2013 Annual Report

Sichuan Expressway Company Limited

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

(Stock Code: 00107)

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DEFINITIONS

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

I. Name of Expressway Projects

Airport Expressway	Chengdu Airport Expressway
Chengbei Exit Expressway	Chengdu Chengbei Exit Expressway
Chengle Expressway	Sichuan Chengle (Chengdu-Leshan) Expressway
Chengren Expressway	Chengdu-Meishan (Renshou) Section of ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway
Chengya Expressway	Sichuan Chengya (Chengdu-Ya'an) Expressway
Chengyu Expressway	Chengyu (Chengdu-Chongqing) Expressway (Sichuan Section)
Suiguang Expressway	Sichuan Suiguang (Suining-Guang'an) Expressway
Suixi Expressway	Sichuan Suixi (Suining-Xichong) Expressway

II. Branches, Subsidiaries and Principal Invested Companies

Airport Expressway Company	Chengdu Airport Expressway Company Limited
Chengbei Company	Chengdu Chengbei Exit Expressway Company Limited
Chengle Company	Sichuan Chengle Expressway Company Limited
Chengren Branch	Sichuan Expressway Company Limited Chengren Branch
Chengya Branch	Sichuan Expressway Company Limited Chengya Branch
Chengya Oil Company	Sichuan Chengya Expressway Oil Supply Company Limited
Chengyu Advertising Company	Sichuan Chengyu Expressway Advertising Company Limited
Chengzhi Tongsheng Company	Sichuan Chengzhi Tongsheng Construction Engineering Co. Ltd.
Renshou Landmark Company	Renshou Trading Landmark Company Limited
Shugong Testing Company	Sichuan Shugong Road Construction Engineering Testing Company Limited
Shuhai Company	Chengdu Shuhai Investment Management Company Limited
Shuhong Company	Chengdu Shuhong Property Company Limited
Shunan Company	Sichuan Shunan Investment Management Company Limited

Shusha Company	Sichuan Shusha Industrial Company Limited
Suiguang Suixi Company	Sichuan Suiguang Suixi Expressway Company Limited
Trading Construction Company	Sichuan Trading Construction Engineering Co., Ltd. (formerly known as "Sichuan Shugong Expressway Engineering Company Limited")
Zhonglu Energy Company	Sichuan Zhonglu Energy Company Limited

III. Others

2013 AGM	the 2013 annual general meeting of the Company to be held on 28 May 2014 (Wednesday), notice of which will be published on the Stock Exchange's website and despatched to the Shareholders on 11 April 2014 (Friday)
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
Articles of Association	the articles of association of the Company, as amended from time to time
associate(s)	has the meaning ascribed thereto under the Listing Rules of the Stock Exchange
associated corporation(s)	has the meaning ascribed thereto under the SFO
Audit Committee	the Audit Committee under the Board
Board	the Board of Directors of the Company
Chengren Expressway BOT Project	the project of Chengren Expressway in the form of BOT (build — opertation — transfer)
Company	Sichuan Expressway Company Limited
CSRC	China Securities Regulatory Commission
Director(s)	director(s) of the Company
Dividend Entitlement Date	10 June 2014 (Tuesday), the date on which the Shareholders whose names appear on the H Shares register of member of the Company shall be entitled to the 2013 final dividend of the Company (if approved by the Shareholders at the 2013 AGM)
Group	the Company and its subsidiaries

