusive | <b>79,599</b>           | 82,525              |
| After five years                           | <b>193,642</b>          | 201,955             |
|                                            | <b><u>295,914</u></b>   | <u>307,344</u>      |

## 17. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the Period:

- (a) In previous years, the Group obtained state loans amounting to RMB250,000,000 in aggregate pursuant to the loan repayment agreements (the “Loan Repayment Agreements”) entered into between the Company and Sichuan Highway Development. Both the Company and Sichuan Highway Development are controlled by STI Group. The state loans were originally made to the Sichuan Provincial Government through the Ministry of Finance for infrastructure development of the Sichuan Province. For the purpose of financing the construction of Chengya Expressway, Sichuan Highway Development had initially obtained the state loans, and pursuant to the Loan Repayment Agreements, the state loans were then transferred to the Group. During the Period, the Group repaid part of the state loans amounting to RMB6,818,000 (six months ended 30 June 2011: RMB6,818,000).
  
- (b) During the Period, the aggregate service fee payable to Sichuan Zhineng Transportation System Management Company Limited, a subsidiary of Sichuan Highway Development, in relation to the provision of a computer system on highway network toll fee collection and supportive technological services to the Group amounted to approximately RMB4,766,000 (six months ended 30 June 2011: RMB4,768,000).



## 17. RELATED PARTY TRANSACTIONS *(Continued)*

- (c) As at 30 June 2012, bank loans of Chengle Company and Chengbei Company aggregating RMB106,400,000 (31 December 2011: RMB106,400,000) and RMB10,000,000 (31 December 2011: RMB10,000,000), respectively, were guaranteed by Sichuan Highway Development and Chengdu Highway Development Company Limited, respectively (note 14(a)). The bank loans were guaranteed for nil consideration.
  
- (d) On 1 October 2010, the Company entered into a one year tenancy agreement with Transport Investment Group whereby the Company leased out a certain part of its office buildings to Transport Investment Group at an annual rental of RMB2,035,000. The tenancy agreement was extended at the same annual rental for another year when the tenancy agreement expired on 1 October 2011. During the Period, the rental received from Transport Investment Group amounted to RMB1,017,000 (six months ended 30 June 2011: RMB1,017,000).
  
- (e) Chengle Company entered into a five year tenancy agreement with Sichuan Highway Development, whereby Sichuan Highway Development leased out certain part of its office buildings to Chengle Company at an annual rental of RMB1,138,000. During the Period, the rental payable to Sichuan Highway Development amounted to RMB569,000 (six months ended 30 June 2011: RMB569,000).

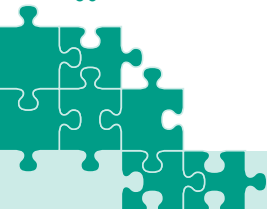


**17. RELATED PARTY TRANSACTIONS** (Continued)

- (f) Compensation of the key management personnel of the Group during the Period

|                                                        | <b>For the six months<br/>ended 30 June</b>         |                                       |
|--------------------------------------------------------|-----------------------------------------------------|---------------------------------------|
|                                                        | <b>2012</b><br><b>RMB'000</b><br><b>(Unaudited)</b> | 2011<br><i>RMB'000</i><br>(Unaudited) |
| Fees                                                   | <u>120</u>                                          | <u>120</u>                            |
| Other emoluments:                                      |                                                     |                                       |
| Salaries, allowances and benefits<br>in kind           | <b>1,552</b>                                        | 1,113                                 |
| Pension scheme contributions                           | <b>102</b>                                          | 51                                    |
| Supplementary pension scheme<br>contributions          | <u>155</u>                                          | <u>82</u>                             |
|                                                        | <u><b>1,809</b></u>                                 | <u>1,246</u>                          |
| Total compensation paid to key<br>management personnel | <u><b>1,929</b></u>                                 | <u>1,366</u>                          |

These transactions were carried out in accordance with the terms of agreements governing such transactions.



## 17. RELATED PARTY TRANSACTIONS *(Continued)*

As at the date of this report, the executive directors of the Company are:

Mr. Tang Yong  
Mr. Zhang Zhiying  
Mr. Liu Mingli

non-executive directors are:

Madam Zhang Yang  
Mr. Gao Chun  
Mr. Zhou Liming  
Mr. Wang Shuanming  
Madam Hu Yu

And the independent non-executive directors are:

Madam Luo Xia  
Mr. Feng Jian  
Mr. Zhao Zesong  
Mr. Xie Bangzhu

## **18. EVENTS AFTER THE REPORTING PERIOD**

As at the date of approval of this interim condensed financial information, the Group has no events after the reporting period that need to be disclosed.

