



Sichuan Expressway Company Limited

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

(Stock Code: 00107)



2009
Interim Report

CONTENTS

	<i>Page</i>
Corporate Information	2
Corporate Profile	6
Interim Condensed Financial Information	8
Changes in Share Capital and Shareholding of Substantial Shareholders	46
Directors, Supervisors and Senior Management	49
Management Discussion and Analysis	50
Other Significant Events	76

CORPORATE INFORMATION

Statutory Names in Chinese and English

四川成渝高速公路股份有限公司

Sichuan Expressway Company Limited

Legal Representative

Tang Yong

Registered Address/Office Address

252 Wuhouci Da Jie, Chengdu,

Sichuan Province, the People's Republic of China

Postal Code

610041

Company Secretary

Zhang Yongnian

Representative of Securities Affairs

Zhang Hua

Investors' Hotline

8628-8552 7510/8552 7526

Fax

8628-8553 0753

Company Website

<http://www.cygs.com>

Principal Place of Business in Hong Kong

Rooms 2201-2203, 22/F, World Wide House, 19 Des Voeux Road Central,
Hong Kong

Initial Registration Date and Place

19 August 1997/Chengdu, Sichuan Province, the PRC

Latest Date of Registration Update

3 July 2008

Registration Number of Business License

510000400003856

Tax Registration Number

Chuan Guo Shui Zi No. 51010720189926X

Stock Exchanges where the Company's Shares are listed

H Shares: The Stock Exchange of Hong Kong Limited

Stock Code: 00107

Stock Name: Sichuan Express

A Shares: Shanghai Stock Exchange

Stock Code: 601107

Stock Name: Sichuan Express

Designated Publication Website

<http://www.hkex.com.hk>

<http://www.sse.com.cn>

<http://cygs.wsfg.hk>

<http://www.cygs.com>

Principal Banker

China Construction Bank

International Auditor

Ernst & Young Certified Public Accountants

18/F, Two International Finance Centre,

8 Finance Street, Central, Hong Kong

Domestic Auditor

Sichuan Jun He Accountants

22/F and 23/F, Guoxin Square, 88 Babao Street, Chengdu

Sichuan Province, the PRC

Hong Kong Legal Adviser

Messrs. Li & Partners

22/F, World Wide House, 19 Des Voeux Road Central, Hong Kong

PRC Legal Adviser

Zhong Yin Law Firm

16/F, Anlian Plaza, Building 3, Beijing International Center,

No. 38 North Road Dongsanhuan Road, Chaoyang District, Beijing, the

PRC

Share Registrar and Transfer Office

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

Place for Inspection of Corporate Information

Sichuan Expressway Company Limited
252 Wuhouci Da Jie, Chengdu,
Sichuan Province, the People's Republic of China

Messrs. Li & Partners

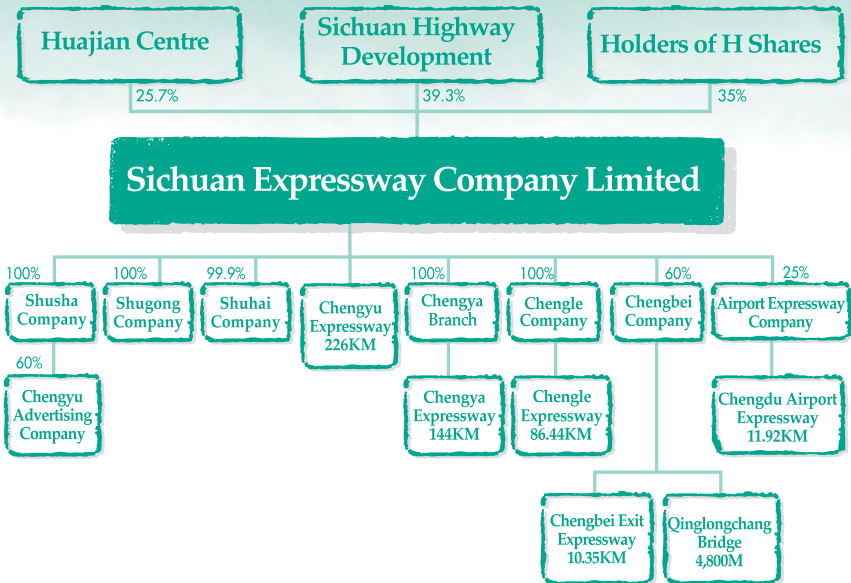
Rooms 2201-2203, 22/F, World Wide House, 19 Des Voeux Road Central,
Hong Kong

CORPORATE PROFILE

Sichuan Expressway Company Limited (the “Company” or “Chengyu Company”) was incorporated in Sichuan Province of the People’s Republic of China on 19 August 1997 and was listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Shanghai Stock Exchange (the “Shanghai Stock Exchange”) on 7 October 1997 and 27 July 2009 respectively. The Company is principally engaged in the investment, construction, operation and management of road infrastructure projects in Sichuan Province, the PRC as well as the operation of other ancillary businesses relating to toll roads.

The Company and its subsidiaries are collectively referred to as the Group.

As at 30 June 2009, the total number of shares of the Company was 2,558,060,000 shares. The shareholdings and asset structure of the Company were as follows:



Notes:

“Sichuan Highway Development”	Sichuan Highway Development Holding Company
“Huajian Centre”	Huajian Transportation Economic Development Centre
“Shusha Company”	Sichuan Shusha Enterprise Company Limited
“Shugong Company”	Sichuan Shugong Expressway Engineering Company Limited
“Shuhai Company”	Chengdu Shuhai Investment Management Company Limited
“Chengyu Advertising Company”	Sichuan Chengyu Expressway Advertising Company Limited
“Chengya Branch”	Sichuan Expressway Company Limited Chengya Branch
“Chengle Company”	Sichuan Chengle Expressway Company Limited
“Chengbei Company”	Chengdu Chengbei Exit Expressway Company Limited
“Airport Expressway Company”	Chengdu Airport Expressway Company Limited
“Chengyu Expressway”	Sichuan section of Chengyu (Cengdu — Chongqing) Expressway
“Chengya Expressway”	Sichuan Chengya (Chengdu — Yaan) Expressway
“Chengle Expressway”	Sichuan Chengle (Chengdu — Leshan) Expressway
“Chengbei Exit Expressway”	Chengdu Chengbei Exit Expressway

INTERIM CONDENSED FINANCIAL INFORMATION

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Notes	For the six months ended 30 June	
		2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited and restated)
REVENUE	4	890,388	782,638
Other income and gains	4	92,954	78,029
Depreciation and amortisation expenses	6	(179,086)	(161,444)
Employee costs	6	(85,540)	(82,772)
Other operating expenses		(138,691)	(133,487)
Finance costs	5	(90,226)	(113,858)
Share of profits and losses of associates		4,587	1,832
PROFIT BEFORE TAX	6	494,386	370,938
Tax	7	(72,239)	(56,754)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		422,147	314,184

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the six months ended 30 June 2009

		For the six months ended 30 June	
		2009	2008
Notes		RMB'000	RMB'000
		(Unaudited)	(Unaudited and restated)
Attributable to:			
	Owners of the Company	414,139	308,065
	Minority interests	8,008	6,119
		<u>422,147</u>	<u>314,184</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	— basic	8 <u>RMB0.162</u>	<u>RMB0.120</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2009

		30 June	31 December
		2009	2008
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	(Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	10	524,964	552,018
Service concession arrangements	10	6,735,376	6,803,469
Prepaid land lease payments		621,189	637,300
Interests in associates		56,964	58,064
Available-for-sale investments		33,295	33,295
Long term compensation receivables		74,544	76,846
Payment in advance	11	—	100,000
Deferred tax assets	12	—	701
		<hr/>	<hr/>
Total non-current assets		8,046,332	8,261,693
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		34,609	21,617
Prepayments, deposits and other receivables	13	71,105	41,428
Due from the ultimate holding company	14	1,496	2,008
Cash and bank balances		1,419,671	1,507,615
		<hr/>	<hr/>
Total current assets		1,526,881	1,572,668
		<hr/>	<hr/>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

30 June 2009

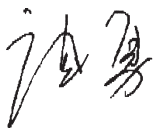
		30 June 2009	31 December 2008
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Restated)
CURRENT LIABILITIES			
Tax payable		54,926	42,187
Other payables and accruals		177,105	267,999
Interest-bearing bank and other loans	15	2,114,727	1,607,727
		<u>2,346,758</u>	<u>1,917,913</u>
Total current liabilities		2,346,758	1,917,913
NET CURRENT LIABILITIES			
		<u>(819,877)</u>	<u>(345,245)</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		7,226,455	7,916,448
		<u>7,226,455</u>	<u>7,916,448</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	15	1,534,145	1,547,964
		<u>1,534,145</u>	<u>1,547,964</u>
Net assets		<u>5,692,310</u>	<u>6,368,484</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

