



Sichuan Expressway Company Limited

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

(Stock Code: 00107)



2011 Interim Report

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DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

I. Name of Expressway Projects (in Alphabetical Order)

“Airport Expressway”	Chengdu Airport Expressway
“Chengbei Exit Expressway”	Chengdu Chengbei Exit Expressway
“Chengle Expressway”	Sichuan Chengle (Chengdu — Leshan) Expressway
“Chengren Expressway”	Chengdu-Meishan (Renshou) Section of Sichuan ChengZiLuChi (Chengdu — Zigong — Luzhou — Chishui) Expressway
“Chengnan Expressway”	Sichuan Chengnan (Chengdu — Nanchong) Expressway
“Chengya Expressway”	Sichuan Chengya (Chengdu — Ya’an) Expressway
“Chengyu Expressway”	Chengyu (Chengdu — Chongqing) Expressway (Sichuan Section)
“Suiyu Expressway”	Suiyu (Suining-Chongqing) Expressway

II. Subsidiaries, Branches and Invested Companies *(in Alphabetical Order)*

“Airport Expressway Company”	Chengdu Airport Expressway Company Limited
“Chengbei Company”	Chengdu Chengbei Exit Expressway Company Limited
“Chengle Company”	Sichuan Chengle Expressway Company Limited
“Chengren Branch”	Sichuan Expressway Company Limited Chengren Branch
“Chengya Branch”	Sichuan Expressway Company Limited Chengya Branch
“Chengyu Advertising Company”	Sichuan Chengyu Expressway Advertising Company Limited
“Shugong Company”	Sichuan Shugong Expressway Engineering Company Limited
“Shugong Testing Company”	Sichuan Shugong Road Construction Engineering Testing Company Limited
“Shuhai Company”	Chengdu Shuhai Investment Management Company Limited
“Shuhong Company”	Chengdu Shuhong Property Company Limited

“Shunan Company”	Shichuan Shunan Investment Management Company Limited
“Shusha Company”	Sichuan Shusha Enterprise Company Limited
“Zhonglu Company”	Sichuan Zhonglu Energy Company Limited

III. Others

“the Company” “Chengyu Company”	Sichuan Expressway Company Limited
“the Group”	the Company and its subsidiaries
“A Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
“H Share(s)”	overseas listed shares of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in HK\$ and listed on the main board of the Stock Exchange
“STI Group”	Sichuan Transportation Investment Group Corporation, the controlling shareholder of the Company

“Sichuan Highway Development”	Sichuan Highway Development Holding Company
“Huajian Company”	China Merchants Huajian Highway Investment Co., Ltd. (formally known as Huajian Transportation Economic Development Centre. In June 2011, its name was changed to China Merchants Huajian Highway Investment Co., Ltd., as approved by State Administration for Industry and Commerce of the People’s Republic of China), a substantial shareholder of the Company.
“SSF”	The National Council for Social Security Fund of the PRC (全國社會保障基金理事會轉持三戶), the shareholder of the Company. (On 27 July 2009, the A shares of the Company was listed on the Shanghai Stock Exchange. According to the Measures of Transfer of Certain State-owned Shares to National Social Security Fund through Domestic Stock Exchange Market) (Cai Qi No. [2009] 94) and Reply of State-owned Assets Supervision and Administration Commission of Sichuan Provincial Government on Transfer of State-Owned Shares of Sichuan Expressway Company Limited During Its IPO of A Shares (Chuan Guo Zi Chan Quan No. [2009] 39), Sichuan Highway Development and Huajian Transportation Economic Development Centre transferred 30,229,922 shares and 19,770,078 shares respectively to the National Council for Social Security Fund of the PRC).
“PRC” or “China”	the People’s Republic of China

“CSRC”	China Securities Regulatory Commission
“SFC”	the Securities and Futures Commission of Hong Kong
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“SASAC of Sichuan”	State-owned Assets Supervision and Administration Commission of Sichuan Province
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange and/ or The Rules Governing the Listing of Securities on the Shanghai Stock Exchange (as the case may be)
“Period” or “Reporting Period”	the 6 months ended 30 June 2011

CORPORATE INFORMATION

Statutory Chinese and English Names of the Company	四川成渝高速公路股份有限公司 Sichuan Expressway Company Limited
Legal Representative	Tang Yong
Company Website	http://www.cygs.com
Company's Registered Address & Office Address	252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
Postal Code	610041
Secretary to the Board	Zhang Yongnian
Tel	(8628) 8552 7510
Representative of Securities Affairs	Zhang Hua
Tel	(8628) 8552 7510
Fax	(8628) 8553 0753
Investors' Hotline	(8628) 8552 7510 / 8552 7526
E-mail	cygszh@163.com

Contact Address	252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
Place of Listing Shares	A Shares: Shanghai Stock Exchange Stock Code: 601107 Stock Name: Sichuan Express
	H Shares: The Stock Exchange of Hong Kong Limited Stock Code: 00107 Stock Name: Sichuan Express
Newspapers Designated by the Company for Information Disclosure	China Securities Journal, Shanghai Securities Journal
Websites Designated for Publication of interim Report	http://www.sse.com.cn http://www.hkex.com.hk http://www.cygs.com
Place for Inspection of the Interim Report	PRC: 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
	Hong Kong: Rooms 2201–2203, 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong

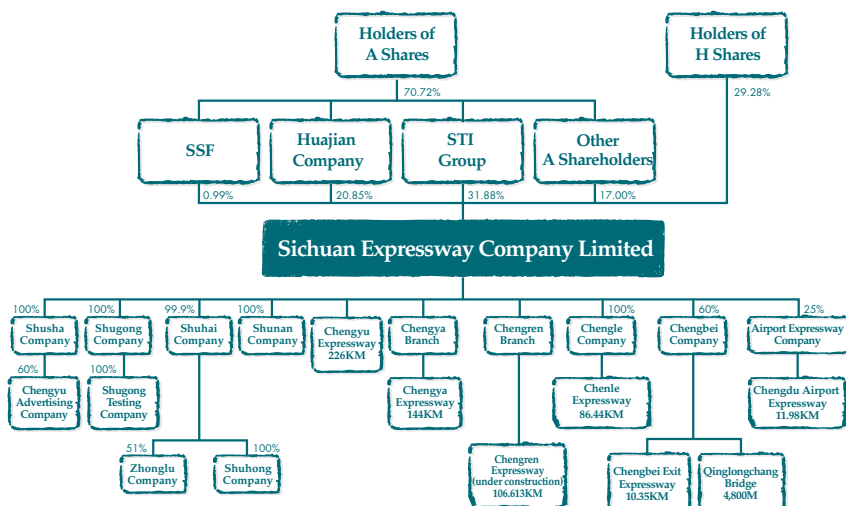
International Auditor	Ernst & Young Certified Public Accountants 18/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
PRC Auditor	Shinewing Certified Public Accountants 12F, Block A, Air China Century Centre, No. 1 Hangkong Road, Chengdu, Sichuan, the PRC
Hong Kong Legal Adviser	Messrs. Li & Partners 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
PRC Legal Adviser	Zhong Yin Law Firm 31F, Office Tower A, Jianwai SOHO, 39 Dongsanhuan Zhonglu, Chaoyang District, Beijing, China
Domestic Share Registrar and Transfer Office	China Securities Depository and Clearing Corporation Limited Shanghai Branch 36/F China Insurance Building, No.166 Lujiazui East Road, Pudong, Shanghai
Hong Kong Share Registrar and Transfer Office	Hong Kong Registrars Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Hong Kong	Rooms 2201-2203, 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
Initial Registration Date and Place	19 August 1997/Chengdu, Sichuan Province, the PRC
Latest Date of Registration Update	22 October 2009
Registration Number of Business Licence	510000400003856
Tax Registration Number	Chuan Guo Shui Zhi Zi No. 51010720189926X Chuan Shui Zi No. 51900020189926X
Organization Code	20189926-X
Principal Banker	China Construction Bank

COMPANY PROFILE

The Company was incorporated in Sichuan Province of the PRC on 19 August 1997. The Company was listed on the main board of the Stock Exchange on 7 October 1997 and on the SSE on 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 businesses related to toll expressways. The Company mainly owns all or substantially all interests in a number of toll roads in Sichuan Province such as Chengyu Expressway, Chengya Expressway, Chengle Expressway, Chengbei Exit Expressway as well as the Chengren Expressway which is under construction. As at 30 June 2011, the total length of the completed expressways of the Company has reached approximately 467km in total and the length of the expressways under construction amounted to approximately 106km, representing total assets of approximately RMB14,561,101,000 and net assets of approximately RMB8,743,745,000.

