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四川成渝高速公路股份有限公司 Sichuan Expressway Company Limited*

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

(Stock Code: 00107)

2009 INTERIM RESULTS ANNOUNCEMENT

HIGHLIGHTS

- Revenue up approximately 13.77% to approximately RMB890.39 million
- Net profit attributable to owners of the Company up 34.43% to approximately RMB414.14 million
- Earnings per share up approximately 35% to RMB0.162
- Proposed 2009 interim dividend of RMB0.13 per share

The board of directors (the “**Board**”) of Sichuan Expressway Company Limited (the “**Company**” or “**Chengyu Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2009 (the “**Period**”), together with the comparative figures for the corresponding period in 2008 as follows:

INTERIM STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2009	2008
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited and restated)
REVENUE	3	890,388	782,638
Other income and gains	3	92,954	78,029
Depreciation and amortisation expenses	5	(179,086)	(161,444)
Employee costs	5	(85,540)	(82,772)
Other operating expenses		(138,691)	(133,487)
Finance costs	4	(90,226)	(113,858)
Share of profits and losses of associates		4,587	1,832
		<hr/>	<hr/>
PROFIT BEFORE TAX	5	494,386	370,938
Tax	6	(72,239)	(56,754)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		422,147	314,184
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the Company		414,139	308,065
Minority interests		8,008	6,119
		<hr/>	<hr/>
		422,147	314,184
		<hr/> <hr/>	<hr/> <hr/>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
— basic	7	RMB0.162	RMB0.120
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INTERIM STATEMENT OF FINANCIAL POSITION

		30 June 2009	31 December 2008
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		524,964	552,018
Service concession arrangements		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	9	—	100,000
Deferred tax assets		—	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		71,105	41,428
Due from the ultimate holding company		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/>
CURRENT LIABILITIES			
Tax payable		54,926	42,187
Other payables and accruals		177,105	267,999
Interest-bearing bank and other loans	10	2,114,727	1,607,727
		<hr/>	<hr/>
Total current liabilities		2,346,758	1,917,913
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(819,877)	(345,245)
		<hr/>	<hr/>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		7,226,455	7,916,448
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NON-CURRENT LIABILITIES

Interest-bearing bank and other loans	10	<u>1,534,145</u>	<u>1,547,964</u>
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Net assets		<u>5,692,310</u>	<u>6,368,484</u>
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EQUITY

Equity attributable to owners of the Company

Issued capital		2,558,060	2,558,060
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Reserves		<u>3,026,833</u>	<u>3,711,015</u>
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		5,584,893	6,269,075
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Minority interests		<u>107,417</u>	<u>99,409</u>
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Total equity		<u>5,692,310</u>	<u>6,368,484</u>
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NOTES

1.1 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.

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.

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.

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.

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.

1.2 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 below.

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

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.

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSS

The Group has not applied the following new/revised HKFRSSs, 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)	<i>Consolidated and Separate Financial Statements</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>

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

2. 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.

3. 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
	<i>RMB'000</i>	<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
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
	92,954	78,029
Total revenue, other income and gains	983,342	860,667

4. 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
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	90,226	113,858
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5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(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/>

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)
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6. 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.

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 <i>RMB'000</i> (Unaudited)	2008 <i>RMB'000</i> (Unaudited and restated)
Group:		
Current - PRC		
Charge for the period	71,538	53,271
Deferred	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 .

7. 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.

8. DIVIDENDS

On 18 August 2009, the Board of the Company declared an interim dividend of RMB0.13 per share aggregating approximately 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.

9. 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.

10. INTEREST-BEARING BANK AND OTHER LOANS

		30 June 2009	31 December 2008
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<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.

- (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. 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).
- (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.

RESULTS

For the half year ended 30 June 2009, the Group's total toll income was RMB918,812,000, representing a year-on-year increase of 13.78%. The Group's revenue amounted to RMB890,388,000, representing a year-on-year increase of 13.77%. Profit attributable to equity holders of the Company increased substantially to RMB414,139,000, representing a year-on-year increase of 34.43%. Earnings per share was RMB0.162 (for the same period in 2008: RMB0.120).

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 Shareholders based on the total share capital of 3,058,060,000 shares after the A shares issue.

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 as follows: Sichuan section of Chengyu Expressway (“**Chengyu Expressway**”), Sichuan Chengya Expressway (“**Chengya Expressway**”), Sichuan Chengle Expressway (“**Chengle Expressway**”) and Chengdu Chengbei Exit Expressway (“**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 ^{Note 3}	163,785	17.83%	29.13 %	52,601	166.53%
**Chengbei Company ^{Note 4}	43,778	4.76%	19.25 %	19,989	30.84%
Total	918,812	100%	13.78 %	420,475	32.49%

Notes:

1. For the purpose of this table only, Chengyu Company does not include Chengya Branch;
 2. 四川成渝高速公路股份有限公司成雅分公司(Sichuan Expressway Company Limited Chengya Branch);
 3. 四川成樂高速公路有限責任公司(Sichuan Chengle Expressway Company Limited);
 4. 成都城北出口高速公路有限公司(Chengdu Chengbei Exit Expressway Company Limited).
- * The corporate income tax on the net profit of Chengya Branch was eliminated according to a 15% tax rate.
- ** 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.

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.

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 Period.

A SHARE ISSUE AND LISTING OF A SHARES ON THE SHANGHAI STOCK EXCHANGE (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 share issued in the share 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.

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.

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 of Hong Kong Limited (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 during the Period.

2. Audit Committee

The Audit Committee comprises three independent non-executive Directors of the Company 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 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.

4. Publication of Interim Report on the Stock Exchange

The interim results announcement is published on the websites of the Company (<http://www.cygs.com>) and the Stock Exchange (<http://www.hkex.com.hk>). The Company’s interim report 2009 will be despatched to the shareholders and published on the aforesaid websites in due course.

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

Chengdu, Sichuan Province, the PRC
18 August 2009

As at the date of this announcement, the Board of the Company 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*

* *For identification purposes only*