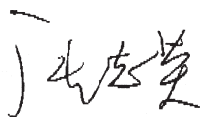
30 June 2009

	30 June	31 December
	2009	2008
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Restated)
EQUITY		
Equity attributable to owners of the Company		
Issued capital	2,558,060	2,558,060
Reserves	3,026,833	3,711,015
	5,584,893	6,269,075
Minority interests	107,417	99,409
Total equity	5,692,310	6,368,484



Tang Yong

Director



Zhang Zhiying

Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

Attributable to owners of the Company										
	Difference									
	arising from									
	Share	Statutory	General	Difference				Minority	Total	
	Issued	premium	surplus	surplus	of minority	Merger	Retained			
	capital	account	reserve	reserve	interest	difference	earnings	Total	interests	
	equity								equity	
	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)
						(note 16)				
At 1 January 2008										
As previously stated	2,558,060	1,413,597	478,827	447,115	(243,712)	—	605,282	5,259,169	101,610	5,360,779
Effect of combination										
under common										
control (note 2.1)	—	—	—	—	—	560,790	(142,934)	417,856	—	417,856
As restated	2,558,060	1,413,597	478,827	447,115	(243,712)	560,790	462,348	5,677,025	101,610	5,778,635
Total comprehensive										
income for the period	—	—	—	—	—	—	308,065	308,065	6,119	314,184
At 30 June 2008	<u>2,558,060</u>	<u>1,413,597</u>	<u>478,827</u>	<u>447,115</u>	<u>(243,712)</u>	<u>560,790</u>	<u>770,413</u>	<u>5,985,090</u>	<u>107,729</u>	<u>6,092,819</u>

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 30 June 2009

	Attributable to owners of the Company									
	Share issued capital RMB'000 (Unaudited)	Statutory premium account RMB'000 (Unaudited)	Statutory surplus reserve RMB'000 (Unaudited)	General surplus reserve RMB'000 (Unaudited)	Difference arising from acquisition of minority interest RMB'000 (Unaudited)	Merger difference RMB'000 (Unaudited)	Retained earnings RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Minority interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
At 1 January 2009										
As previously stated	2,558,060	1,413,597	642,723	447,115	(243,712)	—	985,879	5,803,662	99,409	5,903,071
Effect of combination under common control (note 2.1)	—	—	—	—	—	560,790	(95,377)	465,413	—	465,413
As restated	2,558,060	1,413,597*	642,723*	447,115*	(243,712)*	560,790*	890,502*	6,269,075	99,409	6,368,484
Consideration paid for acquiring a subsidiary under common control (note 2.1)	—	—	—	—	—	(1,098,321)	—	(1,098,321)	—	(1,098,321)
Total comprehensive income for the period	—	—	—	—	—	—	414,139	414,139	8,008	422,147
At 30 June 2009	<u>2,558,060</u>	<u>1,413,597*</u>	<u>642,723*</u>	<u>447,115*</u>	<u>(243,712)*</u>	<u>(537,531)*</u>	<u>1,304,641*</u>	<u>5,584,893</u>	<u>107,417</u>	<u>5,692,310</u>

* These reserves accounts comprise the consolidated reserves in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009 <i>RMB'000</i> (Unaudited)	2008 <i>RMB'000</i> (Unaudited and restated)
NET CASH INFLOW FROM OPERATING ACTIVITIES	623,360	582,960
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(983,309)</u>	<u>(206,459)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING ACTIVITIES	(359,949)	376,501
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	<u>333,249</u>	<u>(167,267)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited and restated)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(26,700)	209,234
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,344,625</u>	<u>882,233</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>1,317,925</u></u>	<u><u>1,091,467</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances at end of the Period	1,419,671	1,271,362
Less: Time deposits with original maturity of over three months	(91,746)	(179,895)
Pledged time deposits (note 13)	<u>(10,000)</u>	<u>—</u>
	<u><u>1,317,925</u></u>	<u><u>1,091,467</u></u>

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

For the six months ended 30 June 2009

1. CORPORATE INFORMATION

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

During the six months ended 30 June 2009 (the “Period”), the principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) were the investment, construction, management and operation of expressways and a high-grade toll bridge.

The Company’s H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited since 1997 (the “Listing”). Upon the completion of the Listing, Sichuan Highway Development Holding Company (“Sichuan Highway Development”) held 65% equity interest in the Company. On 7 December 2000, pursuant to the relevant provisions regarding the restructuring of the PRC domestic shareholdings issued by the State Ministry of Finance and the State Ministry of Communications, Sichuan Highway Development transferred 25.7% equity interest in the Company to Huajian Communications and Economic Development Centre (“Huajian Centre”). After the completion of the transfer, Sichuan Highway Development and Huajian Centre held 39.3% and 25.7% equity interests in the Company, respectively. Both Sichuan Highway Development and Huajian Centre are state-owned enterprises established in the PRC.

1. CORPORATE INFORMATION *(Continued)*

In the opinion of the directors, the parent and the ultimate holding company of the Company is Sichuan Highway Development, which exercises de facto control over the Company.

2.1 BASIS OF PREPARATION

The unaudited interim condensed financial information for the six months ended 30 June 2009 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited interim condensed financial information do 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 2008.

2.1 BASIS OF PREPARATION *(Continued)*

Sichuan Highway Development has owned 99.18% equity interest and control over Sichuan Chengle Expressway Company Limited (“SCEC”) since its incorporation. Pursuant to a series of acquisition agreements entered into among the Company, Sichuan Highway Development and Leshan City Xing Yuan Traffic Development Holding Company (“Xing Yuan Company”) (collectively the “Vendors”), the Company acquired from Sichuan Highway Development and Xing Yuan Company of their respective 99.18% and 0.82% equity interest in SCEC, an unlisted company located in Sichuan, the PRC, at a cash consideration of RMB1,098,320,800 (the “Consideration”). Upon the completion of the acquisition on 23 June 2009, SCEC became a wholly-owned subsidiary of the Company. As the Company and SCEC are ultimately under common control before and after the acquisition, and that control is not transitory, the acquisition has been accounted for as a business combination of entities under common control.

Accordingly, the interim condensed financial information has been prepared by using the principles of merger accounting in accordance with the Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA, as if the current group structure had been in existence throughout each of the six months ended 30 June 2008 and 2009, or since their respective dates of incorporation/registration, whichever is the shorter period, to the extent of interest held by the Company’s shareholders. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full. Accordingly, the comparative figures of the interim condensed financial information have been restated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information is consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of certain new/revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that are relevant to the Group's operations as set out in note 2.3 below.

Fundamental accounting concept

As at 30 June 2009, the current liabilities of the Group exceeded its current assets by approximately RMB820 million. The directors prepared this interim condensed financial information on a going concern basis notwithstanding the net current liabilities position as at 30 June 2009 because based on the correspondences received by the Company from the banks, banking facilities amounting to RMB1.69 billion, RMB1.5 billion, RMB0.5 billion, RMB0.5 billion and RMB1.0 billion granted by China Construction Bank, China Citic Bank, Bank of China, China Merchants Bank and Postal Savings Bank of China, respectively, are available to the Group. As at 30 June 2009, banking facilities amounting to RMB2.0 billion in aggregate were utilised. In addition, the Company's A Shares were listed on the Shanghai Stock Exchange on 27 July 2009, when the Company received net proceeds from the A Shares listing of approximately RMB1.7 billion.

2.3 ADOPTION OF NEW AND REVISED HKFRSs

The Group has adopted the following new/revised HKFRSs which are relevant to its operations that are effective for annual periods beginning on or after 1 January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing costs
HKFRS 7 (Amendments)	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

The adoption of the above new/revised HKFRSs has had no significant financial effect on the interim condensed financial information and expect for giving rise to changes to the presentation of the interim condensed financial information as further described below, there have been no significant changes to the accounting policies applied in the interim condensed financial information.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owners changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expenses recognised in the profit or loss, together with all other items of recognised income and expenses recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present comprehensive income in one single statement.

2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new/revised HKFRSs, which are effective for annual periods beginning on or after 1 July 2009 and relevant to the Group's interim condensed financial information, that have been issued but not yet effective in this interim condensed financial information.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations

The Group anticipates the adoption of these new/revised HKFRSs is unlikely to have a significant impact on the Group's results of operation and financial position upon initial application.