## **19. COMPARATIVE AMOUNTS**

Certain comparative amounts have been reclassified to conform with the current period's presentation.

## **20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION**

The interim condensed financial information was approved and authorised for issue by the board of directors on 30 August 2012.



## **CHANGES IN SHARE CAPITAL AND SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS**

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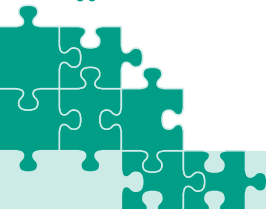
- I. During the Reporting Period, there was no change in the total number of Shares and capital structure of the Company.**
  
- II. As at 30 June 2012, the Company had 110,642 Shareholders, including 110,331 holders of A Shares and 311 holders of H Shares.**
  
- III. Substantial Shareholders' and other persons' interests in Shares and underlying Shares**

So far as the Company was aware, as at 30 June 2012, the following persons (other than the Directors, Supervisors and chief executive of the Company) who held 5% or more interests or short position in the Shares and underlying Shares of the Company recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

## Long/short positions in the Shares of the Company:

| Name                                              | Type of Shares                 | Long position/<br>short position | Number of the<br>Company's<br>Shares held | Approximate<br>percentage<br>in the total<br>share<br>capital of<br>the Company | Approximate<br>percentage in<br>A/H Shares | Capacity                                                                      |
|---------------------------------------------------|--------------------------------|----------------------------------|-------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------|
| STI Group                                         | A Shares (state-owned shares)  | Long Position                    | 975,060,078                               | 31.88%                                                                          | 45.08%                                     | Beneficial owner                                                              |
| Huajian Company                                   | A Shares (legal person shares) | Long Position                    | 637,679,922                               | 20.85%                                                                          | 29.48%                                     | Beneficial owner                                                              |
| JPMorgan Chase & Co.<br>(Note)                    | H Shares                       | Long Position                    | 4,122,000<br>67,433,200                   | 0.13%<br>2.21%                                                                  | 0.46%<br>7.53%                             | Investment manager<br>Custodian<br>corporation /<br>approved<br>lending agent |
|                                                   |                                |                                  | Total 71,555,200                          | 2.34%                                                                           | 7.99%                                      |                                                                               |
| Matthews International<br>Capital Management, LLC | H Shares                       | Long Position                    | 80,930,000                                | 2.65%                                                                           | 9.03%                                      | Investment<br>manager                                                         |
| Investec Asset<br>Management Limited              | H Shares                       | Long Position                    | 44,766,000                                | 1.46%                                                                           | 5.00%                                      | Investment<br>manager                                                         |

*Note:* JPMorgan Chase & Co. (“**JPM Chase**”) holds the entire issued share capital of each of JPMorgan Chase Bank, N.A. (“**JPM Bank**”) and JPMorgan Asset Management Holdings Inc. (“**JPM Asset**”). As at 30 June 2012, JPM Bank directly held 67,433,200 H Shares (long position) of the Company, which were Shares in a lending pool and JPM Asset indirectly held 4,122,000 H Shares (long position) of the Company. Pursuant to the SFO, JPM Chase was deemed to be interested in the same Shares of the Company as interested by JPM Bank and JPM Asset, being 71,555,200 H Shares (long position).



Save as disclosed above, as at 30 June 2012, no persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares of the Company which were required to be notified to the Company and the Stock Exchange in accordance with Section 336 of the SFO.

#### **IV. Change in the controlling shareholder of the Company**

During the Reporting Period, there was no change in the controlling shareholder of the Company, which remained as STI Group.

#### **V. 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.

## **DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

### **I. Shareholding of Directors, Supervisors and chief executive**

So far as the Company was aware, as at 30 June 2012, none of the Directors, Supervisors or chief executive of the Company or their respective associates had any interests or short positions in shares, underlying shares or debentures (as the case may be) of the Company or any of its associated corporations that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including such requirement of the SFO that was deemed or taken to be interest or short positions held by such Directors, Supervisors or chief executive), or interests or short positions required to be registered pursuant to Section 352 of the SFO, or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### **II. Changes of Directors, Supervisors and Senior Management**

During the Reporting Period, there was no change in the Directors, Supervisors and senior management of the Company.