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 Hong Kong dollars and listed on the main board of Stock Exchange
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Huajian Company	China Merchants Huajian Highway Investment Co., Ltd. (formally known as Huajian Transportation Economic Development Centre), a substantial shareholder of the Company
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Securities on the SSE (as the case may be)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules of the Stock Exchange, which has been adopted by the Company as the code of conduct for securities transactions by the Directors and the Supervisors of the Company
Nomination Committee	the nomination Committee under the Board
PRC or China	The People's Republic of China, for the purpose of this annual report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
Remuneration and Appraisal Committee	the Remuneration and Appraisal Committee under the Board
Renshou Land-linked Pilot Project	the land-linked pilot project in Renshou County, Meishan City in the form of BT (build-transfer)
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	A Share(s) and/or H Share(s) (as the case may be)
Shareholder(s)	holder(s) of Shares
Shuangliu West Airport Phase VI BT Project	the road project within the Airport High-tech Industrial Functional Zone, Shuangliu County, Chengdu City, in the form of BT (build-transfer), which is referred to as the "West Airport Development Zone Phase VI Road Engineering BT Project" by the Transportation Bureau of Shuangliu County, Chengdu City, the tenderee of this project
Shuangliu Zongbao BT Project	the Phase I road project within Zongbao ancillary area at Shuangliu County, Chengdu City in the form of BT (build-transfer)

Sichuan Ganghang	Sichuan Ganghang Development Company Limited, a subsidiary of STI
Sichuan Highway Development	Sichuan Highway Development Holding Company, a subsidiary of STI
SSE	Shanghai Stock Exchange
STI	Sichuan Transportation Investment Group Corporation, the controlling shareholder of the Company
STI Group	STI and its subsidiaries
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategic Committee	the Strategic Committee under the Board
Suiguang Suixi Expressways BOT Project	the project on Suiguang Expressway and Suixi Expressway in the form of BOT (build-operate-transfer)
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	Supervisory Committee of the Company
Trading Industry	Sichuan Trading Industry Company Limited
Trading Landmark	Sichuan Trading Landmark Company Limited
Year or Reporting Period	the 12 months ended 31 December 2013

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

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	Zhou Liming
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	(86)28-8552-7510
Representative of Securities Affairs	Zhang Hua
Tel	(86)28-8552-7510
Fax	(86)28-8553-0753
Investors' Hotline	(86)28-8552-7510/(86)28-8552-7526
E-mail	cygszh@163.com
Contact Address	252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
Stock Exchanges of the 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 Selected by the Company for Information Disclosure	China Securities Journal, Shanghai Securities News
Websites Designated for Publication the Annual Report of the Company	http://www.sse.com.cn http://www.hkex.com.hk http://www.cygs.com
Place for Inspection of the Annual Report of the Company	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