As at the date hereof, the total share capital of the Company was 3,058,060,000 shares (including 895,320,000 H Shares and 2,162,740,000 A Shares). The shareholdings and major asset structure of the Company were as follows:



INTERIM CONDENSED FINANCIAL INFORMATION

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	For the six months ended 30 June	
		2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
REVENUE	4	2,654,907	1,995,786
Cost of sales and other direct operating costs		(1,817,415)	(1,199,534)
Gross profit		837,492	796,252
Other income and gains	4	45,882	30,383
Administrative expenses		(42,598)	(37,629)
Other operating expenses		(11,162)	(4,400)
Finance costs	5	(64,906)	(49,618)
Share of profits and losses of associates		5,598	7,456
PROFIT BEFORE TAX	6	770,306	742,444
Income tax expense	7	(192,586)	(112,834)
PROFIT FOR THE PERIOD		577,720	629,610

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME** (Continued)

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
<i>Notes</i>	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME		
Changes in fair value of available-for-sale assets	(10,401)	—
Income tax effect	2,600	—
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(7,801)	—
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	569,919	629,610
	<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:		
Owners of the Company	567,538	617,965
Non-controlling interests	10,182	11,645
	<hr/>	<hr/>
	577,720	629,610
	<hr/> <hr/>	<hr/> <hr/>

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME** (Continued)

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
<i>Notes</i>	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Total comprehensive income attributable to:		
Owners of the Company	559,740	617,965
Non-controlling interests	10,179	11,645
	<u>569,919</u>	<u>629,610</u>

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

Basic and diluted	8	<u>RMB0.186</u>	<u>RMB0.202</u>
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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

		30 June	31 December
		2011	2010
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	556,246	522,304
Service concession arrangements	9	9,904,715	8,789,880
Prepaid land lease payments	9	555,845	571,878
Interests in associates		59,966	66,077
Available-for-sale investments		75,416	85,817
Long term compensation receivables		68,932	71,921
Payments in advance	10	350,436	415,087
Deferred tax assets		354	354
		<hr/>	<hr/>
Total non-current assets		11,571,910	10,523,318
CURRENT ASSETS			
Inventories		38,540	11,907
Prepayments, deposits and other receivables	11	957,022	78,743
Pledged deposits		30,508	10,000
Cash and bank balances		1,963,121	1,273,719
		<hr/>	<hr/>
Total current assets		2,989,191	1,374,369

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

30 June 2011

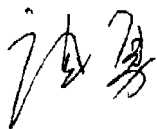
		30 June	31 December
		2011	2010
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
CURRENT LIABILITIES			
Tax payable		181,850	119,811
Other payables and accruals		889,880	661,923
Interest-bearing bank and other loans	12	<u>2,177,727</u>	<u>1,297,727</u>
Total current liabilities		<u>3,249,457</u>	<u>2,079,461</u>
NET CURRENT LIABILITIES		<u>(260,266)</u>	<u>(705,092)</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>11,311,644</u>	<u>9,818,226</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	12	2,553,689	1,377,419
Deferred tax liabilities		<u>14,210</u>	<u>16,810</u>
TOTAL NON-CURRENT			
LIABILITIES		<u>2,567,899</u>	<u>1,394,229</u>
Net assets		<u><u>8,743,745</u></u>	<u><u>8,423,997</u></u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

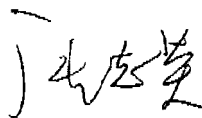
30 June 2011

	30 June 2011 Notes	31 December 2010
	RMB'000	RMB'000
	(Unaudited)	
EQUITY		
Equity attributable to owners of the Company		
Issued capital	3,058,060	3,058,060
Reserves	5,555,264	4,995,524
Proposed final dividend	—	266,051
	<u>8,613,324</u>	<u>8,319,635</u>
Non-controlling interests	130,421	104,362
Total equity	<u>8,743,745</u>	<u>8,423,997</u>



Tang Yong

Director



Zhang Zhiying

Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company											
	Issued capital	Share premium account	Statutory surplus reserve	General surplus reserve	Difference arising from acquisition of non-controlling interests	Available-for-sale investment reserve	Merger difference	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2010	3,058,060	2,654,601	716,881	586,149	(248,470)	–	(533,123)	912,303	195,716	7,342,117	103,573	7,445,690
Total comprehensive income for the period	–	–	–	–	–	–	–	617,965	–	617,965	11,645	629,610
Dividends declared to owners of the Company	–	–	–	–	–	–	–	–	(195,716)	(195,716)	–	(195,716)
At 30 June 2010	<u>3,058,060</u>	<u>2,654,601</u>	<u>716,881</u>	<u>586,149</u>	<u>(248,470)</u>	<u>–</u>	<u>(533,123)</u>	<u>1,530,268</u>	<u>–</u>	<u>7,764,366</u>	<u>115,218</u>	<u>7,879,584</u>
At 1 January 2011	3,058,060	2,654,601*	834,792*	775,510*	(248,470)*	27,960*	(533,123)*	1,484,254*	266,051	8,319,635	104,362	8,423,997
Profit for the period	–	–	–	–	–	–	–	567,538	–	567,538	10,182	577,720
Other comprehensive income for the period:												
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	–	(7,798)	–	–	–	(7,798)	(3)	(7,801)
Total comprehensive income for the period	–	–	–	–	–	(7,798)	–	567,538	–	559,740	10,179	569,919
Capital injection from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	25,480	25,480
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(9,600)	(9,600)
Dividends declared to owners of the Company	–	–	–	–	–	–	–	–	(266,051)	(266,051)	–	(266,051)
At 30 June 2011	<u>3,058,060</u>	<u>2,654,601*</u>	<u>834,792*</u>	<u>775,510*</u>	<u>(248,470)*</u>	<u>20,162*</u>	<u>(533,123)*</u>	<u>2,051,792*</u>	<u>–</u>	<u>8,613,324</u>	<u>130,421</u>	<u>8,743,745</u>

* 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 2011

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FLOWS USED IN		
OPERATING ACTIVITIES	(983,737)	(141,085)
NET CASH FLOWS FROM/(USED IN)		
INVESTING ACTIVITIES	(29,038)	7,328
NET CASH OUTFLOWS BEFORE		
FINANCING ACTIVITIES	(1,012,775)	(133,757)
NET CASH FLOWS FROM		
FINANCING ACTIVITIES	1,722,685	84,244
NET INCREASE/(DECREASE) IN		
CASH AND CASH EQUIVALENTS	709,910	(49,513)
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF PERIOD	1,283,719	1,805,762
CASH AND CASH EQUIVALENTS		
AT END OF PERIOD	1,993,629	1,756,249

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

For the six months ended 30 June 2011

For the six months ended 30 June

	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)

ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:

Cash and bank balances	1,762,255	1,500,105
Non-pledged time deposits	200,866	246,144
	<hr/>	<hr/>
Cash and cash equivalents as stated in the statement of financial position	1,963,121	1,746,249
Pledged time deposits	30,508	10,000
	<hr/>	<hr/>
Cash and cash equivalents as stated in the statement of cash flows	1,993,629	1,756,249
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

For the six months ended 30 June 2011

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 2011 (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.

On 16 April 2010, in order to facilitate the construction of an integrated transportation hub in western China and the economic development of western China, the People’s Government of Sichuan Province established Sichuan Transport Industry Investment Group Company Limited (“Transport Investment Group”). On 16 November 2010, Transport Investment Group and Sichuan Highway Development Company Limited (“Sichuan Highway Development”) entered into a share transfer agreement, pursuant to which Sichuan Highway Development agreed to transfer 975,060,078 A Shares (representing 31.88% of the total share capital of the Company) to Transport Investment Group for nil consideration (the “Share Transfer”). The Share Transfer was completed on 25 March 2011, when Shanghai Branch of China Securities Depository and Clearing Corporation Limited issued a confirmation letter for securities transfer and registration, confirming that 975,060,078 shares of the Company held by Sichuan Highway Development have been transferred to Transport Investment Group and the nature of the shares is state-owned shares.

1. CORPORATE INFORMATION *(Continued)*

In the opinion of the directors, Transport Investment Group succeeded Sichuan Highway Development as the parent and the ultimate holding company of the Company upon completion of the above Share Transfer.

2.1 BASIS OF PREPARATION

The unaudited interim condensed financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2010.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that are relevant to the Group’s operations mandatory for the annual periods beginning 1 January 2011. The effect of the adoption of these standards was not material to the Group’s results of operations or financial position.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Fundamental accounting concept

As at 30 June 2011, the current liabilities of the Group exceeded its current assets by approximately RMB260.3 million. The directors prepared this interim condensed financial information on a going concern basis notwithstanding the net current liabilities position because based on correspondences received by the Group, banking facilities of RMB1.69 billion, RMB1.05 billion, RMB0.6 billion, RMB0.5 billion, RMB0.1 billion and RMB0.3 billion granted by China Construction Bank, Industrial and Commercial Bank of China, Bank of China, Shanghai Pudong Development Bank, China Merchants Bank and Huaxia Bank, respectively, are available to the Group within the next one or two years. As stipulated in those correspondences from the various banks, the approved limits of facilities that those banks grant the Group to withdraw limit for the next one and two years aggregated RMB4.14 billion and RMB0.1 billion, respectively. As at 30 June 2011, banking facilities of RMB3.84 billion and RMB0.1 billion of the above available banking facilities remained unutilized within the next one and two years, respectively.

In addition, the Company entered into with the sole mandated lead arranger, China CITIC Bank Corporation Limited (Chengdu Branch) and other eight banks in the PRC as joint lenders last year for a mid-long term syndicated loan totalling RMB4.89 billion to finance the construction of the Chengdu-Meishan section of Chengdu – Zigong – Luzhou – Chishui Expressway (“Chengren Expressway Project”), of which RMB2.027 billion has been drawn down by the Company as at 30 June 2011.

3. OPERATING SEGMENT INFORMATION

Operating segments information is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. For the six months ended 30 June 2010 and 30 June 2011, the board of directors (the “Board”) of the Company concluded that there was no separate reporting segment apart from the toll operation segment. The Board reviews and assesses the performance on the toll operation segment based on the information available for the purpose of allocating resources to the segment and assessing its performance. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

All external revenue of the Group during the six months ended 30 June 2011 and 30 June 2010 was attributable to the operation of expressways in the PRC, the place of domicile of the Group’s operating entities. The Group’s non-current assets are all located in the PRC.