## I. BUSINESS REVIEW AND ANALYSIS

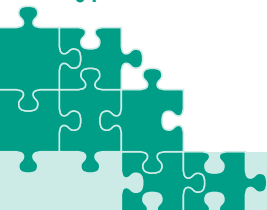
### 1. Results overview

The incomes and earnings of the Group were mainly derived from the operation and investment of toll roads. During the Reporting Period, the Group's toll income slightly decreased over the same period last year due to combined impact of a variety of factors. However, in accordance with its preset development strategy of "one main body and two wings", the Group accelerated development of the two-wing industries. While steadily pressing ahead with the investment in and construction of expressway infrastructures, the Group put great efforts in developing expressway-related businesses, which enlarged the Group's revenue and cash flow and brought the Group with continued growth in revenue and profit during the Reporting Period.



During the Reporting Period, the operating revenue of the Group amounted to approximately RMB3,444,354,000 (the same period in 2011: approximately RMB2,654,907,000), representing a year-on-year increase of approximately 29.74%, among which the net toll income amounted to approximately RMB1,158,241,000 (the same period in 2011: approximately RMB1,162,632,000), representing a year-on-year decrease of approximately 0.38%, and the net revenue from construction contracts amounted to approximately RMB1,805,224,000 (the same period in 2011: approximately RMB1,483,929,000), representing a year-on-year increase of approximately 21.65% (including the construction contracts revenue of approximately RMB1,667,034,000 from the Chengren Expressway BOT Project, which was recognized according to the Hong Kong Financial Reporting Standards, representing a year-on-year increase of approximately 40.49%). Profit attributable to owners of the Company was approximately RMB646,934,000 (the same period in 2011: approximately RMB567,538,000), representing a year-on-year increase of approximately 13.99%. In accordance with the Announcement on Enterprise Income Tax in Relation to the In-depth Implementation of the Western Development Strategy of the State Administration of Taxation (Guo Shui Zong Ju Gong Gao [2012] No. 12) promulgated on 6 April 2012, the income tax expenses of the Company, Chengle Company and Chengbei Company for the Reporting Period were temporarily calculated at the tax rate of 15% (the same period in 2011: 25%). Basic earnings per share was RMB0.212 (the same period in 2011: RMB0.186).

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



## 2. Operating results of the Group's principal operations

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

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

### Notes:

- For the purpose of this table only, the Company does not include Chengya Branch. The Company is responsible for the operation and management of Chengyu Expressway. Profit for the Period does not include any dividend income from subsidiaries.
- Chengya Branch, a branch company of the Company, is responsible for the operation and management of Chengya Expressway.
- Chengle Company, a wholly-owned subsidiary of the Company, is responsible for the operation and management of Chengle Expressway.

4. Chengbei Company, a subsidiary of the Company, is responsible for the operation and management of Chengbei Exit Expressway and Qinglongchang Bridge. The toll income of Chengbei Company was the aggregate amount of the toll incomes of Qinglongchang Bridge and Chengbei Exit Expressway.

Operation of major expressways of the Group:

| Item                                                         | Shareholding<br>percentage | Converted average daily<br>traffic flow for a journey |                        |                         | Toll income       |                        |                         |
|--------------------------------------------------------------|----------------------------|-------------------------------------------------------|------------------------|-------------------------|-------------------|------------------------|-------------------------|
|                                                              |                            | For the                                               |                        |                         | For the           |                        |                         |
|                                                              |                            | For the<br>Period                                     | same period<br>in 2011 | Increase/<br>(decrease) | For the<br>Period | same period<br>in 2011 | Increase/<br>(decrease) |
|                                                              | (vehicles/times)           | (vehicles/times)                                      | (%)                    | (RMB'000)               | (RMB'000)         | (%)                    |                         |
| Chengyu Expressway                                           | 100%                       | 24,075                                                | 23,751                 | 1.36                    | 591,714           | 576,809                | 2.58                    |
| Chengya Expressway                                           | 100%                       | 17,662                                                | 15,845                 | 11.47                   | 336,130           | 326,010                | 3.10                    |
| Chengle Expressway                                           | 100%                       | 19,444                                                | 22,319                 | (12.88)                 | 215,970           | 247,999                | (12.91)                 |
| Chengbei Exit Expressway<br>(including Qinglongchang Bridge) | 60%                        | 35,025                                                | 33,689                 | 3.97                    | 55,686            | 53,047                 | 4.94                    |

