

## INTERIM RESULT

The Board of Directors (the "Directors") of Sichuan Expressway Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six-months ended 30 June 2001 (the "Period") and the comparative figures for the corresponding period in 2000 as follows:

### Condensed Consolidated Profit and Loss Account

For the six months ended 30 June 2001

		For the six months ended 30 June	
		<b>2001</b>	<b>2000</b>
	<i>Notes</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
		(Unaudited)	(Unaudited)
Turnover	3	318,373	289,739
Other revenue	4	16,491	21,774
Depreciation and amortization expenses		(99,367)	(87,891)
Staff costs		(26,068)	(32,706)
Other operating expenses		(53,494)	(34,474)
Profit from Operating Activities	5	155,935	156,442
Finance costs	6	(72,118)	(77,192)
Share of profit/(loss) of an associated company		266	(372)
Profit before tax		84,083	78,878
Tax	7	(19,282)	(19,929)
Profit before minority interests		64,801	58,949
Minority interests		21,671	20,619
Net profit attributable to shareholders		86,472	79,568
Earnings per share - basic	8	Rmb0.0338	Rmb0.0311

Other than the net profit attributable to shareholders, the Group has no recognized gains or losses for the six months ended 30 June 2001. Accordingly, a condensed statement of

recognized gains and losses is not presented.

**Condensed Consolidated Balance Sheet**  
30 June 2001

	<b>30 June 2001</b>	<b>31 December 2000</b>
	<i>Rmb'000</i>	<i>Rmb'000</i>
	(Unaudited)	
Non-current assets		
Fixed assets	6,888,567	6,947,374
Construction in progress	99,122	76,549
Operating rights	416,510	429,005
Interests in associated companies	41,446	38,668
Long term investments	2,000	2,000
	7,447,645	7,493,596
Current assets		
Short term investments	28,952	23,036
Inventories	3,466	2,909
Other receivables	51,816	33,989
Cash and cash equivalents	522,575	572,388
	606,809	632,322
Current liabilities		
Other payables and accruals	(865,941)	(783,633)
Tax	(31,401)	(22,001)
Interest-bearing bank and other loans	(250,070)	(448,383)
	(1,147,412)	(1,254,017)
Net current liabilities	(540,603)	(621,695)
Total assets less current liabilities	6,907,042	6,871,901
Non-current liabilities		
Interest-bearing bank and other loans	2,057,573	2,087,227
Minority interests	464,886	486,562
	4,384,583	4,298,112
Capital and reserves		
Share capital	2,558,060	2,558,060
Reserves	1,826,523	1,740,052

4,384,583                      4,298,112

**Condensed Consolidated Cash Flow Statement**

For the six months ended 30 June 2001

	<b>For the six months ended 30 June</b>	
	<b>2001</b>	<b>2000</b>
	<i>Rmb'000</i>	<i>Rmb'000</i>
	(Unaudited)	(Unaudited)
Net cash inflow from operating activities	414,244	498,172
Returns on investments and servicing of finance	(104,016)	(101,774)
Tax paid	(9,794)	(11,480)
Investing activities	(117,272)	(201,796)
Net cash inflow before financing activities	183,162	183,122
Financing activities	(227,968)	69,763
Increase/(Decrease) in cash and cash equivalents	(44,806)	252,885
Cash and cash equivalents at beginning of period	502,704	360,905
Cash and cash equivalents at end of Period	457,898	613,790
Analysis of balances of cash and cash equivalents		
Cash and bank balances	410,950	487,599
Time deposits with original maturities of three months or less	46,948	126,191
	457,898	613,790

**Notes to Condensed Financial Statements**

30 June 2001

1. Accounting Policies

The condensed interim consolidated financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting". The accounting policies and basis of preparation used in the preparation of the condensed interim consolidated financial statements are the same as those used in the

annual consolidated financial statements for the year ended 31 December 2000.

## 2. Fundamental Accounting Concept

The condensed interim consolidated financial statements have been prepared under the going concern concept notwithstanding the net current liabilities position of Rmb540,602,788 as of 30 June 2001 because banking facilities aggregating to Rmb1 billion granted by the Construction Bank of China are available to the Group. As of 30 June 2001, an amount of Rmb300 million was utilised

## 3. Segmental Information

During the Period, the Group's turnover and contribution to profit from operating activities were derived entirely from within the Sichuan Province, the PRC. Accordingly, an analysis of turnover and contribution to profit from operating activities by geographical area is not presented. An analysis of the Group's turnover and contribution to profit from operating activities by toll operations for the Period is as follows:

### 3. Segmental Information (continued)

	For the six months ended 30 June 2001		For the six months ended 30 June 2000	
	Turnover <i>Rmb'000</i> (Unaudited)	Contribution to profit from operating activities <i>Rmb'000</i> (Unaudited)	Turnover <i>Rmb'000</i> (Unaudited)	Contribution to profit from operating activities <i>Rmb'000</i> (Unaudited)
Chengyu Expressway	217,511	131,237	204,761	131,346
Chengya Expressway	59,043	6,456	41,678	7,185
Chengbei Exit Expressway	13,183	7,865	12,688	7,097
Two class II roads in Zigong	9,501	2,827	8,517	2,660
Two class II roads and one toll bridge in Luzhou	19,135	7,550	22,095	8,154
	318,373	155,935	289,739	156,442