3. SEGMENT INFORMATION

The Group's revenue and contribution to profit from operating activities for the Period were mainly derived from toll operations. The principal assets employed by the Group are located in Sichuan Province, the PRC. Accordingly, no segment analysis by operating or geographical segments is presented.

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2009	2008
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited and restated)
Revenue		
Toll income:		
— Chengyu Expressway	456,640	423,584
— Chengya Expressway	254,609	220,416
— Chengle Expressway	163,785	126,833
— Chengbei Exit Expressway and Qinglongchang Bridge	43,778	36,710
	918,812	807,543
Less: Revenue taxes	(28,424)	(24,905)
	890,388	782,638

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

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

	For the six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Other income and gains		
Road maintenance income	17,097	14,647
Rental income	8,572	10,467
Construction revenue for upgrade services	45,246	31,550
Interest income from discounting of long term compensation receivables	11,075	11,226
Interest income	9,529	8,828
Miscellaneous	1,435	1,311
	<hr/> 92,954 <hr/>	<hr/> 78,029 <hr/>
Total revenue, other income and gains	<u>983,342</u>	<u>860,667</u>

5. FINANCE COSTS

	For the six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited and restated)
Interest on bank and other loans wholly repayable within five years	78,463	72,258
Interest on short term commercial papers	11,216	34,540
Bank charges	547	7,060
	<u>90,226</u>	<u>113,858</u>

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Employee costs (including directors' remuneration):		
Wages and salaries	52,542	50,477
Pension scheme contributions:		
— Defined contribution fund	9,070	8,300
Accommodation benefits:		
— Defined contribution fund	7,019	6,224
Supplementary pension scheme:		
— Defined contribution fund	6,983	5,995
Other staff benefits	9,926	11,776
	<hr/>	<hr/>
	85,540	82,772
	<hr/>	<hr/>

6. PROFIT BEFORE TAX (Continued)

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

	For the six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Depreciation	49,636	55,396
Amortisation of prepaid land lease payments	16,111	16,111
Amortisation of service concession arrangements	113,339	89,937
	<hr/>	<hr/>
Depreciation and amortisation expenses	179,086	161,444
	<hr/>	<hr/>
Repairs and maintenance	36,039	45,061
Construction costs for upgrade services	41,113	34,236
Auditors' remuneration	646	357
Minimum lease payments under operating leases:		
Land and buildings	11,434	11,157
Loss on disposal of items of property, plant and equipment	4,602	3,217
Reversal of provision for impairment of other receivables	(259)	(7,018)
	<hr/> <hr/>	<hr/> <hr/>

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.

Except for the companies discussed below that are entitled to a preferential tax rate, the other subsidiaries and associates of the Company are required to pay corporate income tax (“CIT”) at the standard rate of 25% from 1 January 2008.

Pursuant to the approval document, “Chuan Guo Shui Zhi Jian Mian [2008] No. 26” dated 2 June 2008, issued by the Sichuan Provincial Branch of the State Tax Bureau, the Company is granted a tax concession to pay CIT at a preferential rate of 15% for the three years from 1 January 2008 to 31 December 2010.

Pursuant to the approval documents, “Cai Shui [2001] No. 202” dated 30 December 2001, issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, and “Guo Fa [2007] No.39” dated 26 December 2007 issued by the State Council, the Company’s subsidiary, SCEC was granted a tax concession to pay CIT at a preferential rate 15% for the period from 1 January 2001 to 31 December 2010.

Pursuant to an approval document “Chuan Di Shui Han [2004] No. 283” dated 19 July 2004 issued by the Sichuan Provincial Branch of the State Tax Bureau, the Company’s subsidiary, Chengdu Chengbei Exit Expressway Company Limited was granted a tax concession to pay CIT at a preferential rate of 15% for the period from 1 January 2003 to 31 December 2010.

7. TAX (Continued)

Pursuant to a document “Guo Ban Fa [2001] No. 73” dated 29 September 2001 issued by the State Council of the PRC and the approval of the local tax authorities, Chengdu Airport Expressway Company Limited, an associate of the Company, was granted a tax concession to pay CIT at a preferential rate of 15% for a period of 10 years from 1 January 2001 to 31 December 2010.

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

	For the six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Group:		
Current — PRC		
Charge for the period	71,538	53,271
Deferred (<i>note 12</i>)	701	3,483
	<hr/>	<hr/>
Total tax charge for the period	<u>72,239</u>	<u>56,754</u>

The share of tax attributable to associates amounting to RMB935,000 (six months ended 30 June 2008: RMB501,000) is included in “share of profits and losses associates” on the face of the interim consolidated statement of comprehensive income.

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of earnings per share is based on the total comprehensive income for the Period attributable to owners of the Company for the Period amounting to RMB414,139,000 (six months ended 30 June 2008: RMB308,065,000) and the 2,558,060,000 (six months ended 30 June 2008: 2,558,060,000) Domestic and H Shares in issue during the Period.

No diluting events existed as the Company did not have any potential shares for the Period or at each of the statement of financial position dates. Accordingly, diluted earnings per share amounts for the six months ended 30 June 2009 and 2008 have not been disclosed.

9. DIVIDENDS

On 18 August 2009, the Board of the Directors (the “Board”) declared an interim dividend of RMB0.13 per share of RMB397,547,800 for the six months ended 30 June 2009 (six months ended 30 June 2008: nil) to the Company’s shareholders (including holders of H Shares and A Shares). This interim dividend declared is not reflected as a dividend payable in this interim condensed financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2009.

10. PROPERTY, PLANT AND EQUIPMENT AND SERVICE CONCESSION ARRANGEMENTS

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

	Property, plant and equipment RMB'000 (Unaudited)	Service concession arrangements RMB'000 (Unaudited)
Carrying value at the beginning of the Period		
As previously stated	419,712	5,651,525
Effect of combination under common control (<i>note 2.1</i>)	132,306	1,151,944
	<hr/>	<hr/>
As restated	552,018	6,803,469
Additions	27,313	45,246
Disposals	(4,731)	—
Depreciation/amortisation charged for the Period (<i>note 6</i>)	(49,636)	(113,339)
	<hr/>	<hr/>
Carrying value at end of the Period	524,964	6,735,376
	<hr/> <hr/>	<hr/> <hr/>

10. PROPERTY, PLANT AND EQUIPMENT AND SERVICE CONCESSION ARRANGEMENTS *(Continued)*

Particulars of the service concession arrangements in respect of the toll roads managed and operated by the Group are as follows:

Toll roads	Date of commencement of operation	End of operation	Origin/destination
Chengyu Expressway	July 1995	October 2027	Chengdu/Shangjiapo
Chengya Expressway	January 2000	December 2029	Chengdu/Duiyan
Chengle Expressway	January 2000	December 2029	Qinglongchang/Guliba
Chengbei Exit Expressway	December 1998	June 2024	Qinglongchang/Baihelin

As at 30 June 2009, the concession rights pertaining to Chengbei Exit Expressway and Chengle Expressway with the book value of RMB190,913,000 and RMB1,137,284,000, respectively (31 December 2008: RMB197,638,000 and RMB1,151,944,000, respectively), were pledged to secure bank loans amounting to RMB214,600,000 and RMB1,307,000,000, respectively (31 December 2008: RMB214,600,000 and RMB1,307,000,000, respectively) (note 15(a)).

11. PAYMENT IN ADVANCE

At 31 December 2008, payment in advance represented RMB100 million paid by the Company to the Vendors in relation to the acquisition of entire interest in SCEC. The acquisition was completed during the Period and the payment in advance was utilised as part of the payment of the Consideration.

12. DEFERRED TAX

Deferred tax assets

**Losses available for
offsetting against future
taxable profits**

RMB'000

(Unaudited)

At 1 January 2009	
As previously stated	—
Effect of combination under common control (<i>note 2.1</i>)	701
	<hr/>
As restated	701
Deferred tax charged to the statement of comprehensive income during the Period (<i>note 7</i>)	(701)
	<hr/>
At 30 June 2009	<hr/> <hr/>

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in the prepayments, deposits and other receivables at 30 June 2009 is the bidding deposits of RMB12,000,000 (31 December 2008: nil) paid to Chengdu Municipal Committee of Communication (“CMCC”) in respect of the bidding of the investment and construction of the Chengdu-Meishan Section of Chengdu-Zigong-Luzhou-Chishui Expressway (the “Investment Project”).