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Toll income		
– Chengyu Expressway	576,809	557,915
– Chengya Expressway	326,010	310,681
– Chengle Expressway	247,999	192,109
– Chengbei Exit Expressway and Qinglongchang Bridge	53,047	53,267
Less: Revenue taxes	(41,233)	(34,436)
Total toll income, net of revenue taxes	1,162,632	1,079,536
Construction revenue in respect of service concession arrangements	1,239,551	880,577
Construction revenue in respect of construction works performed for third parties	244,378	26,289
Others (including income from rental and advertising)	8,346	9,384
	2,654,907	1,995,786

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

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income from		
discounting of long term		
compensation receivables	10,377	10,697
Interest income from bank deposits	9,319	9,636
Interest income from advances		
given in respect of		
Project Renbao		
<i>(as defined in note 11 (a) (i))</i>	8,847	—
Rental income	2,759	732
Dividend income from an		
available-for-sale investment	1,613	—
Miscellaneous	12,967	9,318
	<hr/>	<hr/>
	45,882	30,383
	<hr/>	<hr/>
Total revenue, other income		
and gains	2,700,789	2,026,169
	<hr/> <hr/>	<hr/> <hr/>

5. FINANCE COSTS

	For the six months ended 30 June	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other loans	75,198	13,923
Interest on short term commercial papers	26,971	37,624
Cost on issuance of commercial papers	8,000	—
Bank charges	286	228
	<hr/>	<hr/>
	110,455	51,775
Less: Interest capitalised in service concession arrangements	(45,549)	(2,157)
	<hr/>	<hr/>
	64,906	49,618
	<hr/> <hr/>	<hr/> <hr/>
Interest rate of borrowing costs capitalised in the range of:	5.35% - 6.12%	5.35%
	<hr/> <hr/>	<hr/> <hr/>

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction costs in respect of service concession arrangements*	1,236,573	867,631
Construction costs in respect of construction works performed for third parties	239,574	24,643
Depreciation and amortisation expenses (note 9)	177,863	164,532
Employee costs	115,842	95,849
Repairs and maintenance expenses	27,626	35,067
Auditors' remuneration	360	453
Minimum lease payments under operating leases:		
Land and buildings	10,960	10,214
Loss on disposal of items of property, plant and equipment	136	766
	<u> </u>	<u> </u>

* During the Period, depreciation charge of RMB291,000 (six months ended 30 June 2010: RMB254,000) is included in the construction costs in respect of service concession arrangements.

7. INCOME TAX EXPENSE

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

The Company and its subsidiaries and associates that operate in Mainland China are subjected to the statutory corporate income tax (“CIT”) rate of 25% during the Period.

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

	For the six months ended 30 June	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current — Mainland China		
Charge for the Period	<u>192,586</u>	<u>112,834</u>

The share of tax attributable to associates amounting to RMB2,472,000 (six months ended 30 June 2010: RMB1,417,000) is included in “share of profits and losses of associates” on the face of the interim consolidated statement of comprehensive income.

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

The calculation of basic earnings per share is based on the profit for the Period attributable to owners of the Company of RMB567,538,000 (six months ended 30 June 2010: RMB617,965,000) and the number of ordinary shares of 3,058,060,000 (six months ended 30 June 2010: 3,058,060,000) in issue during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2010 and 2011 in respect of a dilution as the Company had no potential dilutive ordinary shares in issue.

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

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

	Property, plant and equipment <i>RMB'000</i> (Unaudited)	Service concession arrangements* <i>RMB'000</i> (Unaudited)	Prepaid land lease payments <i>RMB'000</i> (Unaudited)
Carrying amount at beginning of the Period	522,304	8,789,880	571,878
Additions	62,675	1,248,414	—
Disposals	(482)	—	—
Depreciation/amortisation charged for the Period	<u>(28,251)</u>	<u>(133,579)</u>	<u>(16,033)</u>
Carrying amount at end of the Period	<u><u>556,246</u></u>	<u><u>9,904,715</u></u>	<u><u>555,845</u></u>

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

- * During the Period, construction costs of RMB1,186,602,000 (six months ended 30 June 2010: RMB785,350,000) were incurred for Chengren Expressway Project. Those construction costs were included in the addition of service concession arrangements which will be amortised upon the commencement of operation of Chengren Expressway Project. In addition, those construction costs of RMB1,186,602,000 (six months ended 30 June 2010: RMB785,350,000) and construction revenue of RMB1,186,602,000 (six months ended 30 June 2010: RMB785,350,000) were recognised in respect of the construction service provided by the Company for Chengren Expressway Project using the percentage of completion method during the Period. All construction activities of Chengren Expressway Project are sub-contracted to third parties subcontractors and the Group only performs project management.

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

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

As at 30 June 2011, the concession rights pertaining to Chengbei Exit Expressway and Chengle Expressway with the respective book values of approximately RMB174,822,000 and RMB1,193,705,000 (31 December 2010: RMB181,706,000 and RMB1,212,637,000), respectively were pledged to secure bank loans amounting to RMB166,000,000 and RMB106,400,000 (31 December 2010: RMB166,000,000 and RMB106,400,000), respectively (note 12(a)).

10. PAYMENTS IN ADVANCE

Payments in advance as at 30 June 2011 and 31 December 2010 were in respect of prepayments for the construction of the Chengren Expressway Project.

As at 30 June 2011, payments in advance consisted of RMB330,436,000 (31 December 2010: RMB370,707,000) paid by the Company to independent subcontractors before the commencement of the construction works and RMB20,000,000 (31 December 2010: RMB44,380,000) paid to Renshou County People's Government and Shuangliu County People's Government for resettlement of residents and removal of obstacles, respectively, for the construction of Chengren Expressway Project.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		30 June	31 December
		2011	2010
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
Deposits and other receivables	(a)	731,572	188,785
Impairment of other receivables		(113,342)	(113,342)
Deposits and other receivables, net of impairment		618,230	75,443
Due from a contract customer	(b)	244,215	—
Prepayments	(c)	94,577	3,300
		957,022	78,743

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(Continued)

(a) Deposits and other receivable at 30 June 2011 mainly included the following balances:

- (i) An amount receivable from Communication Bureau of Shuangliu County (“CBSC”) of RMB452,847,000 and a performance guarantee deposit paid to CBSC of RMB59,208,000

Pursuant to two separate agreements entered into between the Group and CBSC (the “Renbao Agreements”), the Group was selected as the main contractor and is responsible for the construction of roads within Renbao Park, Tianfu New District, Shuangliu County, Chengdu (the “Project Renbao”). As stipulated in the Renbao Agreements, the Group is required to provide temporary advances up to RMB554,700,000 to CBSC for the resettlement of residents and removal of obstacles works perform by CBSC. Such advances bear an interest by reference to the benchmark interest rate promulgated by the People’s Bank of China plus 1% per annum. As at 30 June 2011, the receivable from CBSC consisted of advances made by the Group and related interest arising from such advances amounting to RMB444,000,000 and RMB8,847,000, respectively. Pursuant to the Renbao Agreements, the receivable from CBSC will be settled upon completion of the Project Renbao.

In accordance with Renbao Agreements, the Group is required to set aside a performance guarantee deposit of RMB79,716,000, of which RMB59,208,000 was paid by the Group to CBSC and the remaining RMB20,508,000 was satisfied by the pledge of the Group’s time deposits.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(Continued)

- (a) Deposits and other receivable at 30 June 2011 mainly included the following balances: *(Continued)*
 - (ii) Pursuant to an agreements entered into between the Group and the Leading Group Office of the Key Transport Construction Projects of Renshou (the “Leading Office”), an authorised governmental body of Renshou County (the “Renshou Agreement”), the Group was selected as the main contractor and is responsible for the construction of Renshou Road Connection Line (the “Project Renshou”). As stipulated in the Renshou Agreement, the Group is required to provide temporary advances up to RMB60,000,000 to the Leading Office for the resettlement of residents and removal of obstacles works performed. Such advances will be settled within one year from the date when first payment was made by the Group and bear an interest at a rate of 10% per annum. As at 30 June 2011, the Group has made advances of RMB42,100,000 to the Leading Office.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(Continued)

(a) Deposits and other receivable at 30 June 2011 mainly included the following balances: *(Continued)*

(iii) A bidding deposit paid to Chengdu Municipal Committee of Communication (“CMCC”) in respect of the bidding of the Chengren Expressway Project

In accordance with the bidding arrangement, the Company was required to set aside a bidding deposit of RMB20,000,000 of which RMB10,000,000 was paid by the Company to CMCC and the remaining RMB10,000,000 was satisfied by the pledge of the Company’s time deposit.

The bidding deposit and pledged time deposit are expected to be refunded and released within 30 days after the Company makes payment of performance guarantee deposits of RMB200,000,000 to CMCC in respect of the Chengren Expressway Project.

(b) The balance represented a construction income receivable from CBSC in respect of the construction work performed by Group on the Project Renbao.

(c) As at 30 June 2011, prepayments mainly comprised prepayments made by the Group in respect of purchase of materials and constructor works to be performed by the Group’s sub-constructors aggregating to RMB88,789,000 (31 December 2010: RMB3,300,000).

12. INTEREST-BEARING BANK AND OTHER LOANS

		30 June	31 December
		2011	2010
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
Bank loans:			
Secured and guaranteed	(a)	106,400	106,400
Secured		2,193,198	2,480,110
Unsecured		350,000	—
Short term commercial papers	(b)	2,000,000	—
Other loans, unsecured	(c)	81,818	88,636
		<u>4,731,416</u>	<u>2,675,146</u>
Current portion		<u>2,177,727</u>	<u>1,297,727</u>
Non-current portion		<u>2,553,689</u>	<u>1,377,419</u>

At 30 June 2011, all interest-bearing bank and other loans of the Group were denominated in RMB.

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

- (a) Bank loans bear interest at the respective fixed rates ranging from 4.86% to 6.31% (six months ended 30 June 2010: from 4.78% to 5.35%) per annum. Bank loans amounting to RMB166,000,000 and RMB106,400,000 (31 December 2010: RMB166,000,000 and RMB106,400,000) are secured by the pledge of the concession rights of Chengbei Exit Expressway and Chengle Expressway, respectively (note 9). The mid-long term syndicated loan is secured by the pledged of future concession rights of the Chengren Expressway Project. In addition, Sichuan Highway Development has guaranteed certain of the Group's bank loans up to RMB106,400,000 for nil consideration (31 December 2010: RMB106,400,000) (note 15(c)).

- (b) On 17 March 2011, the Company issued another short term commercial papers totalling RMB2.0 billion to domestic institutional investors participating in the PRC interbank debt market. The short term commercial paper was issued at a par value of RMB100 per unit, with an interest rate of 4.58% per annum, and will be repaid on 16 March 2012.