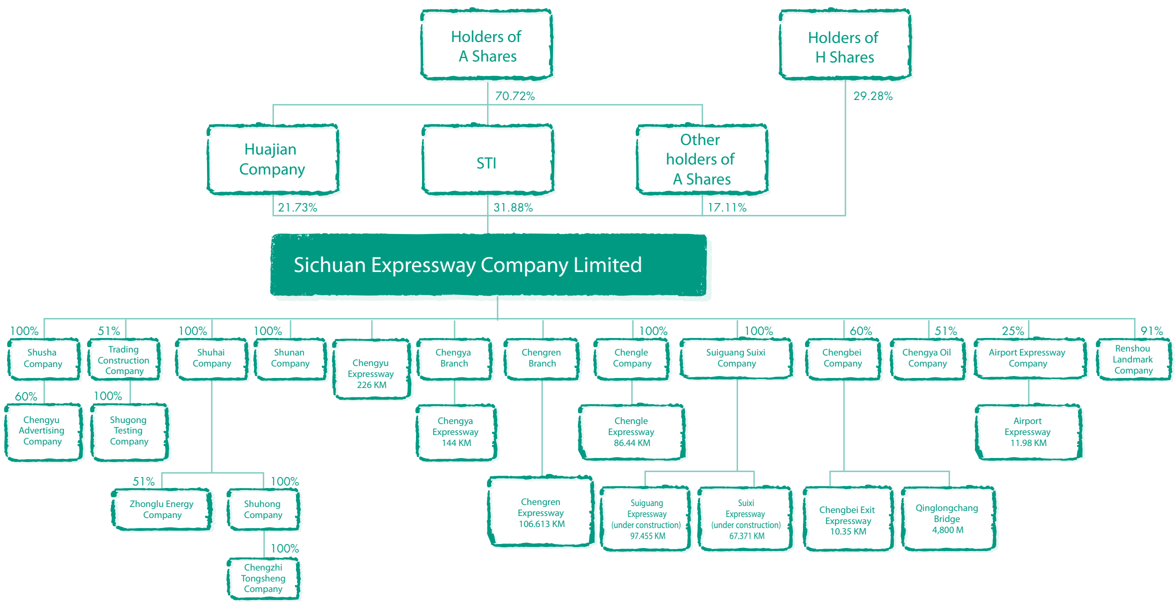
International Auditor	Ernst & Young Certified Public Accountants 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
PRC Auditor	Shinewing Certified Public Accountants (Special General Partnership) 9th Floor, Block A, Fu Hua Mansion, No. 8 Chao Yang Men Bei Da Jie, Dong Cheng District, Beijing City, 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	Beijing Zhongxin (Chengdu) Lawyer (北京市中銀(成都)律師事務所) Room 3104, 31/F, Building 3, Triumph Plaza, No. 118 Jitai Fifth Road, High-tech District, Chengdu City, Sichuan Province, the PRC
Domestic Shares Registrar and Transfer Office	China Securities Depository and Clearing Corporation Limited Shanghai Branch 36/F China Insurance Building, No.166 Lujiazui East Road, Pudong, Shanghai, the PRC
Hong Kong Shares Registrar and Transfer Office	Hong Kong Registrars Limited 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principal Place of Business 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	19 December 2012
Registration Number of Business Licence	510000400003856
Tax Registration Number	51010720189926X
Organization Code	20189926-X
Principal Banker	China Construction Bank

COMPANY PROFILE

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

The Group is principally engaged in the investment, construction, operation and management of road infrastructure projects in Sichuan Province, the PRC as well as the operation of other businesses related to toll roads. Currently, the Group mainly owns all or substantially all interests in a number of toll roads in Sichuan Province such as Chengyu Expressway, Chengya Expressway, Chengle Expressway, Chengren Expressway, Chengbei Exit Expressway as well as Suiguang Expressway and Suixi Expressway which are under construction. As at 31 December 2013, the length of completed expressways of the Group has reached approximately 573 km in total and the length of the expressways under construction amounted to approximately 165 km. The Group's total asset and net asset were approximately RMB23,989,082,000 and RMB11,530,641,000, respectively.

As at 31 December 2013, the total number of Shares of the Company was 3,058,060,000 Shares (comprising 895,320,000 H Shares and 2,162,740,000 A Shares). The shareholdings and asset structure of the Company were as follows:



Road Network of the Group's Expressways

On behalf of the Board, I would like to report to the Shareholders that, in 2013, the Group adhered to its development strategy as its guidance, closely focused on the general requirements of "exploiting advantages and expediting development", gathered strength striving to be stronger against the trend and took active measures against the adverse effects brought about by a slow down in macroeconomic growth, "4.20 Lushan Violent Earthquake", toll-free policy, etc. Meanwhile, the Group made great progress in aspects such as operation management, project construction, business development, capital operation and corporate governance, which laid a solid and stable foundation for building the Group into a large capital construction group company with more prominent core competitiveness, a more coordinated industrial layout, and a more standardized modern enterprise system.

Results and Dividends

In 2013, the profit of the Group attributable to the owners of the Company was approximately RMB1,015,142,000, representing a decrease of 14.04% as compared with last year. Basic earnings per share was approximately RMB0.332 (2012: approximately RMB0.386). Pursuant to the Articles of Association, if the Company distributes cash dividend, the Company shall distribute cash dividend in an amount not less than 30% of the distributable profit earned by the Company for the period concerned (the lower of the profit attributable to shareholders under the PRC and overseas accounting standards respectively). In appreciation of the support of the Shareholders to the Group over years, the Board has recommended a final cash dividend for the year 2013 of RMB0.08 per share (tax inclusive), aggregating to approximately RMB244,645,000, representing 43.38% of the distributable profit of the Company determined under PRC GAAP for the Year and 24.22% of the profit attributable to owners of the Company as shown in the consolidated financial statements. Such proposed dividend is subject to approval by the Shareholders at the forthcoming 2013 AGM of the Company.