In accordance with the bidding arrangement, the Company was required to set aside bidding deposits of RMB22,000,000, of which RMB12,000,000 was paid by the Company to CMCC and the remaining RMB10,000,000 was satisfied by the pledge of the Company’s time deposits.

The bidding deposits and pledged time deposits are expected to be refunded and released within the next twelve months when the Company enters into formal agreements with the People’s Government of Chengdu City and the People’s Government of Meishan City (collectively the “Joint Tender Organisers”) and pays a performance guarantee of RMB200,000,000 to CMCC in respect of the Investment Project.

14. DUE FROM THE ULTIMATE HOLDING COMPANY

The amount due from the ultimate holding company is unsecured, interest-free and is repayable on demand.

15. INTEREST-BEARING BANK AND OTHER LOANS

		30 June 2009 <i>RMB'000</i> (Unaudited)	31 December 2008 <i>RMB'000</i> (Restated)
Bank loans:	(a)		
Secured and guaranteed		1,307,000	1,307,000
Secured		2,214,600	214,600
Short term			
commercial papers		—	1,500,000
Other loans, unsecured	(b)	127,272	134,091
		<u>3,648,872</u>	<u>3,155,691</u>
Current portion		<u>2,114,727</u>	<u>1,607,727</u>
Non-current portion		<u>1,534,145</u>	<u>1,547,964</u>

At 30 June 2009, all the interest-bearing bank and other loans of the Group are denominated in RMB.

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

- (a) *Bank loans bear interest at the respective fixed rates ranging from 4.37% to 7.83% (six months ended 30 June 2008: from 5.27% to 7.83%) per annum. Bank loans amounting to RMB214,600,000 and RMB1,307,000,000 (31 December 2008: RMB214,600,000 and RMB1,307,000,000) are secured by the pledge of the concession rights of Chengbei Exit Expressway and Chengle Expressway, respectively (note 10). In addition, the Company's holding company, Sichuan Highway Development has guaranteed certain of the Group's bank loans up to RMB1,307,000,000 (31 December 2008: RMB1,307,000,000) (note 18(d)).*
- (b) *Other loans are unsecured and bear interest at the respective fixed rates ranging from 4.17% to 5% (six months ended 30 June 2008: from 2.28% to 5%) per annum.*

16. MERGER DIFFERENCE

The merger difference of the Group resulted from the preparation of the Group's interim condensed financial information on the basis of preparation set out in note 2.1. It represents the difference between the Consideration and the nominal value of the issued capital of SCEC. Prior to the acquisition of SCEC, the merger difference represents the nominal value of the issued capital of SCEC.

17. COMMITMENTS

(a) Capital commitments

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 <i>RMB'000</i> (Restated)
Contracted, but not provided for	84,715	1,023,476
Authorised, but not contracted for	7,517,052	100,891
	<u>7,601,767</u>	<u>1,124,367</u>

17. COMMITMENTS *(Continued)*

(a) Capital commitments *(Continued)*

Further details of the capital commitments of the Group as of 30 June 2009 are analysed as follows:

	30 June 2009	31 December 2008
	RMB'000	RMB'000
	(Unaudited)	(Restated)
In respect of:		
Construction works to upgrade the expressways	87,865	96,600
Investment Project	7,493,413	—
Construction of property, plant and equipment	20,489	29,446
Acquisition of 100% equity interest in SCEC	—	998,321
	<u>7,601,767</u>	<u>1,124,367</u>

17. COMMITMENTS (Continued)

(b) Operating lease arrangements — As lessor

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 <i>RMB'000</i>
Within one year	4,932	4,897
In the second to fifth years, inclusive	16,619	16,570
Over five years	56,779	59,311
	<u>78,330</u>	<u>80,778</u>

(c) Operating lease arrangements — As lessee

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 <i>RMB'000</i> (Restated)
Within one year	21,623	21,623
In the second to fifth years, inclusive	85,993	86,491
Over five years	247,933	259,538
	<u>355,549</u>	<u>367,652</u>

18. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in this interim condensed financial information, 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 (31 December 2008: RMB250,000,000) in aggregate pursuant to the loan repayment agreements (the “Loan Repayment Agreements”) entered into between the Company and Sichuan Highway Development, the ultimate holding company of the Company. 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 the 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 2008: 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 networks toll fee collection and supportive technological services to the Group amounted to approximately RMB5,763,000 (six months ended 30 June 2008: RMB4,162,000).

18. RELATED PARTY TRANSACTIONS *(Continued)*

- (c) On 1 February 2004, SCEC entered into a five years tenancy agreement (the “First Tenancy Agreement”) with Sichuan Highway Development, whereby Sichuan Highway Development leased out certain part of its office buildings to SCEC at an annual rental of RMB1,195,000. The tenancy agreement was extended for another five years when the First Tenancy Agreement expired on 31 January 2009 at terms similar to the First Tenancy Agreement. During the Period, the rental payable to Sichuan Highway Development amounted to RMB597,000 (six months ended 30 June 2008: RMB597,000).

- (d) As at 30 June 2009, bank loans of SCEC aggregating to RMB1,307,000,000 (31 December 2008: RMB1,307,000,000) were guaranteed by Sichuan Highway Development (note 15(a)). The bank loans were guaranteed by Sichuan Highway Development free of charge.

18. RELATED PARTY TRANSACTIONS (Continued)

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

	For the six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	<u>120</u>	<u>95</u>
Other emoluments:		
Salaries, allowances and benefits in kind	733	779
Pension scheme contributions	16	33
Supplementary pension scheme contributions	<u>15</u>	<u>14</u>
	<u>764</u>	<u>826</u>
Total compensation paid to key management personnel	<u>884</u>	<u>921</u>

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

18. RELATED PARTY TRANSACTIONS *(Continued)*

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

Mr. Tang Yong
Mr. Zhang Zhiying
Madam Zhang Yang
Mr. Gao Chun
Mr. Zhou Liming
Mr. Wang Shuanming
Mr. Liu Mingli
Mr. Liu Xianfu

And the independent non-executive directors are:

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

19. SIGNIFICANT EVENT

On 13 May 2009, the Board passed a resolution, which approved and/or confirmed the investment in and construction of the Investment Project. The Company was selected as the preferred bidder for the Investment Project in a public tender jointly organised by the Joint Tender Organisers on 15 April 2009. As the winning bidder of the Investment Project, the Company will enter into a series of formal agreements with the Joint Tender Organisers subject to further negotiations. Pursuant to a series of bidding documents, particulars of the Investment Project are summarised as follows:

Total length:	Approximately 104.64 kilometres
Proposed commencement date of the construction:	Around December 2009
Proposed commencement date of the operation:	Around December 2012
Period of operation:	29 years and 300 days since the date when the expressway commences to charge toll fees
Estimated total investment:	Approximately RMB7.5 billion
Expected source of fund:	Comprise the Group's internal resources, bank loans and other appropriate financing activities

On 15 June 2009, a project company, Chengren Branch, was set up by the Company to develop the Investment Project.

20. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

- (a) The Company's A Shares were listed on the Shanghai Stock Exchange on 27 July 2009. The number of issued shares in the Company after the A Shares issue is 3,058,060,000 comprising 895,320,000 H Shares and 2,162,740,000 A Shares. The net proceeds raised from its A Shares issue aggregating to approximately RMB1.7 billion.

- (b) Pursuant to the approval document "Cai Qi [2009] No.94" dated 19 June 2009 jointly issued by the Ministry of Finance People's Republic of China, State-owned Assets Supervision and Administration Commission of the State Council, China Securities Regulatory Commission ("CSRC") and National Council for Social Security Fund ("NCSSF"), Sichuan Highway Development and Huajian Centre are required to transfer their respective 30,229,922 shares and 19,770,078 shares in the Company to NCSSF after the listing of the Company's A Shares. Upon the completion of the transfer on 30 July 2009, Sichuan Highway Development and Huajian Centre held 31.88% and 20.85% interests in the Company, respectively.

21. COMPARATIVE AMOUNTS

As further explained in note 2.1 to the interim condensed financial information, due to the adopting of merger accounting for business combination under common control during the Period, certain comparative amounts have been restated to conform to the current period's presentation and accounting treatment.

22. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Board on 18 August 2009.