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

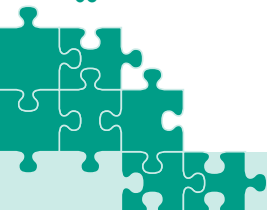
- Economic development is a key determinant of the growth of traffic demand. According to preliminary calculations, China's GDP for the first half of the year was approximately RMB22,709.82 billion, representing a year-on-year increase of 7.8%<sup>1</sup>, an increase below 8% for the first time within the recent three years; the GDP of Sichuan Province was approximately RMB1,060.391 billion, representing a year-on-year increase of 13%<sup>2</sup>, a slowdown by 1.8 percentage points. The modest quarter-on-quarter retreat in macro economy from last year up to now led to slowing down and declining operating performance of toll roads.
  
- Moderating production and operation activities amid the macroeconomic downturn led to a change in the structure of automobile types on the Group's roads, with trucks making up a lower percentage of the Group's traffic volume, which in turn resulted in a drop in the average toll income per vehicle on the Group's roads.

<sup>1</sup> Source: preliminary accounting results announced by the National Bureau of Statistics.

<sup>2</sup> Source: preliminary accounting results announced by the Sichuan Provincial Bureau of Statistics.

- With the market gradually becoming saturated and the effects of policies abating, vehicle consumption in Sichuan Province is shifting from “blowout” to stable growth. In the first half of 2012, retail sales of vehicle consumption in Sichuan Province amounted to RMB47.721 billion, representing a year-on-year increase of 11.4%<sup>3</sup>, 8.4 percentage points lower than the same period last year. The decline in the vehicle consumption growth will weigh on the overall operation of the Group’s toll roads to some extent.
- Sichuan Province implemented a toll-by-weight policy for trucks traveling on expressways since 1 June 2007. During the trial period for such policy, normally loaded vehicles were given a 20% toll discount. Currently, the toll discount preferential policy is still being implemented for trucks traveling in Sichuan Province.

<sup>3</sup> Source: preliminary accounting results issued by the Sichuan Provincial Bureau of Statistics.

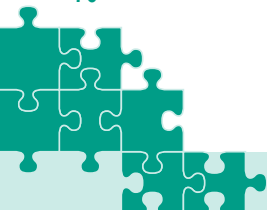


- The “Chengyu Economic Zone Development Plan” was officially approved by the State Council of the PRC in May 2011. In order to implement the “Chengyu Economic Zone Development Plan”, Chengdu City of Sichuan Province launched the “Master Plan for Tianfu New District, Chengdu, Sichuan Province (2010-2030)”, and obtained the formal approval from the People’s Government of Sichuan Province in November 2011. The construction of Tianfu New District fully commenced thereafter. As a group company specialized in road investment and construction in Sichuan Province, the Group has become an active participant in the campaign of reinventing “Industrial Chengdu” by undertaking the infrastructure construction of the Tianfu New District. The Chengren Expressway BOT Project under construction, and all the transportation infrastructure BT projects of the Group either completed or under construction are all in the Tianfu New District. The Tianfu New District will, based on the initiative of reinventing Industrial Chengdu, add new vitality to the economy of Sichuan Province and China’s western inland at large. Meanwhile, a Chengdu and Chongqing-centered city cluster will become an important growth pole leading the development of western China.

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

<sup>4</sup> Source: the website of the Sichuan Transportation Online.

<sup>5</sup> Source: preliminary statistics announced by Sichuan Tourism Bureau.



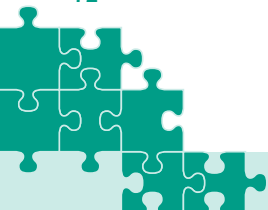
In addition to the aforementioned factors, the operating performance of the toll roads was also affected either positively or negatively by the changes of circumjacent competing or cooperative road networks as well as the maintenance and repairing work conducted on circumjacent roads. During the Reporting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

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

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



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



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

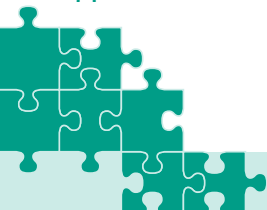
According to the Notice on Launching a Special Clean-up Campaign for Toll Roads jointly issued by the five ministries and commissions of the State in June 2011, a one-year special clean-up campaign for toll roads was initiated throughout the nation since 20 June 2011. Currently, the clean-up for toll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