- (c) Other loans are unsecured and bear interest at the respective fixed rates ranging from 2.82% to 5.00% (six months ended 30 June 2010: from 2.82% to 5.00%) per annum.

13. DIVIDENDS

(a) Dividends attributable to the interim period

At a meeting of the board of directors held on 30 August 2011, the directors of the Company resolved not to pay an interim dividend to shareholders (six months ended 30 June 2010: Nil).

(b) Dividends attributable to the previous financial year, declared and paid during the interim period

For the six months ended	
30 June	
2011	2010
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

Final dividend in respect
of the financial year ended
31 December 2010 of
RMB0.087 per share
(2009: RMB0.064)

Declared during the Period	266,051	195,716
Paid during the Period	(266,051)	(195,716)

—	—
=====	=====

14. COMMITMENTS

(a) Capital commitments

	30 June	31 December
	2011	2010
	RMB'000	<i>RMB'000</i>
	(Unaudited)	
Contracted, but not provided for	1,859,632	2,314,168
Authorised, but not contracted for	2,836,839	2,887,879
	<u>4,696,471</u>	<u>5,202,047</u>

Further details of the capital commitments of the Group as of 30 June 2011 are analysed as follows:

	30 June	31 December
	2011	2010
	RMB'000	<i>RMB'000</i>
	(Unaudited)	
In respect of:		
Chengren Expressway Project	4,414,661	5,176,349
Construction works to upgrade the rest and service areas and toll stations of the existing expressways	126,062	—
Construction works to upgrade the existing expressways	87,508	25,365
Construction of property, plant and equipment	68,240	333
	<u>4,696,471</u>	<u>5,202,047</u>

14. COMMITMENTS *(Continued)*

(b) Operating lease arrangements – As lessor

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000
Within one year	5,066	5,066
In the second to fifth years, inclusive	20,264	20,264
After five years	49,180	50,660
	<u>74,510</u>	<u>75,990</u>

(c) Operating lease arrangements – As lessee

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Unaudited)
Within one year	21,967	21,824
In the second to fifth years, inclusive	82,653	84,081
After five years	212,849	218,583
	<u>317,469</u>	<u>324,488</u>

15. RELATED PARTY TRANSACTIONS

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

- (a) In previous years, the Group obtained state loans amounting to RMB250,000,000 (31 December 2010: RMB250,000,000) in aggregate pursuant to the loan repayment agreements (the “Loan Repayment Agreements”) entered into between the Company and Sichuan Highway Development. Sichuan Highway Development is the predecessor parent and ultimate holding company of the Company. After the Share Transfer, both the Company and Sichuan Highway Development are controlled by Transport Investment Group. The state loans were originally made to the Sichuan Provincial Government through the Ministry of Finance for infrastructure development of the Sichuan Province. For the purpose of financing the construction of 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 2010: 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 RMB4,768,000 (six months ended 30 June 2010: RMB3,735,000).

15. RELATED PARTY TRANSACTIONS *(Continued)*

- (c) As at 30 June 2011, bank loans of Chengle Company aggregating to RMB106,400,000 (31 December 2010: RMB106,400,000) were guaranteed by Sichuan Highway Development (note 12(a)). The bank loans were guaranteed by Sichuan Highway Development for nil consideration.

- (d) On 21 December 2010, the Company entered into a one year tenancy agreement with Transport Investment Group whereby the Company leased out a certain part of its office buildings to Transport Investment Group at an annual rental of RMB2,035,000. During the Period, the rental received from Transport Investment Group amounted to RMB1,017,000 (30 June 2010: Not applicable).

- (e) On 1 February 2004, Chengle Company entered into a five year tenancy agreement (the "First Tenancy Agreement") with Sichuan Highway Development, whereby Sichuan Highway Development leased out certain part of its office buildings to Chengle Company at an annual rental of RMB1,195,000. The tenancy agreement was extended at an annual rental of RMB1,138,000 for another five years when the First Tenancy Agreement expired on 31 January 2009. During the Period, the rental payable to Sichuan Highway Development amounted to RMB569,000 (six months ended 30 June 2010: RMB569,000).

15. RELATED PARTY TRANSACTIONS *(Continued)*

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

	For the six months ended	
	30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	<u>120</u>	<u>120</u>
Other emoluments:		
Salaries, allowances and benefits in kind	1,113	973
Pension scheme contributions	51	49
Supplementary pension scheme contributions	<u>82</u>	<u>64</u>
	<u>1,246</u>	<u>1,086</u>
Total compensation paid to key management personnel	<u>1,366</u>	<u>1,206</u>

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

15. 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

Madam. Hu Yu

And the independent non-executive directors are:

Madam Luo Xia

Mr. Feng Jian

Mr. Zhao Zesong

Mr. Xie Bangzhu

16. EVENTS AFTER THE REPORTING PERIOD

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

17. COMPARATIVE AMOUNTS

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

18. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Board on 30 August 2011.

CHANGES IN SHARE CAPITAL AND SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

- I. During the Period, there was no change in the total number of shares and capital structure of the Company.**

- II. As at 30 June 2011, the Company had 119,423 shareholders, including 119,111 holders of A shares and 312 holders of H shares.**

- III. Substantial shareholders' and other persons' interests in shares and underlying shares**

So far as the Company was aware, as at 30 June 2011, 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 (Chapter 571, Laws of Hong Kong):

Long positions in the shares of the Company:

Name	Type of shares	Long position/ short position	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
Substantial shareholders						
STI Group	Domestic shares (state-owned shares)	Long Position	975,060,078	31.88%	45.08%	Beneficial owner
Huajian Company	Domestic shares (legal person shares)	Long Position	637,679,922	20.85%	29.48%	Beneficial owner
Other persons						
Chilton Investment Company, Inc.	H Shares	Long Position	71,580,266	2.34%	7.99%	Interests of controlled corporations
Chilton Investment Company, LLC	H Shares	Long Position	71,580,266	2.34%	7.99%	Investment manager
Chilton Richard Lockwood, Jr.	H Shares	Long Position	71,580,266	2.34%	7.99%	Interests of controlled corporations
Matthews International Capital Management, LLC	H Shares	Long Position	54,190,000	1.77%	6.05%	Investment manager

Save as disclosed above, as at 30 June 2011, 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.

IV. Change in the controlling shareholder of the Company during the Period.

On 16 April 2010, STI Group was established by Sichuan Provincial Government for the purpose of facilitating the construction of an integrated transportation hub in western China and the economic development highland of western China. STI Group is a large scale state-owned enterprise, with registered capital of RMB35 billion and total assets of RMB120 billion. It is comprised of the group headquarters and three key subsidiaries, namely, Sichuan Highway Development, the Company, Sichuan Province Ports-Shipping Exploitation Limited Liability Company (四川省港航開發有限責任公司).

According to such STI Group organization plan, 31.88% of the state-owned shares of the Company held by Sichuan Highway Development shall be transferred to STI Group at nil consideration. On 25 March 2011, China Securities Depository and Clearing Corporation Limited Shanghai Branch issued Confirmation Letter for Securities Transfer and Registration, confirming that 975,060,078 domestic shares of the Company held by Sichuan Highway Development have been transferred to STI Group and the nature of the shares is state-owned shares. Upon the completion of the transfer of state-owned shares at nil consideration, the total share capital of the Company remained unchanged. STI Group, through directly holding 31.88% of total issued shares of the Company, became the controlling shareholder of the Company. Sichuan Highway Development ceased to hold any shares of the Company.

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

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Shareholding of Directors, Supervisors and Senior Management

During the Period, none of the directors (the “Director”), supervisors (the “Supervisor”) or senior management (the “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

During the Period, there was no change in the Directors, Supervisors and Senior Management.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Analysis of Business Environment

Economic development is a key factor to the growth of traffic demand. Confronted with a complicated and volatile international situation in the first half of 2011, the State kept strengthening and improving macroeconomic regulation and the domestic economy performed well. According to preliminary calculation of National Bureau of Statistics of China, China's GDP for the first half of the year amounted to RMB20,445.9 billion. In terms of comparable prices, GDP increased by 9.6% year on year. The GDP of Sichuan Province for the first half of 2011 was approximately RMB930 billion, representing a year-on-year increase of 14.5%. Total retail sales of social consumer products of the whole province amounted to RMB370.77 billion, representing a year-on-year increase of 18.0%, of which car consumption increased by 19.8% year-on-year to RMB39.85 billion.

II. BUSINESS REVIEW AND ANALYSIS

1. Business overview

The earnings of the Group were mainly derived from the operation and investment of toll expressways. As at the end of the Period, the Group mainly operated 4 toll expressways in Sichuan Province, namely, Chengyu Expressway, Chengya Expressway, Chengle Expressway and Chengbei Exit Expressway, with a total length of approximately 467km.

In the first half of 2011, the domestic economy of the PRC experienced a slowdown of growth rate compared with the same period last year in spite of the overall good performance. In addition, as the tax incentives in relation to the development of Western China expired at the end of 2010, income tax expenses of the Company, Chengle Company and Chengbei Company were calculated temporarily at the tax rate of 25% (the same period last year: 15%) before the tax authority promulgates a new tax policy. These factors, coupled with the increase in financing costs the Group incurred with the advancement of business, exerted certain impact on the Group's income and profit levels. For the half year ended 30 June 2011, the revenue of the Group amounted to RMB2,654,907,000 (RMB1,995,786,000 for the same period in 2010), representing a year-on-year increase of 33.03%, among which net toll income amounted to RMB1,162,632,000 (RMB1,079,536,000 for the same period in 2010), representing a year-on-year increase of 7.70%. Profit attributable to owners of the Company was RMB567,538,000 (RMB617,965,000 for the same period in 2010), representing a year-on-year decrease of 8.16%. Basic earnings per share was RMB0.186 (RMB0.202 for the same period in 2010).