CHANGES IN SHARE CAPITAL AND SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

- I. As at 30 June 2009, there was no change in the total number of shares and capital structure of the Company.**

- II. As at 30 June 2009, the Company had 370 shareholders, including 1 holder of state-owned shares, 1 holder of state-owned legal person shares and 368 holders of H shares.**

III. So far as the Directors were aware, as at 30 June 2009, the following persons (other than the directors, supervisors and chief executive officers 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 Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong):

Long positions in the shares of the Company:

Name	Type of shares	Number of the Company's shares held	Approximate percentage in the total share capital of the Company	Approximate percentage of Domestic shares/H shares	Capacity
<i>Substantial shareholders</i>					
Sichuan Highway Development	Domestic shares (State-owned shares)	1,005,290,000	39.30%	60.46%	Beneficial Owner
Huajian Centre	Domestic shares (State-owned legal person shares)	657,450,000	25.70%	39.54%	Beneficial Owner
<i>Other persons</i>					
Chilton Investment Company, Inc.	H shares	44,822,220	1.75%	5.01%	Interests of controlled corporations
Chilton Investment Company, LLC	H shares	44,822,220	1.75%	5.01%	Investment manager
Chilton Richard Lockwood, Jr.	H shares	44,822,220	1.75%	5.01%	Interests of controlled corporations

Save as disclosed above, as at 30 June 2009, no persons (other than the directors, supervisors and chief executive officers 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. The interests of the directors and supervisors of the Company are set out in Disclosure of Interests under the section headed “Other Significant Events” in the report.

IV. During the six months ended 30 June 2009 (the “Period”), there was no change in the controlling shareholder of the Company.

V. Purchase, redemption or sale of the Company’s listed securities

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company’s listed securities during the six months ended 30 June 2009.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. **Shareholding of Directors, Supervisors and Senior Management**

During the six months ended 30 June 2009, none of the directors (the “Director”), supervisors (the “Supervisor”) or senior management of the Company held any of the Company’s shares, nor was there any change therein.

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

The first extraordinary general meeting for 2009 was held on 23 January 2009 to consider and approve the appointment of Mr. Liu Xianfu as the executive Director and Madam Luo Yi as the Supervisor, and the resignation of Mr. Nie Xinquan as the executive Director, and the resignation of Mr. Liu Xianfu as the Supervisor.

The resignation of Mr. Nie Xinquan as the executive Director and the resignation of Mr. Liu Xianfu as the Supervisor were due to the ordinary job arrangements.

The 18th meeting of the fourth session of the Board of the Company was convened on 31 March 2009 to approve the appointment of Mr. Liu Junjie (劉俊傑) as the deputy general manager of the Company according to the needs of operation and management of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Analysis of Business Environment

In first half of 2009, the Group operated in a stable environment, unscathed by any major incidents, which created a favorable external condition for substantial growth of the Group's traffic flow and toll income.

- Despite the lingering impact of global financial crisis and the earthquake on economy, China's economic growth rate had picked up modestly since February with an accelerating momentum from low level to a record high. For the first half of 2009, Sichuan Province posted a regional GDP of approximately RMB601.5 billion, a year-on-year growth of 13.5%, which demonstrated a sound economic progress. Economic recovery drove the compensating growth of our expressway operating results;
- Chengdu City, as a nationwide first-tier logistics hub, is constructing itself towards a metropolis with regional and international logistic functions;

- During the first half of the year, despite the overall gloomy environment of global auto market, car consumption in Sichuan Province had erupted with a growth of over 35%, ranking second by growth rate in China. As the third largest private automobile owner in China, Chengdu has seen a 20% expansion of private automobiles in recent years. At the end of 2008, the city had over 828,000 privately-owned vehicles, and the growth trend has been accelerating in 2009. Such a consumption characteristic of Chengdu's residents has become one of business edges and growth potentials of the Group;
- With the establishment and development of the Chengyu Experimental Zone of Comprehensive Coordinated Reforms for Urban and Rural Area nationwide, the two cities are promoting cooperation with a common view to development and economic integration, where synergy of regional economies is taking shape. This is expected to further activate economic development and transportation activities in both cities and the areas along the Chengyu Expressway, which has a positive and far reaching effect on the traffic flow and toll income of the Chengyu Expressway.

During the Period, supported by the macro-economic recovery and a more stabilizing operating environment, the Group strengthened and improved the operation and management of its existing assets to ensure and enhance its operating performance, thus successfully recording a substantial growth in operating results.

II. Business Review and Analysis

The earnings of the Group were mainly derived from the operation and investment of toll roads. As at 30 June 2009, the Group has four major toll roads, including Chengyu Expressway, Chengya Expressway, Chengle Expressway and Chengbei Exit Expressway.

1. Operating conditions of the Group's principal operations

	Toll income			Net profit	
	For the half year ended 30 June 2009 (RMB'000)	Percentage to total toll income	Year-on-year increase	For the half year ended 30 June 2009 (RMB'000)	Year-on-year increase
Chengyu Company ^{Note 1}	456,640	49.70%	7.80%	252,941	12.46%
Chengya Branch ^{Note 2}	254,609	27.71%	15.51%	94,944	65.31%
Chengle Company	163,785	17.83%	29.13%	52,601	166.53%
Chengbei Company ^{Note 3}	43,778	4.76%	19.25%	19,989	30.84%
Total	<u>918,812</u>	<u>100%</u>	<u>13.78%</u>	<u>420,475</u>	<u>32.49%</u>

Note:

1. *For the purpose of this table only, Chengyu Company does not include Chengya Branch;*
2. *The corporate income tax on the net profit of Chengya Branch was eliminated according to a 15% tax rate;*
3. *The toll income of Chengbei Company was the total aggregate amount of the toll incomes of Qinglongchang Bridge and Chengbei Exit Expressway.*

2. The operations of major expressways of the Group

Toll roads	Average daily traffic flow <i>(Number of vehicles)</i>	Increase year-on-year	Toll income <i>(RMB'000)</i>	Increase year-on-year
Chengyu Expressway	18,934	22.18%	456,640	7.80%
Chengya Expressway	13,473	8.73%	254,609	15.51%
Chengle Expressway	20,008	41.33%	163,785	29.13 %
Chengbei Exit Expressway (including Qinglongchang Bridge)	28,759	20.07%	43,778	19.25%

During the Period, all expressways of the Group recorded encouraging operating results, primarily due to the following factors:

- Favourable operating environment factors such as the recovery of macro-economy and consumption spree on cars in Sichuan (especially Chengdu), laid a foundation for the achievement of admirable operating performance by the Group's expressway assets;
- During the same period last year, Sichuan Province had been pounded by both the snow storm and the violent earthquake, which, to a certain extent, impacted the operating performance of Group's expressways during that period;
- In the first half of 2009, gratis pass-through of disaster-relief vehicles decreased dramatically while post-disaster reconstruction projects were fully put into construction, boosting the demands for Sichuan highway transportation. As the trunk highways in Sichuan, the Group's expressways played a key role in the post-disaster reconstruction of Sichuan Province, which promoted the operation of highways of the Group.

- Meanwhile, the Group put more efforts in operation and management of its expressways. By strengthening research on road network, improving traffic organization plans, ensuring road operation order, enhancing follow up analysis on toll income related factors and research surveys, the Group improved the overall traffic efficiency of its road network, maximized profitability of the Group as a whole by effectively controlling operating cost.

In addition, as it is at the crucial time for Sichuan Province's post-disaster reconstruction and recovery of economy, Sichuan Provincial Communications Department and Sichuan Provincial Price Control Bureau jointly issued a document to extend the trial period of toll-by-weight on Sichuan expressways to 30 September 2010. Therefore, the 20% toll cut policy to normally loaded vehicles during the trial period of toll-by-weight, which was planned to be terminated on 1 April 2009, will continue to be effective until late September 2010.

3. Project Investment and Financing

— *Acquisition of 100% equity interests in Chengle Company*

On 26 September 2007, Sichuan Highway Development and Xing Yuan Company as Vendors, and the Company as Purchaser, entered into the share purchase agreement (the “**S&P Agreement**”) in relation to the transfer of 100% equity interests in Chengle Company. The S&P Agreement was approved by independent shareholders (the shareholders of the Company (“**Shareholders**”)) at the extraordinary general meeting held on 12 December 2007. On 2 April 2009, the Company entered into the supplemental agreement (the “**Supplemental Agreement**”) with the Vendors to amend certain terms of the S&P Agreement. The Supplemental Agreement was approved by independent Shareholders at the extraordinary general meeting held on 8 June 2009. Pursuant to the Supplemental Agreement, the remaining balance of the consideration in the amount of RMB998,320,800 was paid to the Vendors by the Company within 30 working days from the day when the approval of the independent Shareholders was obtained (RMB100,000,000 had been prepaid by the Company to the Vendors upon the approval of the S&P Agreement at the EGM). The acquisition of 100% equity interests in Chengle Company has been completed as at 30 June 2009.