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

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

### **3. Operating results of other businesses**

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



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

#### **4. Project investment**

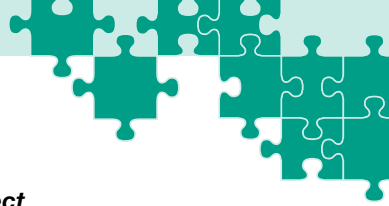
During the Reporting Period, the Group's toll roads projects under construction included the Chengren Expressway BOT Project as well as the Suiguang Suixi Expressways BOT Project, while the road infrastructures projects under construction included Renshou BT Projects, Shuangliu West Airport Phase VI BT Project and Shuangliu Zongbao BT Project. Shuangliu Renbao BT Project, being the first transport infrastructure project invested and constructed by the Company in the form of BT, passed the examination and acceptance test during the Reporting Period. Approximately RMB938 million of construction contract revenue in respect of this project was recognized in total.

### ***Chengren Expressway BOT Project***

The total length of Chengren Expressway is approximately 106.613km, commencing from Chengdu Ring Expressway (K34+600) and ending at Zhichanggou at the boundary of Renshou County, Meishan City and Weiyuan County, Neijiang City. The operation period for the project is 29 years and 300 days from the first day when Chengren Expressway commences to charge toll fees.

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

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



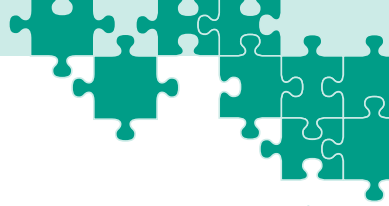
### ***Suiguang Suixi Expressways BOT Project***

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

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

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

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



## ***Renshou BT Projects***

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



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

### ***Shuangliu West Airport Phase VI BT Project***

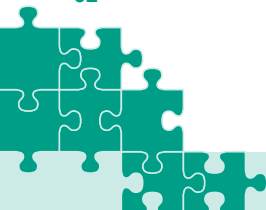
At the 41st meeting of the fourth session of the Board held on 13 January 2012, the Board considered and approved the resolutions such as the investment in and construction of the Shuangliu West Airport Phase VI BT Project by the Company, and approved Shunan Company to be the project company responsible for the preparation, construction and transfer of the project. On 17 January 2012, the Company was chosen to undertake the project, content of which includes a total of 4 roads, i.e. south extension line of Aviation Avenue, the road on the east side of Rayspower, Airport Road No. 4 and the west extension line of Industrial Park Avenue, with a total length of approximately 8.84km. The estimated total investment amount

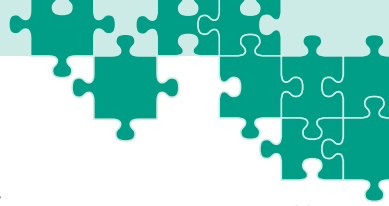
is approximately RMB616.07 million, including land requisition and relocation fee of approximately RMB163.03 million and expenditures for road construction and installation of relevant facilities of approximately RMB453.04 million. On 24 February 2012, the Company and Transportation Bureau of Shuangliu County entered into the Investment Agreement in relation to the project, and signed the Relocation and Investment Contract (draft) and the Investment and Construction Contract (draft). On 27 March 2012, Shunan Company, the project company, formally entered into the Relocation and Investment Contract and the Investment and Construction Contract with Transportation Bureau of Shuangliu County to undertake the relevant rights and obligations of the Company under the two draft contracts.

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

### ***Shuangliu Zongbao BT Project***

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





## **5. Financing activities of the Company**

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

### ***Short-term commercial papers***

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

### ***Medium-long term syndicated loan***

In March 2010, the Company and nine banks including China CITIC Bank Corporation Limited Chengdu Branch entered into a medium-long term syndicated loan contract with a total loan amount not exceeding RMB4.89 billion for a term of 20 years (from 12 March 2010 to 11 March 2030). The proceeds from the loan shall be used for construction of the Chengren Expressway BOT Project. As of 30 June 2012, drawdown of the loan made by the Company aggregated approximately RMB3,943 million.