As at 30 June 2011, the total assets and the net assets of the Group were approximately RMB14,561,101,000 and RMB8,743,745,000 respectively.

2. Operating Results of the Group's Principal Operations

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

Item	Toll	Percentage	Toll	Percentage	Profit for	Year-
	income for	in the total	income for	in the total	the Period	on-year
	the Period	toll income	the same	toll income	the Period	increase/ (decrease)
	(RMB'000)	(%)	period	(%)	(RMB'000)	(%)
			in 2010			
Chengyu Company (Note 1)	576,809	47.91	557,915	50.08	309,790	(9.76)
Chengya Branch (Note 2)	326,010	27.08	310,681	27.89	134,532	(15.20)
Chengle Company (Note 3)	247,999	20.60	192,109	17.25	134,364	20.74
Chengbei Company (Note 4)	53,047	4.41	53,267	4.78	25,809	(11.25)
Total	<u>1,203,865</u>	<u>100.00</u>	<u>1,113,972</u>	<u>100.00</u>	<u>604,495</u>	<u>(5.89)</u>

Notes:

- For the purpose of this table only, Chengyu Company does not include Chengya Branch. Chengyu Company is responsible for the operation and management of Chengyu Expressway. Its profit for the Period includes its share of profit and loss of its associated company;
- Chengya Branch, a branch of the Company, is responsible for the operation and management of Chengya Expressway. Its profit for the Period includes its share of profit and loss of its associated company;
- Chengle Company, a wholly owned subsidiary of the Company, is responsible for the operation and management of Chengle Expressway;

4. Chengbei Company, a subsidiary of the Company, is responsible for the operation and management of Chengbei Exit Expressway and Qinglongchang Bridge. The toll income of Chengbei Company was the aggregate amount of the toll incomes of Qinglongchang Bridge and Chengbei Exit Expressway. Its profit for the Period includes its share of profit and loss of its associated company.

Operating performance of major expressways of the Group:

Item	Shareholding percentage	Converted average daily traffic flow for a journey (vehicle)			Toll income (RMB'000)		
		For the			For the		
		For the same period	same period	Increase/ (decrease) (%)	For the same period	same period	Increase/ (decrease) (%)
Chengyu Expressway	100%	23,751	20,661	14.96	576,809	557,915	3.39
Chengya Expressway	100%	15,845	15,224	4.08	326,010	310,681	4.93
Chengle Expressway*	100%	22,319	24,775	N/A	247,999	192,109	29.09
Chengbei Exit Expressway (including Qinglongchang Bridge)	60%	33,689	34,123	(1.27)	53,047	53,267	(0.41)

- * During the Period, the traffic flow data of Chengle Expressway were distorted, thus it is not comparable to the same period last year. Reasons are as follows: the completion and opening to traffic of Leyi (Leshan-Yibin) Expressway (“**Leyi Expressway**”) on 26 December 2010, as an extended line of Chengle Expressway, increased the traffic volume of Chengle Expressway. However, as Leyi Expressway commenced operation, Leshan Station on the main lane of Chengle Expressway was closed; Leshan Stations were set up on four ramps. Chengle Expressway ran only two of them (at one entrance and one exit). The other two ramp stations were managed by Leyi Expressway. As the traffic flow at the opening of the toll station was adopted in calculating the actual traffic flow of Chengle Expressway, part of the traffic volume was not included in that of Chengle Expressway during the Period.

During the Period, the toll income of the Group continued to grow as a whole, though at a slower pace. Main factors affecting the operating performance of toll expressways during the Period include:

- Despite the political and economic turmoil around the world in the first half of 2011, China's economy performed well as Chinese government focused on adjusting structure and controlling inflation by strengthening and improving macroeconomic regulations. The GDP growth of the first half of the year, though slightly slower than the same period last year, remained fast, which was a fundamental force driving the traffic demand.
- The State continues to proceed with western China development scheme; the Chengdu-Chongqing (Chengyu) Economic Zone Development Plan was approved by the State Council in March this year and thus became part of the national strategy; the government of Sichuan Province examined and approved the Sichuan Expressway Network Plan (adjusted in 2011) in January 2011 to increase the total planned length of expressways in the province from 8,600km to approximately 12,000km. As a large infrastructure conglomerate in Sichuan, all these factors exerted positive and profound impact on the sustained and healthy development of the Group.

- In recent years, as Sichuan Province put more efforts in attracting investment, over 200 enterprises listed in World Top 500 established offices in Chengdu so far, ranking first among cities in the west of the country. The resulting increased demand for traffic in Sichuan brings positive influence to the operation and development of the Group.
- With China's shift to a prudent monetary policy and the withdrawal of policies stimulating consumption (such as tax incentive on car purchases), the domestic automobile market demonstrated a slight pullback, the overall car consumption growth, however, remained fast. The total retail sales of automobiles in China in the first half of the year amounted to RMB953.8 billion, representing a year-on-year increase of 15.0%. The total retail sales of automobiles in Sichuan Province in the first half of the year amounted to RMB39.85 billion, representing a year-on-year increase of 19.8%; 22.1 and 10.1 percentage points lower respectively than the same period last year. The continuous growth of automobile consumption was still a contributor to the operating results of the Group.
- In the first half of 2011, inbound tourist market of Sichuan Province underwent favourable recovery, contributing a total of RMB123.184 billion revenue to Sichuan, up 29.7% year-on-year, thus effectively driving the growth of traffic volume.

- Sichuan implemented a toll-by-weight policy for trucks travelling on expressways since 1 June 2007. During the trial period (ended on 30 September 2010), normally loaded vehicles were given a 20% toll discount. Currently, the trial period has expired, but the toll discount preferential policy is still being implemented in the province because no official approval regarding such issue has been received from relevant governmental authority.

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

Chengyu Expressway: Traffic volumes for Chengyu Expressway were affected by traffic diversions from Leyi Expressway which was completed and opened to traffic on 26 December 2010, a new route from Chengdu to Yinbin via Chengya, Chengle and Leyi Expressways in addition to the existing route via Chengyu and Neiji (Neijiang-Yibin) Expressways.

Chengya Expressway: (1) On 9 November 2010, Qiongming (Qionglai City-Mingshan County of Ya'an City) Expressway, with its beginning and ending connected to Chengwenqiong (Chengdu City-Wenjiang District- Qionglai City) Expressway and Chengya Expressway respectively, was completed, opened to traffic and become the second fast route from Chengdu to Ya'an, and hence diverted away some traffic from Chengya Expressway. (2) The maintenance and repairing work of Route 318, which is parallel with the Ya'an East Station-Mingshan Station-Taiping Station section of Chengya Expressway, was completed in February 2011. Besides, Ya'an Municipal Government imposed an annual fee on Chuan T passenger automobiles, and the toll-by-weight policy did not apply to Route 318. As a result, the Ya'an section of Chengya Expressway suffered from the effects of traffic diversion. (3) Leyi Expressway which was completed and opened to traffic on 26 December 2010 brought more traffic flow to Chengya Expressway.

Chengle Expressway: The Meishan section of Route 103 (old road) opened to traffic after its maintenance and repairing work was completed in April 2011, which led to some traffic diversion of the corresponding section of Chengle Expressway. Leyi Expressway, which was completed and opened to traffic on 26 December 2010 became the extended line of Chengle Expressway, and in turn brought more traffic flow to Chengle Expressway.

Chengbei Exit Expressway: During the Period, Chengbei Exit Expressway recorded a drop in both traffic flow and toll income for the following reasons: (1) the Dajian section of Chuanshan Highway, after the reconstruction work with an aim for expansion, was completed, opened to traffic at the end of 2010 and its Sanhechang and Guanghan Toll Stations stopped toll collection since 26 January 2011; (2) in November 2010, the section from No. 2 Ring Road in Chengdu urban district to Sanxing Town of Guanghan City of Chengde Highway (Chengdu-Deyang) (new northern main line and northern extended line) was completed and opened to traffic; (3) at the end of November 2010, an interchange overpass at the intersection of Longtansi Road and No. 3 Ring Road on the Chengqingjin (Chengdu-Qingbaijiang-Jintang) Fast Route was completed and brings more advantage in terms of convenience to the Route; (4) in order to alleviate congestion in the urban district, traffic was restricted in specified time periods on No. 3 Ring Road of Chengdu since January 2011; in addition, a system that barred vehicles from No. 3 Ring Road by restricting vehicles by the final digit of their license plates was implemented from 20 June to 30 September 2011 due to road surface maintenance work of its main and auxiliary lanes, decreased traffic volume into Chengbei Exit Expressway via No. 3 Ring Road was resulted.

3. Project Investment and Financing

(1) Investments

- *Investment in and construction of Chengren Expressway*

At the Company's third extraordinary general meeting of 2009 held on 15 July 2009, resolutions were passed to approve the investment in and the construction of Chengren Expressway. The total length of Chengren Expressway is approximately 106.613km, commencing from Chengdu Ring Expressway (K34+600) and ending at Zhichanggou at the boundary of Renshou County, Meishan and Weiyuan County, Neijiang. The operation of Chengren Expressway is expected to commence by the end of 2012. The operation period for Chengren Expressway will last for 29 years and 300 days from the first day when Chengren Expressway commences to charge toll fees.

As at the end of the Period, the construction of the project had been progressing smoothly. A total of RMB1,187,119,000 was invested on an accumulative basis during the first half of 2011. Since commencement of construction of this project, a total of RMB3,167,148,000 had been invested on an accumulative basis, representing 43.32% of the total investment budget of the project which is RMB7,311,141,000, including a total of RMB1,742,613,000 investment in respect of installation of relevant facilities.

The investment in and construction of Chengren Expressway will further consolidate the business position of the Company in the investment, management and operation of expressways in Sichuan and western China, and boost the core competitiveness of the Company, so as to enhance its sustainable development ability.