The Company is optimistic about the business prospects of Chengle Expressway and believes that the acquisition will help to further enhance the Group's assets scale and expand its profit bases, which is in line with the Group's sustainable development strategy.

For further details of the Acquisition of SC Company, please refer to the Company's announcement dated 5 October 2007 and 2 April 2009, and the Company's circular dated 26 October 2007 and 23 April 2009.

— *Investment and construction of Chengdu-Meishan Section of Chengdu-Zigong-Luzhou-Chishui Expressway (the “**ChengZiLuChi Expressway**”)*

The Company was selected as the preferred bidder for the investment in and construction of the project in a public tender jointly organised by the People's Government of Chengdu City and the People's Government of Meishan City (“the **Joint Tender Organisers**”) on 15 April 2009. On 13 May 2009, the Company held a board meeting, at which the proposal regarding the investment in and construction of the project was considered and approved, which was proposed for submission to the general meeting of the Company for approval. On 15 July 2009, the proposal for the investment in and construction of the project was considered and approved by the Shareholders at the extraordinary general meeting. Meanwhile, the Shareholders authorized the Board or its duly authorized

representative to the extent the Board or its duly authorized representative(s) considers appropriate, to undertake and proceed with all actions in connection with the investment project, provided such actions are permitted by the applicable laws and regulations of the PRC and within the official total investment amount, for the investment project.

Pursuant to the tender documents published by the Joint Tender Organisers, the estimated total investment budget for the Investment Project is approximately RMB7.5 billion. The Directors advise that the estimated total investment budget is provided by the Joint Tender Organisers, and there is no assurance that the official total investment amount, which will be prepared and submitted to the relevant governmental authorities for approval in due course, will remain the same.

The total length of Chengdu-Meishan Section of the ChengZiLuChi Expressway is approximately 104.64 km. Proposed commencement date of construction is before the end of 2009 and proposed commencement date of operation is around the end of 2012. The period of operation spans 29 years and 300 days since the date when the section commences to charge toll fees.

The ChengZiLuChi Expressway, being a major component of the expressway network planning in Sichuan Province, makes up the backbone network of expressways in Southwest China together with Neijiang-Yibin Expressway (trunk line of national highways) and Longchang-Naxi Expressway (southwest channel to the sea side). Moreover, such expressway is located in the southern area of Sichuan Province where a cluster of cities nestles, and it connects Chengdu City (provincial capital of Sichuan Province) with other major cities such as Zigong and Luzhou in the province and directly links to Guizhou Province. Most regions along its route are densely populated areas with strong economic fundamentals and huge development potentials in Sichuan Province. The Luzhou port, in particular, ranks as one of the major inner river terminals and the ports for water transport in the PRC and Sichuan Province. Therefore, the ChengZiLuChi Expressway will become an important transportation channel in Sichuan Province which connects major cities and provinces including Yunnan Province and Guizhou Province, with access to Yangtze River and the sea. In addition, the Chengdu-Meishan Section of ChengZiLuChi Expressway is also the shared highway section of the Chengdu-Renshou-Jingyan-Qianwei-Muchuan-Yunnan Expressway in the planning of the Sichuan expressway network.

Through participating in the investment in and construction of the project, the Company envisages to further consolidate the business position of the Company in the investment, management and operation of expressways in Sichuan Province and Western China, and boost the core competitiveness of the Company, so as to enhance its sustainable development ability.

For details, please refer to the announcement of the Company dated 13 May 2009 and the circular of the Company dated 29 May 2009.

- *Other potential acquisition of quality expressways assets*
— *proposed acquisition of the Sichuan section of Suiyu Expressway and Chengnan Expressway*

On 20 March 2008 and 9 May 2008, the Company entered into the “Intentional agreement regarding an asset acquisition of Sichuan section of Suiyu Expressway (遂渝高速公路) and relevant matters” and the “Intentional agreement regarding an asset acquisition of Chengnan Expressway”, both of which are non-legally binding, with the owners of Sichuan section of Suiyu Expressway and Chengnan Expressway, Sichuan Chengnan Expressway Company Limited (四川成南高速公路有限責任公司) (“**Chengnan Company**”) and the controlling shareholder of Chengnan Company, Sichuan Highway Development respectively. Such acquisitions are planned to be completed before 31 December 2009.

Suiyu Expressway, a dual four-lane close expressway with a total length of approximately 148 kilometres has been put into full operation on 29 December 2007. Sichuan section is measuring approximately 36.6 kilometres and Chongqing section is measuring approximately 111.8 kilometres. The expressway connected with Chengnan (Chengdu-Nanchong) Expressway at Suining with 147 kilometres long from Chengdu to Suining, which links Chengdu and Chongqing and is approximately 45 kilometres shorter than Chengyu Expressway, leading to a diversion of direct traffic between Chengdu and Chongqing.

Chengnan Expressway, which commenced operation in 2002, is a dual four-lane close expressway (six lanes in part) with the total length of 214 kilometres. This expressway is an integral part of Hulong (Shanghai-Chengdu) National Trunk Highway under construction. Hulong Expressway is expected to be put into full operation at the end of 2009. By then Chengnan Expressway will become another great corridor beyond the province, and its advantageous location in Sichuan road network will become prominent.

Through acquisition of the above two quality expressway assets, the Company plans to actively integrate and optimize the resource allocation of the Group's expressway assets, improve the layout of the Group's expressway assets, and fundamentally resolve the issue of competition between the abovementioned two expressway assets and Chengyu Expressway, being the core assets of the Company, so as to ensure the stable enhancement of the Group's sustainable profitability and risk resistance ability.

— *Proposed Issue of Short-Term Commercial Papers 2009*

The Company's proposed issue of short-term commercial papers with a total amount not exceeding RMB2 billion per annum for a term of three years was approved at the general meeting of the Company on 28 August 2007. The Company successfully issued short-term commercial papers with a total amount of RMB1.5 billion on 19 February 2008. On 19 February 2009, the Company made an aggregate repayment of RMB1.5 billion for the short-term commercial papers of 2008 and had applied for further issue of short-term commercial papers of 2009 with a total amount not exceeding RMB2 billion. Currently, the Company has already submitted application materials for the issue of short-term commercial papers to the National Association of Financial Market Institutional Investors of the PRC for review and approval.

4. Other Businesses

During the Period, the Company's businesses other than toll roads recorded other income and gains of RMB92,954,000, representing an increase of 19.13% as compared with the same period last year.

III. Financial Review

Summary of the Group's Results

	For the six months ended 30 June	
	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
		(Unaudited (Unaudited) and restated)
Revenue	890,388	782,638
Including: Toll of vehicles	890,388	782,638
Profit before tax	494,386	370,938
Profit attributable to owners of the Company	414,139	308,065
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.162	0.120

Summary of the Group's Assets

	30 June	31 December
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Restated)
Total assets	9,573,213	9,834,361
Total liabilities	3,880,903	3,465,877
Minority interests	107,417	99,409
Equity attributable to owners of the Company	5,584,893	6,269,075
Equity per share attributable to owners of the Company (RMB)	<u>2.183</u>	<u>2.451</u>

Analysis of Operating Results

Revenue

The Group's revenue for the period amounted to RMB890,388,000, representing an increase of 13.77% over the same period last year, which included toll incomes of Chengyu Expressway, Chengya Expressway, Chengle Expressway and Chengbei Exit Expressway. Please refer to the part of "Business Review and Analysis" on page 52 of this report for details of the main factors influencing the revenue of the Group for the period.

Operating Expenses

The Group's operating expenses for the period amounted to RMB403,317,000, representing an increase of 6.78% as compared with the same period last year, of which:

- (1) depreciation and amortization expenses increased by 10.93% as compared with the same period last year to RMB179,086,000, mainly attributable to the increase in service concession arrangements last year which led to an increase in amortization and a higher traffic flow which led to an increase in amortization for service concession arrangements for the period as compared with the same period last year.
- (2) staff cost increased by 3.34% as compared with the same period last year to RMB85,540,000. This was principally due to certain increase in total salary, various social insurances and accommodation fund paid in the period given the increase in average salary for the working population of Chengdu.
- (3) cost of road repairs and maintenance decreased by 20.02% as compared with the same period last year to RMB36,039,000. This was primarily owing to a drop in daily repair and maintenance expenses resulting from near completion of the mid-and long-term repair and maintenance project of Chengyu Expressway.