### ***Offshore bank loans***

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

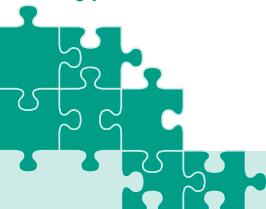
### ***Medium-term notes***

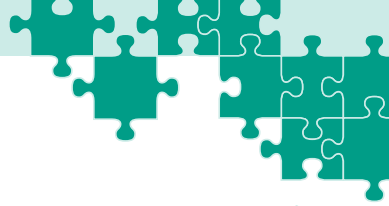
On 25 April 2012, the Company completed the registration for its RMB1.3 billion 5-year medium-term notes, and on 15 June 2012 successfully issued the 2012 first tranche of medium-term notes of RMB200 million with a denomination of RMB100 each at an interest rate of 4.75% for a term of 5 years.

## **6. Formulation and Implementation of Cash Dividends Policy**

### ***Dividends Distribution Policy***

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





## ***Policy Implementation***

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

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

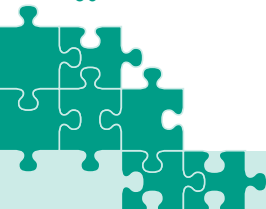
### 2012 Interim Dividend

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

## II. Analysis of Operating Results and Financial Position

### Summary of the Group's operating results

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



## Summary of the Group's financial position

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

## Analysis of Operating Results

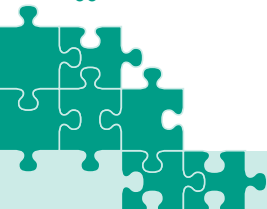
### Revenue

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

- (1) The net toll income was RMB1,158,241,000 (the same period in 2011: RMB1,162,632,000), representing a year-on-year decrease of 0.38%, which was the net total toll income of Chengyu Expressway, Chengya Expressway, Chengle Expressway and Chengbei Exit Expressway. The main factors affecting the toll income of the Group during the Reporting Period are set out in the section headed "Business Review and Analysis" in this interim report.



- (2) Construction contract revenue (before revenue taxes) in respect of service concession arrangements was approximately RMB1,681,392,000 (the same period in 2011: approximately RMB1,249,783,000), representing a year-on-year increase of approximately 34.53%. This was mainly attributable to construction contract revenue (before revenue taxes) of approximately RMB1,667,034,000 (the same period in 2011: approximately RMB1,186,602,000) from the Chengren Expressway BOT Project and approximately RMB14,358,000 construction contract revenue (before revenue taxes) (the same period in 2011: approximately RMB63,181,000) from technical renovation projects of Chengyu Expressway and Chengya Expressway during the Reporting Period being recognized under the percentage-of-completion method.
- (3) Construction contract revenue (before revenue taxes) in respect of construction works performed for third parties amounted to approximately RMB129,187,000 (the same period in 2011: approximately RMB244,378,000), representing a year-on-year decrease of approximately 47.14%. This decrease was mainly due to recognition of the construction revenue (before revenue taxes) of approximately RMB244,215,000 in the corresponding period last year in respect of Shuangliu Renbao BT Project, the major construction works of which had been completed in 2011.



### ***Other Income and Gains***

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

### ***Operating Expenses***

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

- (1) Construction contract costs in respect of service concession arrangements was RMB1,681,392,000 (the same period in 2011: RMB1,236,573,000), representing a year-on-year increase of 35.97%. This was mainly attributable to construction contract costs of RMB1,667,034,000 (the same period in 2011: RMB1,186,602,000) from the Chengren Expressway BOT Project and construction contract costs of RMB14,358,000 (the same period in 2011: RMB49,971,000) from the technical renovation projects of Chengyu Expressway and Chengya Expressway during the Reporting Period, which were recognized under the percentage-of-completion method.

- (2) The costs in respect of construction works performed for third parties amounted to RMB126,458,000 (the same period in 2011: RMB239,574,000), representing a year-on-year decrease of 47.22%. This was mainly due to the recognition of the construction costs of RMB239,419,000 in respect of Shuangliu Renbao BT Project in the corresponding period last year.
- (3) Depreciation and amortization expenses increased by 6.06% year-on-year to RMB188,635,000, mainly attributable to the increase in service concession arrangements made in the previous year which led to an increase in amortization, and a higher traffic flow which led to an increase in amortization for service concession arrangements as compared the same period last year.
- (4) In order to expand the Company's business, the Company established Zhonglu Energy Company and Shuhong Company in June and July 2011 respectively, and made a capital injection in January 2012 to Chengya Oil Company which then became a controlled subsidiary of the Company. As a result, the operating expenses of relevant businesses increased significantly.