- *Investment in and construction of road project within Renbao Industry Park, Tianfu New District, Shuangliu County, Chengdu City in the form of build-transfer (“**Shuangliu Renbao BT Project**”)*

At the Board meetings held on 24 November 2010 and 28 January 2011, the Company considered and approved relevant works and arrangements regarding contract signing, preparation, construction and transfer of phrase I and phrase II of the investment in and construction of Renbao BT Project in Shuangliu County. The two phrases include 4 roads with a total length of 12.1km (Industry Park Avenue, Cargo Transportation Avenue, West 2nd section of Zhenggong road and Zongbao Road), roads with a total length of 15.96km comprising Industry Park Avenue east section, Wulian Avenue, Warehouse Road, Zongbaoheng Road, Patrol Road and Zhongbao section of Shuanghuang Road) as well as electricity shallow groove which is a part of infrastructure construction in Renbao park. The estimated

investments for them are approximately RMB687 million and RMB665 million, respectively. The Company won the bid for phrase I and phrase II of the Project in December 2010 and January 2011 respectively, and signed Investment Agreements in respect of the phase I and phase II projects with the Communication Bureau of Shuangliu County in January and March 2011. On 6 January 2011, the Company established its wholly-owned Sichuan Shunan Investment Management Company Limited as the project company to develop and construct the project. Currently, the construction of phrase I and phrase II are progressing smoothly, and a total of RMB417 million (including RMB240 million of advance payment for land appropriation) and RMB271 million (including RMB204 million of advance payment for land appropriation) have been invested respectively on an accumulative basis, representing 60.70% and 40.75% respectively of the estimated total investment of the project.

The project marked the first time for the Company to invest and construct transportation infrastructure projects in the form of BT. It did not only expand and enrich the Company's business development approach and experience, but also created a new profit driver, which in turn will further improve the Group's overall profitability.

- *Investment in Renshou land-linked pilot project and the connection line of Renshou Avenue in the form of build-transfer*

At the 34th meeting of the fourth session of the Board on 28 January 2011, the proposal regarding the proposed investment in Renshou land-linked pilot project in Renshou County, Meishan City and the connection line of Renshou Avenue in the form of build-transfer was approved. The Renshou land-linked pilot project is located in Gaotan village, Wenlin town (where the county government is located), Renshou County which involves a land area of 4,848 Mu. The investment specifically includes relocation of farmer's house, "San Tong Yi Ping" project (generally referred to as clearance of the site and resettlement, connecting temporary water and electricity supply to the site and road connection to the site) as well as construction of ancillary municipal roads, resettlement house (including preparation work) (approximately 112,700 square metres) and ancillary facilities and roads at the resettlement site. Renshou road connecting line project, commencing from Renshou Avenue which is under construction and ending at Renshou interchange toll plaza of Chengren Expressway, has a total length of 4,693 meters and the breadth of the road is 110 meters. The project includes the construction of a 60 metre-wide road, emergency shelter and the landscaping work. The Company won the bid for the project in March 2011, and signed the Framework Agreement on

Project Cooperation with Renshou County Assets Operation Co., Ltd. (仁壽縣資產經營有限公司) (under the special authorisation of the People's Government of Renshou County) in May 2011. The total investment for this project is approximately RMB712.21 million including RMB317.846 million for the land-linked pilot project and RMB 394.364 million for the connection line project (subject to the audit results of competent audit authority). The connection line project will be implemented by Shugong Company, a wholly-owned subsidiary of the Company, while the land-linked pilot project will be implemented by a project company — Shuhong Company to be set up exclusively by Shuhai Company, a subsidiary of the Company. In May 2011, Shugong Company and the Leading Group Office of the Key Transport Construction Projects of Renshou County (under the special authorisation of the People's Government of Renshou County) entered into the "Investment and Construction Agreement" in respect of the connection line of Renshou Avenue of Renshou County. Currently, the construction of the project has commenced. On 20 July 2011, Shuhong Company was established, and entered into the Investment and Construction Agreement in respect of the Renshou land linked pilot project with the Renshou County Land Resources Bureau (especially authorized by the People's Government of Renshou County) in August, taking charge of the investment and construction work regarding this project.

— *Integration project of gas stations along the Group's expressways*

In line with the development approach of “one main body and two wings”, the Company decided to put more efforts in developing expressway-related business by bringing in a cooperative partner for joint investment and joint operation of gas stations along expressways. In November 2010, the Sichuan Marketing Branch of PetroChina Company Limited (“**PetroChina**”), after undergoing a public selection process, was chosen by the Company. In March 2011, the Company and the Sichuan Marketing Branch of PetroChina signed the “Framework Agreement on Cooperation in Investment in and Construction and Operation of Gas Stations and Service Zones along Expressways”, pursuant to which both parties would make joint investment to set up a new company. The Company authorised Shuhai Company to handle matters in relation to the establishment of the new company. At the fourth meeting of the fourth session of the board of directors and 2011 general meeting of Shuhai Company held on 29 March 2011, the Resolution in respect of the Investment in and Operation and Management of Gas Stations was passed, approving the establishment of a new company, Zhonglu Company, to be jointly invested by Shuhai Company and PetroChina. In May 2011, Shuhai Company and PetroChina entered into

a capital injection agreement, under which the two companies would contribute RMB26.52 million and RMB25.48 million respectively (representing 51% and 49% of the registered capital) to set up Zhonglu Company. In June 2011, Zhonglu Company, with a registered capital of RMB52 million, was registered with Sichuan Administration for Industry and Commerce and officially established. Zhonglu Company proposed to lease from the Company the lands and related resources sufficient for constructing 4 pairs of gas stations along the Chengren Expressway, and to invest in, construct and operate these gas stations. In addition, Zhonglu Company proposes to lease and operate the gas stations along the Chengyu Expressway, and then gradually get involved in the development (and lease) of gas stations along other expressways of the Company.

The establishment of Zhonglu Company served as a platform for integrating the gas stations along the expressway operated by the Company, representing a big step in the Group's endeavor to further develop related business backed by expressways.

- *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 and related matters” and the “Intentional agreement regarding an asset acquisition of Chengnan Expressway”, both of which are non-legally binding, with Sichuan Chengnan Expressway Company Limited (四川成南高速公路有限責任公司) (“**Chengnan Company**”), the owners of Sichuan Section of Suiyu Expressway and Chengnan Expressway, and Sichuan Highway Development, the controlling shareholder of Chengnan Company, respectively. The Company has completed the selection of intermediaries in relation to this proposed acquisition, and Chengnan Company has completed most of its pre-acquisition works (such as sorting out its assets). However, the proposed acquisition has been postponed due to the pending land disposals of Chengnan Company.

With the establishment of STI Group and the transfer of the state shares of the Company held by Sichuan Expressway Development at nil consideration, the controlling shareholder of the Company changed from Sichuan Expressway Development to STI Group on 25 March 2011. According to the Letter Regarding Resolving Relevant Issues in respect of Business Competition between Sichuan Highway Development Holding Company and Sichuan Expressway Company Limited issued by STI Group, after the transfer of state-owned shares was completed, STI Group will supervise and coordinate the acquisition by the Company of the equity interest (no less than 51%) in Chengnan Company from Sichuan Expressway Development with an aim to complete the acquisition within 3 years.

(2) Financing activities of the Company

— Issue of short-term commercial papers

At the general meeting of the Company on 28 August 2007, resolutions were passed to approve the proposed issue of short-term commercial papers with a total amount not exceeding RMB2 billion per annum for a term of three years. The Company successfully issued short-term commercial papers with a total amount of RMB1.5 billion on 19 February 2008, which were fully repaid by the Company on 19 February 2009. On 27 November 2009, the Company further issued short-term commercial papers with a total amount of RMB2 billion, which were fully repaid by the Company on 29 November 2010.

At the extraordinary general meeting of the Company held on 16 November 2010, it was approved that, for a period of three years commencing from the date of the meeting, the Company will register the debt financing instruments in a principal amount not more than 40% of the latest audited consolidated net asset value (including non-controlling interests) of the Company and its subsidiaries in one or several tranches in the PRC, which will be issued within the effective period of the registration; and the RMB2 billion short-term commercial papers registered with the National Association of Financial Market Institutional Investors*(中國銀行間市場交易商協會) on 10 November 2009 will continue its issuance within its effective registration period. On 17 March 2011, the Company completed the issuance of the above short-term commercial papers. The RMB2 billion commercial papers with a par value of RMB100 each bears an interest rate of 4.58% per annum for a term of 365 days. The proceeds from issuance of commercial papers during the Period will optimize our debt structure and reduce finance costs.

— *Medium-long term syndicated loan*

In March 2010, the Company and 9 banks including China CITIC Bank Corporation Limited Chendu Branch entered into a medium-long term syndicated loan contract with a total amount not exceeding RMB4.89 billion for a term of 20 years (from 12 March 2010 to 11 March 2030). The proceeds from the loan will be used for the construction of Chengren Expressway. As at 30 June 2011, drawdown of loan made by the Company was RMB2,027 million.

4. Other Businesses

During the Period, the Group recorded RMB1,538,157,000 of other income (other than those from operation of toll expressways), representing an increase of 62.49% as compared with the same period last year. Such income included RMB1,186,602,000 of construction income (six months ended 30 June 2010: RMB785,350,000), representing an increase of 51.09% as compared with the same period last year, from the construction project of Chengren Expressway, and RMB244,215,000 construction income (six months ended 30 June 2010: Nil) from the construction project of Shuangliu Renbao BT Project, which were recognized under the percentage-of-completion method.