## 4. Other Revenue

For the six months ended 30 June	
2001	2000
<i>Rmb'000</i> (Unaudited)	<i>Rmb'000</i> (Unaudited)

Rental income	3,742	2,045
Road administration charges	3,192	3,475
Income from short term investments	1,525	9,138
Interest income	3,878	4,946
Exchange gains	1,910	1,101
Miscellaneous	2,244	1,069
	16,491	21,774

## 5. Profit From Operating Activities

The Group's profit from operating activities is arrived at after charging:

	<b>For the six months ended 30 June</b>	
	<b>2001</b>	<b>2000</b>
	<i>Rmb'000</i>	<i>Rmb'000</i>
	(Unaudited)	(Unaudited)
Depreciation:		
Owned fixed assets	86,746	75,393
Operating lease rentals:		
Land and buildings	791	395
Staff costs:		
Wages and salaries	22,709	19,581
Pension contributions	2,730	1,732
Accommodation benefits	629	11,393
Amortization of operating rights	12,621	12,498
Loss on disposal of fixed assets	1,523	22

## 6. Finance Costs

	<b>For the six months ended 30 June</b>	
	<b>2001</b>	<b>2000</b>
	<i>Rmb'000</i>	<i>Rmb'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	58,170	66,360
Interest on other loans	13,948	12,696
Total finance costs	72,118	79,056
Interest capitalized	-	(1,864)
	72,118	77,192

## 7. Tax

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

Pursuant to an approval document "Wai Jing Mao Zi Shen Zi (1998) No. 15" dated 17 March 1998 issued by the Ministry of Foreign Trade and Economic Co-operation, the Company acquired the legal person status of a Sino-foreign joint stock limited company. Upon the application of the Company and pursuant to a certificate issued by the Sichuan Provincial Branch of the State Tax Bureau dated 25 August 1998:

- \* For the two years from 1 January 1998 to 31 December 1999, the Company is exempted from Enterprise Income Tax ("EIT");
- \* For the three years from 1 January 2000 to 31 December 2002, the Company will be required to pay EIT at 50% of the applicable EIT rate fixed by the State; and
- \* Commencing 1 January 2003, the Company will be required to pay EIT at the applicable EIT rate fixed by the State.

The Company's subsidiaries and an associated company are required to pay EIT at the standard rate of 33%.

Tax charge for the Period is as follows:

	For the six months ended 30 June	
	2001	2000
i	(Unaudited)	(Unaudited)
The PRC	19,194	19,929
Share of tax attributable to:		
An associated company	88	-
Tax charge for the Period	19,282	19,929

No provision for deferred taxation has been made because there were no material timing differences.

## 8. Earnings Per Share

The calculation of earnings per share for the Period is based on the net profit attributable to shareholders for the Period of Rmb86,472,000 (2000: Rmb79,568,000) and 2,558,060,000 (2000: 2,558,060,000) Domestic and H Shares in issue.

## 9. Dividends

At a meeting of the board of directors held on 21 August 2001, the directors of the Company resolved not to pay an interim dividend to shareholders (2000: nil).

## 10. Commitments

	<b>30 June 2001</b> <i>Rmb'000</i> (Unaudited)	<b>31 December 2000</b> <i>Rmb'000</i>
Contracted, but not provided for	148,754	272,123
Authorised, but not contracted for	43,058	11,472
	191,812	283,595

Further details of the capital commitments of the Group as of 30 June 2001 are analysed as follows:

	<b>30 June 2001</b> <i>Rmb'000</i> (Unaudited)	<b>31 December 2000</b> <i>Rmb'000</i>
In respect of:		
- The construction of the Chengya Expressway	66,123	87,563
- Construction work to upgrade the present Chengyu Expressway	29,293	29,690
- Investment the new Dajian Road project	55,102	143,892
- Others	41,294	22,450
	191,812	283,595

## 11. Related Party Transactions

Material related party transactions for the six months ended 30 June 2001 are summarized as follows:

- (a) As of 30 June 2001, the Group obtained State loans transferred from Sichuan Highway Development Holding Company ("Sichuan Highway Development"), the Company's holding company, amounted to Rmb250 million (31 December 2000: Rmb250 million)
- (b) As of 30 June 2001, the Group obtained interest-free financing for the construction of the Chengya Expressway from Sichuan Highway Development amounted to Rmb565 million (31 December 2000: Rmb416 million).

- (c) As of 30 June 2001, bank loans amounted to Rmb300 million (31 December 2000: Rmb569 million) were guaranteed by Sichuan Highway Development Holding.

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

## 12. Approval of the Interim Financial Report

The interim financial report was approved by the board of directors on 21 August 2001.