### ***Finance Costs***

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

### ***Income Tax***

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

## **Profit**

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

- (1) an increase of approximately RMB14,959,000 in the net profit as generated by Zhonglu Energy Company and Chengya Oil Company which became controlled subsidiaries of the Company in the Reporting Period;
- (2) a year-on-year decrease of RMB76,196,000 in income tax expenses as the Company, Chengle Company and Chengbei Company were taxed at a rate of 15% for the Reporting Period.

## **Analysis of Financial Position**

### ***Non-current Assets***

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

- (1) an increase of RMB1,681,392,000 in service concession arrangements (including RMB1,667,034,000 of expenses of Chengren Expressway BOT Project and RMB14,358,000 of expenses of other technical renovation projects on road surface of expressways); and a total of RMB188,635,000 of depreciation and amortization during the Reporting Period.

- (2) long-term prepayments during the Reporting Period increased by RMB39,910,000, including an increase of RMB29,033,000 in prepayments relating to the Chengren Expressway BOT Project and an increase of RMB10,877,000 in prepayments relating to technical renovation projects on road surface of other expressways.

### ***Current Assets and Current Liabilities***

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

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

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

### ***Non-current Liabilities***

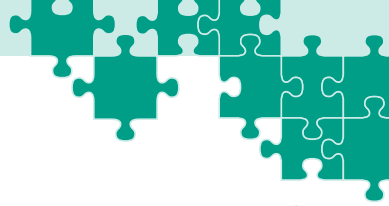
As at 30 June 2012, the Group's non-current liabilities amounted to RMB5,641,275,000, representing an increase of 80.32% as compared to the end of 2011, which was principally attributable to an increase of RMB1,332,822,000 in bank loans for Chengren Expressway BOT Project, and an increase of RMB1,000,000,000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

### ***Equity***

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

### ***Capital Structure***

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



## **Cash Flow**

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

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



### ***Capital Commitments***

Details of the Group's capital commitment as at 30 June 2012 are set out in Note 16 to the interim condensed financial Statements.

### ***Risk of Exchange Fluctuation***

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

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

### ***Borrowings and Solvency***

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

### Maturity profile of interest-bearing loans

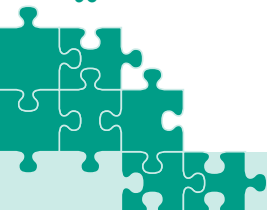
|                                   | <b>Total<br/>amount</b> | <b>More than</b>          |                              |                         |
|-----------------------------------|-------------------------|---------------------------|------------------------------|-------------------------|
| 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

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

**Contingent Liabilities and Pledge of Assets**

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

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





### **III. Business Development Prospect and Plan**

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

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

1. Tighten up management of the Group's road assets operation. The Company will manage toll collection in a standard, systematic and sophisticated way, exploit potential and increase efficiency, enhance quality and civilized service level, improve mechanical and electrical facilities management and exercise more stringent cost control to enhance the profitability of the Group's principal businesses. Meanwhile, we will make proper arrangement for the completion and operation of Chengren Expressway and expand its market potential by increasing publicity to attract more traffic flow.

2. Step up efforts for the development of expressway-related industries. The Group will integrate the resources along its expressways, accelerate the construction of oil product sales outlets, properly carry out the renovation and construction of service zones, improve service function and vigorously expand related businesses such as oil product sales, advertising and land leasing to foster new profit drivers for the development of the Group.
3. Push forward the transport infrastructure projects under construction in an efficient and orderly manner. The Company will continue to proceed properly with the construction of Suiguang Suixi Expressways BOT Project, Renshou BT Project, Shuangliu West Airport Phase VI BT Project and Shuangliu Zongbao BT Project, strengthen project management and supervision to ensure achievement of pre-set goals in respect of the schedule, quality, construction costs and safety with an aim to expand the scales of our assets and operation and speed up the pace of the Group's development.
4. Strengthen financial management. We will tighten up financial budget management as well as cost and expense control. Meanwhile, we will proactively explore various financing channels, and, under the premises of financial security, step up research on the variety of financing tools, advance financing activities in an orderly manner with an aim to ensure sufficient cash flow and financial resources to support the Group's liability level and business expansion.



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

## OTHER SIGNIFICANT EVENTS

### I. Material Acquisition and Disposal

There was no material acquisition or disposal carried out by the Group and its associated companies during the Reporting Period.