III Operation Results and Financial Status Analysis

Summary of the Group's Operation Results

	For the six months ended 30 June	
	2011	2010
	RMB'000	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	2,654,907	1,995,786
Including: Toll income	1,162,632	1,079,536
Construction revenue in respect of service concession arrangements	1,239,551	880,577
Profit before tax	770,306	742,444
Profit attributable to owners of the Company	567,538	617,965
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.186	0.202

Summary of the Group's Financial Status

	At 30 June 2011 <i>RMB'000</i> (unaudited)	At 31 December 2010 <i>RMB'000</i>
Total assets	14,561,101	11,897,687
Total liabilities	5,817,356	3,473,690
Non-controlling interests	130,421	104,362
Equity attributable to owners of the Company	8,613,324	8,319,635
Equity per share attributable to owners of the Company (<i>RMB</i>)	2.817	2.721

Analysis of Operating Results

Revenue

The Group's revenue for the Period amounted to RMB2,654,907,000 (for the same period in 2010:RMB1,995,786,000), representing an increase of 33.03% over the same period last year, of which:

- (1) The net toll income was RMB1,162,632,000 (for the same period in 2010: RMB1,079,536,000), representing an increase of 7.70% 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 section headed "Business Review and Analysis" on page 51 of this report for details of the main factors influencing the toll income of the Group for the Period.

- (2) Construction revenue in respect of service concession arrangements was RMB1,239,551,000 (for the same period in 2010: RMB880,577,000), representing a year-on-year increase of 40.77%. This was mainly attributable to RMB1,186,602,000 of construction income (for the same period in 2010: RMB785,350,000) from the construction project of Chengren Expressway and RMB52,949,000 of construction income (for the same period in 2010: RMB95,227,000) from technical renovation projects of Chengyu Expressway, Chengya Expressway and Chengle Expressway in the Period, which were recognized under the percentage-of-completion method.
- (3) Construction revenue in respect of construction works performed for third parties amounted to RMB244,378,000 (for the same period in 2010: RMB26,289,000), representing a year-on-year increase of 829.58%, which was mainly due to new construction revenue in an amount of RMB244,215,000 generated in the Period with the commencement of Shuangliu Renbao BT project (for the same period in 2010: nil).

Other Income and Gains

The Group's other income and gains for the Period were RMB45,882,000 (for the same period in 2010: RMB30,383,000), representing an increase of 51.01% as compared with the same period last year. Such income and gains include RMB8,847,000 of interest receivable from advance payment for land appropriation and relocation for Shuangliu Renbao BT Project (for the same period in 2010: nil, please refer to note 11 to the interim condensed financial information for details); and RMB2,648,000 of compensation income from Gezhouba Group Neishui Expressway Company (葛洲壩集團內遂高速公路公司) for occupation of road during the construction of Neishui Expressway (for the same period in 2010: nil).

Operating Expenses

The Group's operating expenses for the Period amounted to RMB1,871,175,000 (for the same period in 2010: RMB1,241,563,000), representing a year-on-year increase of 50.71%, of which:

- (1) Construction costs in respect of service concession arrangements was RMB1,236,573,000 (for the same period in 2010: RMB867,631,000), representing a year-on-year increase of 42.52%. This was mainly attributable to RMB1,186,602,000 of construction costs (for the same period in 2010: RMB785,350,000) from the construction project of Chengren Expressway and RMB49,971,000 of construction costs (for the same period in 2010: RMB82,281,000) from technical renovation projects of Chengyu Expressway, Chengya Expressway and Chengle Expressway in the Period, which were recognized under the percentage-of-completion method.
- (2) The cost in respect of construction works performed for third parties was RMB239,574,000 (for the same period in 2010: RMB24,643,000), representing a year-on-year increase of 872.18%. This was mainly due to the increase of construction costs of RMB239,419,000 in the Period (excluding depreciation and employee cost) (for the same period in 2010: nil) as a result of the commencement of construction of the Shuangliu Renbao BT Project during the Period.

- (3) Depreciation and amortization expenses increased by 8.10% over the same period of last year to RMB177,863,000, mainly attributable to the increase in service concession arrangements last year which led to an increase in amortization and a higher traffic flow which caused an increase in amortization for service concession arrangements as compared with the same period of last year; and a decrease in depreciation of fixed assets for the Period as compared with the same period of last year as a result of certain fixed assets being fully depreciated in accordance with relevant policies.
- (4) Staff cost increased by 20.86% over last year to RMB115,842,000. This was principally due to certain increase in the headcount of staff as the Company's business grew, and certain rises in the total salary, various social insurances and accommodation fund paid in the Period given the increase in the average salary of the working population.
- (5) Cost of repairs and maintenance decreased by 21.22% from last year to RMB27,626,000, which was daily maintenance costs of the Group's roads and auxiliary facilities.

Finance Costs

The Group's finance costs for the Period amounted to RMB64,906,000 (for the same period in 2010: RMB49,618,000), representing a year-on-year increase of 30.81%, principally attributable to the increase in bank loans and rise in interest rates for the funds raised, as well as the underwriting expense of RMB8,000,000 paid for the issuance of short-term commercial papers in the Period.

Taxation

The corporate income tax of the Group for the Period amounted to RMB192,586,000 (for the same period in 2010: RMB112,834,000), representing an increase of approximately 70.68% as compared with the same period of last year. This was mainly because the original preferential tax policies regarding the Great Development of Western China expired in 2010, and the Company, Chengle Company and Chengbei Company temporarily adopted the 25% tax rate (for the same period in 2010: 15%) before the promulgation of new preferential tax policies.

Profit

The Group's profit for the Period amounted to RMB577,720,000 (for the same period in 2010: RMB629,610,000), representing a decrease of 8.24% as compared with the same period of last year. Profit attributable to shareholders of the Company was RMB567,538,000, representing a decrease of 8.16% as compared with the same period of last year. This was mainly due to:

- (1) growth in the Group's amortization for toll road operation rights, income tax and financial expenses over the same period of last year;
- (2) such growth being partially offset by the increase in toll income.

Analysis of Financial Position

Non-current Assets

As at 30 June 2011, the Group's non-current assets amounted to RMB11,571,910,000, representing an increase of 9.96% as compared with the end of last year, which was mainly due to:

an addition to fixed assets of RMB62,675,000 for the Period; an increase of RMB1,248,414,000 in service concession arrangements (including RMB1,186,602,000 for the construction project of Chengren Expressway, RMB61,812,000 for technological renovation projects of Chengyu Expressway, Chengya Expressway and Chengle Expressway), and a total of RMB177,863,000 of depreciation and amortization.

Current Assets and Current Liabilities

As at 30 June 2011, current assets of the Group amounted to RMB2,989,191,000, representing an increase of 117.50% as compared with the end of 2010, mainly because of: an increase of RMB689,402,000 in the closing balance of cash and cash equivalents as compared with the beginning of the year due to the funds raised from financing activities in the Period which is partially offset by net cash outflows from operating activities and cash used in investing activities; and an increase of RMB878,279,000 in the closing balance of prepayments, deposits and other receivables as compared with the beginning of the year, which mainly comprised the investment gain of RMB253,062,000 of the construction work receivables and the land requisition and relocation fund of Shunan Company due from the Communications Department of Shuangliu County and in respect of the Shuangliu Renbao BT Project, the performance guarantee deposits of RMB59,208,000 paid for the Shuangliu Renbao BT Project, and land requisition and relocation fund of RMB42,100,000 paid for the Renshou Avenue connection line investment project in Renshou County during the Period.

As at 30 June 2011, current liabilities of the Group amounted to RMB3,249,457,000, representing an increase of 56.26% as compared with the end of 2010, which was mainly due to: an increase in short-term commercial papers of RMB2,000,000,000 and repayment of short-term borrowings of RMB1,200,000,000; increase of RMB227,957,000 in the closing balance of other payables and accruals as compared with the beginning of the year which mainly resulted from an increase of RMB295,660,000 in the construction work payables and land requisition and relocation fund in respect of Chengren Expressway; and an increase of RMB27,041,000 in the closing balance of interest payable as compare with the beginning of the year, mainly attributable to the interest of RMB26,971,000 on new short-term commercial papers.

Non-current Liabilities

As at 30 June 2011, non-current liabilities of the Group amounted to RMB2,567,899,000, representing an increase of 84.18% as compared with the end of 2010, which was principally attributable to: an increase of bank loans of RMB913,088,000 for the Chengren Expressway construction project, an increase of bank loans of RMB300,000,000 for the Shuangliu Renbao BT Project and the reclassification of the portion of long-term interest-bearing loans due within one year into bank and other interest-bearing loans due within one year at the end of the Period.

Equity

As at 30 June 2011, the Group's equity amounted to RMB8,743,745,000, representing an increase of 3.80% as compared with the end of 2010, which mainly due to: (1) RMB577,720,000 of net profit recorded for the Period, which was added to the equity; and (2) RMB266,051,000 of final dividends declared for 2010 during the Period, which was deducted from equity.

Capital Structure

As at 30 June 2011, the Group had total assets of RMB14,561,101,000 and total liabilities of RMB5,817,356,000. Its gearing ratio was 39.95% (2010: 29.20%), which was calculated as the Group's total liabilities to its total assets.

Cash Flow

As at 30 June 2011, the Group's cash and bank balances amounted to RMB1,993,629,000, including HK\$33,000 (equivalent to RMB28,000) of deposits, and RMB1,993,601,000 cash and deposits in Renminbi, representing an increase of RMB709,910,000 as compared with the end of 2010 (31 December 2010: RMB1,283,719,000). During the Period, the Group's net cash outflow from operating activities amounted to RMB983,737,000 (for the same period in 2010: net cash outflow of RMB141,085,000), mainly attributable to RMB818,324,000 construction expenses for the Chengren Expressway project (for the same period in 2010: RMB720,957,000), and payment of RMB486,100,000 of land requisition and relocation funds for the Shuangliu Renbao BT Project and the Renshou Avenue connection line project.

During the Period, the cash outflow of the Group mainly consisted of: expenditures of RMB754,276,000 in cash for daily operation and management (including expenses of RMB357,579,000 for construction of Shuangliu Renbao BT Project), RMB185,772,000 for taxes, RMB78,134,000 for technical renovation projects of Chengyu Expressway, Chengya Expressway, and Chengle Expressway, RMB818,324,000 (including interest paid) for the construction of Chengren Expressway, RMB444,000,000 and RMB42,100,000 in land requisition and relocation funds paid respectively for the Shuangliu Renbao BT Project and the Renshou Avenue connection line project, RMB29,579,000 for interest payment (excluding the interest expense for Chengren Expressway), and RMB271,335,000 for dividends payment (including dividends for minority shareholders and exchange gain or loss).