- (4) other operating costs increased by 16.09% to RMB102,652,000 as compared to the same period last year. This was mainly due to an increase of RMB6,877,000 in construction cost for infrastructure upgrade service as compared with the same period last year due to the increase in construction works.

Finance Costs

The Group's finance cost for the period amounted to RMB90,226,000, representing a decrease of 20.76% as compared with the same period last year, principally attributable to the lower interest rate per annum for interest-bearing bank loans newly subscribed in the period as compared with the interest rate per annum of short-term commercial papers repaid in the period. In addition, the underwriting and register service fees of RMB6,105,000 arising from the issue of short-term commercial papers last year also contributed to the increase in finance costs.

Taxation

The corporate income tax of the Group amounted to RMB72,239,000 for the period, representing an increase of 27.28% as compared with the same period last year. This was mainly due to the growth in the Group's profit before tax for the period.

Profit

The Group's profit for the Period amounted to RMB422,147,000, representing an increase of 34.36% as compared with the same period last year, of which, profit attributable to owners of the Company was RMB414,139,000, an 34.43% increase as compared with the same period last year. This was mainly due to:

- (1) significant increase in the Group's toll income for the period as compared with the same period last year;
- (2) such growth being partially offset by the increase in depreciation and amortization, labour cost and other operating expenses.

Analysis of Financial Position

Non-current assets

As at 30 June 2009, the Group's non-current assets amounted to RMB8,046,332,000, representing a decrease of 2.61% as compared to that of 31 December 2008, which was mainly due to:

The additional property, plant and equipment and service concession arrangements amounting to RMB72,559,000 (mainly including RMB44,726,000 for technology renovation project of Chengyu Expressway and Chengya Expressway and RMB6,587,000 paid during the preparation period of Chengdu-Meishan Section of Chengdu-Zigong-Luzhou-Chishui (the border between Sichuan Province and Guizhou Province) Expressway), with provision for depreciation and amortization of land use rights and service concession arrangements amounting to RMB179,086,000 for the period. Acquisition of equity interest in Chengle Company was completed in the period, resulting in a corresponding decrease of RMB100,000,000 in prepayments.

Current assets and current liabilities

As at 30 June 2009, current assets of the Group amounted to RMB1,526,881,000, representing a decrease of 2.91% as compared to that of 31 December 2008, which was mainly due to the payment for a remaining amount of RMB998,321,000 for the acquisition of equity interests in Chengle Company, while the increase in revenue for the period has partially offset such effect.

As at 30 June 2009, current liabilities of the Group amounted to RMB2,346,758,000, representing an increase of 22.36% as compared to that of 31 December 2008, which was mainly due to the increase in short-term interest-bearing bank loans and bank and other interest-bearing loans repayable within one year, as well as the return of short-term commercial papers.

Non-current liabilities

As at 30 June 2009, non-current liabilities of the Group amounted to RMB1,534,145,000, representing a decrease of 0.89% as compared to that of 31 December 2008, which was principally attributable to the reclassification of part of the long-term interest-bearing loans for the period due within one year to bank and other interest-bearing loans due within one year.

Equity

As at 30 June 2009, the Group's equity amounted to RMB5,692,310,000, representing a decrease of 10.62% as compared to that of 31 December 2008, which was principally due to the consideration of RMB1,098,321,000 paid in cash for the acquisition of 100% equity interests in Chengle Company during the period, the effect of which was offset by the increase of RMB422,147,000 in equity as a result of the increased profit for the period.

Capital structure

As at 30 June 2009, the Group had total assets of RMB9,573,213,000 and total liabilities of RMB3,880,903,000. Its gearing ratio was 40.54% (2008: 35.24%), which was calculated as the Group's total liabilities over its total assets.

Cash flow

As at 30 June 2009, the Group's cash and bank balances amounted to RMB1,419,671,000, including HK\$33,000 (equivalent to RMB31,000) of deposits, and RMB1,419,640,000 cash and deposits in Renminbi, representing a decrease of RMB87,944,000 as compared with the end of 2008 (31 December 2008: RMB1,507,615,000). During the period, the Group's net cash inflow from operating activities amounted to RMB623,360,000 (same period in 2008: RMB582,960,000).

During the period, the cash outflow of the Group mainly consisted: RMB277,873,000 in cash for daily operation and management, an aggregate of RMB51,313,000 as expenditure for technology renovation projects of Chengyu Expressway and Chengya Expressway and the preparation period of the Chengdu-Meishan Section of ChengZiLuChi Expressway, RMB161,192,000 as interest payment and a consideration of RMB998,321,000 paid in cash for the acquisition of the equity interests in Chengle Company.

Capital commitment

Details of the Group's capital commitment as at 30 June 2009 are set out in note 17 to the interim condensed financial information.

Risk of exchange fluctuation

Save that the Company needed to purchase Hong Kong dollars to distribute dividends to holders of H shares, all operating income and expenses and capital expenditures of the Group were denominated in Renminbi and thus the fluctuation in exchange rate did not have any material impact on the Group's results.

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

Borrowings and solvency

As at 30 June 2009, the Group's interest-bearing bank and other loans amounted to RMB3,648,872,000, all of which were loans with fixed interest. Of which, the balance of bank loans was RMB3,521,600,000, with an annual interest rate from 4.37% to 7.83%; balance of other loans was RMB127,272,000, with an annual interest rate from 4.17% to 5.00%. The relevant balances are as follows:

	Maturity profile of interest-bearing borrowings			
	Total amount	Within 1 year	>1-5 years	Over 5 years
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loans from domestic commercial banks	3,521,600	2,092,000	592,600	837,000
Other loans	127,272	22,272	90,909	13,636
Total (30 June 2009)	<u>3,648,872</u>	<u>2,114,727</u>	<u>683,509</u>	<u>850,636</u>
Total (31 December 2008)	<u>3,155,691</u>	<u>1,607,727</u>	<u>560,509</u>	<u>987,455</u>

With its steady cash flow, sound capital structure and excellent credit records, the Group has established and maintained favorable credit relations with financial institutions, enjoying most preferential interest rates for its loans. As at 30 June 2009, the Group had bank facilities totaling RMB5.19 billion and unused bank facilities amounting to RMB3.19 billion.

Contingent liabilities and pledge of assets

As at 30 June 2009, the concession rights pertaining to Chengbei Exit Expressway and Chengle Expressway with the net value of RMB190,913,000 and RMB1,137,284,000, respectively (31 December 2008: RMB197,638,000 and RMB1,151,944,000, respectively), were pledged to secure bank loans amounting to RMB214,600,000 and RMB1,307,000,000, respectively (31 December 2008: RMB214,600,000 and RMB1,307,000,000, respectively).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2009.

Comparative figures

As the Company completed the acquisition of 100% equity interest in Chengle Company and adopted merger accounting for business combination under common control during the period, certain comparative figures in this interim condensed financial information have been restated to conform to the current period's presentation and accounting treatment. Details are set out in note 2.1 to the interim condensed financial information.

Material acquisition

In June 2009, the Group has completed the acquisition of 100% equity interests in Chengle Company which has been accounted for in the Group's interim condensed financial information pursuant to the "Merger accounting for business combinations under common control" adopted by the Group.

IV. Business Development Plan

Although we have already seen the bottom of economic cycle both in China and around the world, the impact of the global financial crisis is not drawing to a close, and China's economic growth still faces challenges. Under such circumstances, the Company still needs to carefully consider, calmly analyze and be prepared for the future operating environment, possible difficulties and challenges of the Group, as well as characteristics of the industry, its strengths and development opportunities. On the one hand, the Group will seek to maintain stable business growth through refined management; on the other hand, to ensure a leap towards the planned strategic target, the Group will draw upon its strength and capture opportunities to expand its investment in and acquisition of quality expressway projects. In view of such, the Company has formulated its operating strategies and business plans for the second half of 2009 after careful assessment as follows:

1. To address the change in operating environment to various extents for the Group's existing expressway assets, the Company will reinforce analysis and study on factors including the changing local expressway network and its impacts, vehicle traffic constituents and price elasticity of demand, while timely updating management concepts and framework and launching practicable marketing programmes to optimise service quality for better competitiveness of existing expressways. The Group will maintain good communications with governmental bodies and regulators, or aggressively integrate and improve the distribution of the Group's expressway assets through investments and acquisitions etc., to ensure steady growth of its operating results.