### II. Employees and Their Remuneration and Training

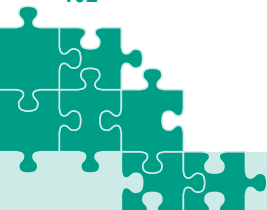
As at 30 June 2012, the Group had a total of 3,543 employees, including 2,237 in the Company (including its branches), details of which are as follows:

#### Composition by Expertise

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

#### Composition by Educational Level

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



## **1. Employee's Remuneration**

The total remuneration of the Group's employees is correlated with the operating results of the Group. The wages of the Group's employees are comprised of fixed wages (including basic salary, and salaries determined by the position and period of service) and performance incentive bonus. Employee's salary is determined with reference to his position (i.e. the salary changes in accordance with the position of service) and performance. During the Reporting Period, the employees' salary of the Group totaled approximately RMB98,526,000 (of which approximately RMB63,072,000 for the employees of the Company (including its branches)).

## **2. Employee's Insurance and Welfare**

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



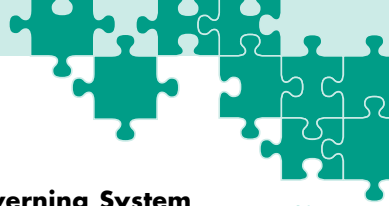
### 3. Staff Training

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

## III. Corporate Governance

### 1. Corporate Governance Code

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



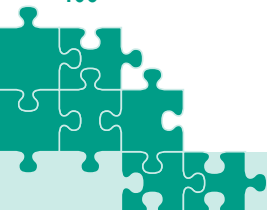
## **2. Improvements in the Corporate Governing System**

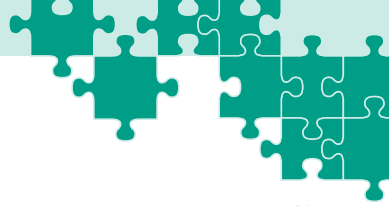
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In order to further promote the Company's standard operation and corporate governance practices, on 28 March 2012, the Company, based on its existing governance systems, formulated and approved the Detailed Implementation Rules for the Strategic Committee under the Board, the Detailed Implementation Rules for the Nomination Committee under the Board, the Detailed Implementation Rules for the Remuneration and Appraisal Committee under the Board and the Procedures For Election of Directors, and amended the Detailed Implementation Rules for the Audit Committee under the Board, the Rules for Management of Insider Information, the Administrative Measures for External Investment, the Decision Making Principles on Connected Transactions and the Administrative Measures for Fund Transfers with Connected Persons and External Guarantees, among which, the Administrative Measures for External Investment, the Decision Making Principles on Connected Transactions and the Administrative Measures for Fund Transfers with Connected Persons and External Guarantees were approved by Shareholders at the 2011 annual general meeting of the Company convened on 29 May 2012 in accordance with relevant laws and regulations.

### **3. Establishment and Improvement of the Internal Control System of the Company**

In order to implement the “Basic Rules for Internal Control of Enterprises” jointly issued by five ministries and commissions and the Implementary Guideline for Enterprise Internal Control, and in light of the “Guidelines on Internal Control for Companies Listed on the SSE” by the SSE and the relevant Listing Rules, the Company has launched the construction of corporate internal control system in an all-around way since the second half of 2010 and promptly completed the preparation and test of the Internal Control Manual (2011 Edition) as well as self-assessment and audit of internal control for the year 2011. During the Reporting Period, the Company continued to improve its internal control system and formulated the Detailed Implementation Rules of Annual Appraisal and Scoring for Internal Control Management. Meanwhile, the Company continuously optimized and improved its Internal Control Manual and, in the first instance amended the management systems for its construction business segment to formulate the Internal Control Manual – Construction Segment based on the actual conditions of the Company. In the future, the Company will continue to fully promote the implementation of corporate internal control system, and establish a more comprehensive internal control system based on its existing system, and practically establish and implement a corporate internal control system with definite division between powers and obligations, scientific management and high efficiency. The Company will also review the Group’s internal control system and make corresponding amendments from time to time in light of any changes in laws and regulations.





#### **4. Audit Committee**

The audit committee of the Company comprises three independent non-executive Directors including Madam Luo Xia, Mr. Feng Jian and Mr. Zhao Zesong, who are all professionals experienced in finance and transportation industries. The audit committee has reviewed and confirmed the interim condensed financial information and interim report of the Company for the half year ended 30 June 2012.

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

#### **IV. Members of the Board**

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

By order of the Board

**Sichuan Expressway Company Limited**

**Tang Yong**

*Chairman*

Chengdu, Sichuan Province, the PRC

30 August 2012