Capital Commitment

Details of the Group's capital commitment as at 30 June 2011 are set out in Note 14 to the interim condensed financial information.

Risk of Exchange Fluctuation

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

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

Borrowings and Solvency

As at 30 June 2011, the Group's interest-bearing bank and other loans amounted to RMB4,731,416,000. In particular, the balance of bank loans was RMB2,649,598,000, with annual interests rate ranging from 4.86% to 6.31% (for the same period in 2010: 4.78% to 5.35%); balance of short-term commercial papers was RMB2,000,000,000, with an annual interest rate of 4.58%; balance of other loans amounted to RMB81,818,000, with annual interests rate ranging from 2.82% to 5.00%. The relevant balances are as follows:

	Maturity profile of interest-bearing borrowings			
	Total	Within	1 year	Over
	amount	1 year	to 5 years	5 years
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loans from domestic				
commercial banks	2,649,598	155,000	1,059,750	1,434,848
Short-term				
commercial papers	2,000,000	2,000,000	—	—
Other loans	81,818	22,727	59,091	—
	<u>4,731,416</u>	<u>2,177,727</u>	<u>1,118,841</u>	<u>1,434,848</u>
Total (30 June 2011)	<u>4,731,416</u>	<u>2,177,727</u>	<u>1,118,841</u>	<u>1,434,848</u>
Total (31 December 2010)	<u>2,675,146</u>	<u>1,297,727</u>	<u>855,659</u>	<u>521,760</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. The Group has acquired bank facilities of RMB1,690 million from China Construction Bank, RMB1,050 million from Industrial and Commercial Bank of China, RMB600 million from Bank of China, RMB500 million from Shanghai Pudong Development Bank, RMB300 million from Hua Xia Bank and RMB100 million from China Merchants Bank available for use within one year or two years. According to the confirmation letter produced by the aforesaid banks, the Group may withdraw cash of RMB4,140 million and RMB100 million respectively from the bank facilities in the coming one and two years. As at 30 June 2011, RMB3,840 million and RMB100 million of the abovementioned bank facilities haven't been used and are still available for use in the coming one or two years. In addition, in 2010, China CITIC Bank (Chengdu Branch) as leader and other 8 banks operating in China formed a bank consortium, which signed mid- and long-term loan contracts with the Group for loan of RMB4,890 million. Such loan is specially used for the Chengren Expressway project. As at 30 June 2011, approximately RMB2,027 million had been drawn down.

Contingent Liabilities and Pledge of Assets

As at 30 June 2011, the Group's time deposits of RMB10,000,000 and RMB20,508,000 were pledged to secure the Chengren Expressway project and the Shuangliu Renbao BT project respectively. In addition, the concession rights pertaining to Chengbei Exit Expressway and Chengle Expressway with the net value of RMB174,822,000 and RMB1,193,705,000, respectively (2010: RMB181,706,000 and RMB1,212,637,000, respectively), were pledged to secure bank loans amounting to RMB166,000,000 and RMB106,400,000, respectively (2010: RMB166,000,000 and RMB106,400,000, respectively).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2011.

Comparative Figures

Certain comparative figures in this interim condensed financial information have been restated to conform to the current presentation and accounting treatment.

IV. Business Development Plan

In the second half of 2011, China's economy is expected to maintain a steady and rapid growth momentum, thus enabling the Group to operate and develop in a stable, healthy and favorable environment. Accordingly, the Company, after due deliberation, has formulated the following operation strategies and business plan for the second half of the year:

1. Practically and effectively execute the Group's development strategies. The Company will, on the one hand, safeguard and improve the Group's overall operating benefits and accomplish sustained growth of operating results by continually enhancing and improving operation and management of existing assets; and on the other hand foster new profit growth drivers for the development of the Group by stepping up business expansion efforts.

2. Efficiently and smoothly push forward the ongoing projects. The Company will continue to proceed properly with the construction of Chengren Expressway BOT Project, the Shuangliu Renbao BT Project and the land-linked pilot project and the connection line of Renshou Avenue in the form of build-transfer, strengthen project management and supervision, and ensure achievement of pre-set goals in respect of the schedule, quality, construction costs and safety, so as to expand the scale of the Group's assets and operation and speed up the pace of the Group's development.
3. Proactively explore various financing channels. Under the premises of financial security, the Company will step up research on the variety of financial tools and actively advance financing activities, with an aim to ensure sufficient cash flow and financial resources to support the Group's liability level and business expansion, and safeguard its healthy development.
4. Continuously enhance service quality and increase toll management efforts. The Company will press ahead with renovation and service improvement of service zones to ensure a good operation order of the roads, and step up toll collection inspection to ensure steady increase of the Company's revenue.

5. Continue with roads maintenance and management. In the second half of the year, the Company will put more efforts in preventive maintenance of the Group's expressway assets and daily maintenance of road surface, and at the same time, continually promote the application of new processes, materials, and technologies to enhance the technology and construction quality of road maintenance, and advance informationalized management of repair and maintenance, to ensure long-term stability in the conditions of the Group's expressways.

6. Further improve construction of the human resources system. The Company will adhere to the principle of "competition-based employment with focus on both virtue and talent", establish and optimize the performance assessment system and the incentive mechanism, continuously enhance training and cultivation of staff at all levels by means such as combining life-long continuing education with formal education, and boost the professional competence and comprehensive management capabilities of staff. In addition, the Company will further improve the labour insurance system and forge harmonious labour relations for the building of a harmonious enterprise.

7. Improve the internal control system of the Company. In order to reinforce and standardize its internal control, enhance the operation and management level and risk prevention capability, promote sustained development, and safeguard the order of the socialist market economy and the interests of the general public, the Company started the implementation of internal control standards in early January of 2011, in accordance with the requirements of the basic standards for enterprise internal control and relevant guidelines jointly issued by five ministries and commissions including the Ministry of Finance and the CSRC. The Company plans to complete preliminary establishment of the internal control system by September 2011 and start trial operation in the 4th quarter of 2011. The Company will practically establish and implement a sound internal control system with clarified definition of rights and obligations, scientific management and highly-efficient enforcement, so as to upgrade comprehensive management capacity and efficiency and guarantee the development of the Group.

Looking into the future, we will seize the historical opportunities of leapfrog development in the transportation of Sichuan and the construction of Chengyu Economic Zone. In pursue of our development positioning of “consolidating internal resources, focusing on principal business, utilizing professional advantages, expanding into relevant industries” and guided by “one main body and two wings” development approach, we strive to expand business development potential and asset scale of the Group. That is to complement our principal business (operation of expressway) with two additional businesses (the construction of and investment in road infrastructure; and the development of expressway-related business), thus building the Company into a large infrastructure conglomerate with distinguish principal business, stable operation, sound governance structure and supreme management capacity.

OTHER SIGNIFICANT EVENTS

I. Profit Distribution

1. 2011 Interim Dividend

The Board resolved not to recommend an interim dividend for the six months ended 30 June 2011, nor transfer any capital reserve into share capital.

2. Profit Distribution Plan for 2010 and Its Implementation

As considered and approved at the 2010 annual general meeting, the Company declared a dividend of RMB0.087 (tax inclusive) per share to holders of H shares and A shares in cash respectively, which was based on the total share capital of 3,058,060,000 shares as at the year end of 2010, totalling RMB266,051,000 (tax inclusive).

The dividends were distributed to holders of H shares and holders of A shares on 10 June 2011 and 20 June 2011 respectively.

II. Disclosure of Interests

So far as the Company was aware, as at 30 June 2011, 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.

III. Material Acquisition and Disposal

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

IV. Employees and Their Remuneration and Training

As at 30 June 2011, the Group had 3,099 employees, including 2,116 in the Company (including its branches), details of which are as follows:

Composition by Expertise

Type of expertise	Number
Management (including professional technicians)	425
Technicians	1,691

Composition by Educational Level

Educational level	Number
Postgraduate	40
University graduate	335
Junior college graduate	856
Technical Secondary School and below	885

1. Employee's Remuneration

The total remuneration of the employees is correlated with the operating results of the Company. The wages of the Company's employees are comprised of fixed wages (including basic salary, and salaries determined by the position and period of service) and performance incentive bonus. Employee's salary is determined with reference to his position (i.e. the salary changes in accordance with the position of service) and performance. For the half year ended 30 June 2011, the employees' salary of the Group totalled RMB79,056,000 (of which RMB54,751,000 for the employees of the Company (including its branches)).

2. Employee's Insurance and Welfare

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

3. Staff Training

The Company highly values staff training to improve the comprehensive quality and business standard. During the Period, the Company has organised various trainings such as management knowledge training for middle and senior level management, continuing education for professional technical staff and skill training for operating staff. A total of 781 employees attended the above training courses.

V. 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 set out in Appendix 14 to the Listing Rules. At present, the remunerations of the Directors, Supervisors and Senior Management 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 Company's general meeting. Save for the above, the Company has fully complied with the 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 of the Company comprises three independent non-executive Directors including Madam Luo Xia, Mr. Feng Jian and Mr. Zhao Zesong, who are all professionals experienced in finance and transportation industries. The audit committee has reviewed and confirmed the unaudited interim condensed financial information and interim report of the Group for the half year ended 30 June 2011.

3. Model Code for Securities Transactions by Directors and Supervisors

During the Period, the Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors and Supervisors of the Company, it was confirmed that the Directors and Supervisors have complied with the Model Code in relation to securities transactions by the Directors and its standards of code of conduct and there had not been any non-compliance with the relevant requirements of the Model Code.

VI. 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, Madam Hu Yu, 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
30 August 2011