2. The Company will fully take advantages of its concession and pre-emptive rights for investments and acquisitions of expressways in Sichuan together with the non-competition undertakings made to the Company by its substantial shareholders, step up investments and constructions of Chengdu-Meishan section of ChengZiLuChi Expressway and procure the asset acquisition of Suiyu Expressway (Sichuan section) and Chengnan Expressway in order to achieve safe and efficient expansion of the Group's assets.
3. Complete the issue of second tranche of short-term commercial papers as soon as possible, while enhancing study on financing products, broadening funding channel and optimizing capital structure as well as adjusting duration structure and interest rate structure for debts to lower financial costs, and maintaining a reasonable gearing ratio for effective protection from financial risks.
4. Pay extra attention to strengthen preventive maintenance of the Group's road assets by leveraging on modern information management resources and innovative road management and maintenance measures to improve management and maintenance of expressways, laying a solid foundation for long-term stable conditions of the Group's expressways.

5. The Group will strengthen the building-up, nurturing, reserve and management of human resources. Through implementing and improving incentive mechanism, constraint mechanism, talent training and selection mechanism to stimulate the staff's enthusiasm and creativity, the Group expects an overall improvement in the staff's professional skills and comprehensive capability to cater for the Company's need to accelerate growth.
6. According to the different regulatory frameworks and market features in Hong Kong and Shanghai, the Group will strengthen, complete and refine the practice and mode of corporate governance to elevate corporate governance. Efforts will also be put in the management of investor relations. Accordingly, the Group will adopt various means to improve communications and interactions with investors, and cultivate corporate culture which respects and is accountable to investors, thus establishing a sound and harmonious external environment for corporate development.
7. The Group will fully implement a system of internal control in order to achieve a more standardized and refined management, to strengthen its efficiency in execution and innovative ability, and to improve the overall management of the corporation in face of new circumstances.

Looking into the future, we will continue to develop in the direction of expressway investment, operation and management, with a view to focusing on promotion of sustainable development and giving full play to the Group's core competitiveness to actively explore new domains for investment and construction of expressways. We are committed to all-round, rapid and healthy development for maximum investment returns to our shareholders whilst contributing to the post-disaster reconstruction in Sichuan and the full recovery and healthy growth of the economy and the society.

OTHER SIGNIFICANT EVENTS

I. A Share Issue and listing of A Shares on the Shanghai Stock Exchange

The Company's initial public offering of A shares was approved by China Securities Regulatory Commission on 30 June 2009 and the listing of A shares was approved by the Shanghai Stock Exchange on 23 July 2009. On 27 July 2009, the A shares of the Company was listed and commenced trading on the Shanghai Stock Exchange. The Company issued a total of 500,000,000 A shares at a issue price of RMB3.60 per share, and raised an aggregate net proceeds of approximately RMB1.74 billion in the A shares issue.

In accordance with the resolutions of the 18th meeting of the 4th session of the Board and the 2nd extraordinary general meeting of 2009, the Company will apply RMB1,098,320,800.00 out of the net proceeds raised from the A shares issue to acquire 99.18% and 0.82% equity interests in Chengle Company from Sichuan Highway Development and Xing Yuan Company respectively or replace the funds raised by the Company (including but not limited to debt financing such as bank loans) for the acquisition of equity interest in Chengle Company. The remaining of the proceeds for the above purpose will be used for the repayment of some bank loans of Chengle Company.

For details of the A shares issue, please refer to the announcement on Completion of A Share Issue, Listing of A Shares (IPO) announcement and A Shares IPO prospectus issued by the Company on 24 July 2009.

The total number of the shares of the Company increased to 3,058,060,000 shares (comprising 895,320,000 H shares and 2,162,740,000 A shares) after the A share issue;

The Company's share capital structure before the A shares issue and immediately after completion of the A shares issue is set out as follows:

	Before the A shares issue	
	Number of shares	%
(1) Domestic shares	1,662,740,000	65.00
— Sichuan Highway Development	1,005,290,000	39.30
— Huajian Centre	657,450,000	25.70
(2) H shares	895,320,000	35.00
(3) Total number of shares	2,558,060,000	100

	Immediately after completion of the A shares issue	
	Number of shares	%
(1) A shares	2,162,740,000	70.72
— Sichuan Highway Development	975,060,078	31.88
— Huajian Centre	637,679,922	20.85
— National Council for Social Security Fund* (“NSSF”)	50,000,000	1.64
— A shares issued in the shares issue	500,000,000	16.35
(2) H shares	895,320,000	29.28
(3) Total number of shares	3,058,060,000	100

- * Pursuant to the “Implementation measure for the transfer of part of the state-owned shares to the National Social Security Fund in domestic securities market” (Cai Qi [2009] No.94) and as approved by the “Approval of the State-owned Assets Supervision and Administration Commission of Sichuan Province Government in relation to the issues concerning the partial transfer of state-owned shares in the initial listing of A shares of Sichuan Expressway Company Limited” (Chuan Guo Zi Chan Quan [2009] No.39), as 500 million A shares were to be issued pursuant to the A shares issue, the 30,229,922 and 19,770,078 shares held by Sichuan Highway Development and Huajian Centre (being State-owned shareholders) respectively shall be transferred to the NSSF. The Company has no other State-owned shareholders. The shares transferred to the NSSF from the above two companies amounted to a total of 50 million shares, representing 10% of the shares issued pursuant to the A shares issue.

II. Profit distribution

The Board of the Company resolved to distribute an interim dividend for year 2009 amounting to approximately RMB398 million (tax inclusive) (the corresponding period in 2008: Nil) of RMB0.13 (tax inclusive) per share in cash to all shareholders of the Company based on the total share capital of 3,058,060,000 shares after the A shares issue. The company will make separate announcement regarding the further details of the interim dividend 2009 in due course.

III. Disclosure of Interests

So far as the Directors were aware, as at 30 June 2009, none of the directors, supervisors or chief executive officers 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 (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) 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 officers), or interest 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 for Securities Transactions by Directors of Listed Issuers.

IV. Material Acquisition and Disposal

During the Period, the Company has completed the acquisition of 100% equity interests in Chengle Company, details of which is set out in the section of “Project Investment and Financing” on page 56 of this report.

There was no material disposal carried out by the Group and its associates during the Period.

V. Employees and Their Remuneration and Training

As at 30 June 2009, the Company had 1,654 employees, including 383 administrative and professional technical staff and 1,271 toll collection staff.

1. Employee's Remuneration

The wages of the Company's employees comprise of fixed wage (including basic salary, and salaries determined by the position and period of service) and performance incentive. Employee's salary is determined with reference to his position (i.e. the salary changes in accordance with the position of service) and performance as well as the operation efficiency of the Company with reference to the appraisal of employee's overall performance.

The employees' wages and salary of the Company totaled RMB37,824,000 for the Period.

2. Staff Training

The Company highly values staff training to improve the comprehensive quality and business standard. As at 30 June 2009, the Company organised various skills training for various positions in respect of transportation and production safety, financial software, implementation methods of transportation regulations and standard collection and processing of roads and transportation information, as well as further education for professional technical staff and corporate culture training. A total of 466 employees have attended the above training courses.

VI. Corporate Governance

1. Code on Corporate Governance Practices

During the Period, the Company has not set up a remuneration committee with specific authority and obligations in accordance with relevant code provisions contained in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange. At present, the remunerations of directors, supervisors and senior management of the Company are determined on the basis of related PRC policies or regulations, the Company’s actual operation and applicable percentage of per capita income of the working population of Chengdu, where the Company is situated, and are subject to

shareholders' approval at the general meeting of the Company. Save for the above, the Company has fully complied with the code provisions contained in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules of the Stock Exchange during the Period.

2. Audit Committee

The audit committee of the Company (the "Audit Committee") 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 unaudited financial statements and interim report of results of the Group for the six months ended 30 June 2009.

3. Model Code for Securities Transactions by Directors and Supervisors

During the Period, the Company has adopted a code of conduct (the "**Code of Conduct**") regarding directors' and supervisors' securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. Having made specific enquiries with all Directors and Supervisors, each of them confirmed that he or she had complied with the Model Code and the Code of Conduct during the Period.

VII. Names of Directors

As at the date of this report, the Board comprises: Mr. Tang Yong, Mr. Zhang Zhiying, Madam Zhang Yang, Mr. Gao Chun, Mr. Zhou Liming, Mr. Wang Shuanming, Mr. Liu Mingli, Mr. Liu Xianfu, Madam Luo Xia#, Mr. Feng Jian#, Mr. Zhao Zesong# and Mr. Xie Bangzhu#.

Independent Non-executive Director

By order of the Board

Tang Yong

Chairman

Chengdu, Sichuan Province, the PRC

18 August 2009