Review

2013 was a year for reform and also a year for restart. In this year, China had boosted public morale. The Third Plenary Session of the Eighteenth Central Committee of the Communist Party of China clearly presented sixty reform summaries integrating economy, politics, culture, society and ecology, which officially kicked off the comprehensive reform by the new session of the central government. Under this backdrop, this session of government insisted on the general work keynote of seeking improvement in stability to stablize growth, adjust structure, promote reform and innovate the way of macro-control, making the Chinese economy present a stable and recovering pattern. According to premiliary statistics, China's gross domestic product (GDP) amounted to approximately RMB56,884.5 billion in 2013, up 7.7%[1] from last year based on comparable prices. In this year, the transportation industry was remarkable. With the gradual commencement of a new round of comprehensive reforms in the PRC, the reforms in the key fields of the transportation industry also gradually started. Major ministry system reform will promote the coordinated development of the mode of transportation of railway, highway, waterway, civil aviation, etc., and achieve the enhancement of integrated transportation's overall efficiency; the revision of the Regulation on the Administration of Toll Roads started, in which "two highway systems" was proposed and the industry policy was expected to be further improved and upgraded; the National Highway Network Planning (2013-2030) was published and prescribed the structure consisting two highway network levels, the highway network scale of 401,000km, the total investment of RMB4,700 billion and a series of top designs, which depicted a broad space for the future development of the industry.

2013 is a year of pains and also a year of progress. In this year, Sichuan experienced ordeals. Against the complicated and severe macro-economic situation both at home and aboard and the sudden major natural disasters, e.g. Lushan violent earthquake, extraordinary rainstorm and floods, etc., Sichuan Province, under the powerful support of the people, obtained a victory in fighting natural disasters, and promptly introduced and implemented measures for strengthening industry, controlling investment, promoting consumption, promoting new-type urbanization and expanding foreign trade to effectively prevent the rapid decline in economic growth rapid of the province, which guaranteed the stable and sound economic development throughout the year. As examined by the National Bureau of Statistics, GDP of the whole province amounted to approximately RMB2,626.077 billion in 2013, up 10% from 2012 basing on comparable price, 2.6 percentage points[2] lower than the growth rate recorded in last year. In this year, the traffic in Sichuan progressed against sufferings and difficulties. In face of disasters, we gathered strength to dredge lifelines and ensure unimpeded, and worked at the front line of earthquake relief; in front of difficulties, we tackled them and continued to promote the great development of traffic construction. During the Year, 9 expressway projects was completed and opened to traffic. The total length of expressways opened to traffic in the province increased to 5,046km from 4,334km as at the end of 2012, moving up to the 6th place in the PRC, and ranking first in Western China. On the map, a perfect framework expressway network has been basically formed in Sichuan Province, and it has developed into a multi-level pattern composed of Chengdu as the center hub and several secondary hubs.

2013 is year of harvest and also a year of foundation building. In this year, the Group insisted on stable operation and implemented the policy of sustainable development. It comprehensively strengthened operation management, actively coped with market changes and focused on the deployment of "five major segments", and obtained new achievements in all aspects.

[1] Source: preliminary accounting results announced by the National Bureau of Statistics.
[2] Source: preliminary accounting results announced by Sichuan Bureau of Statistics.
[3] Source: Department of Transportation of Sichuan Province

The operational indictors of the Group were in line with our expectations, and the operation income leaped significantly. As at 31 December 2013, the Group's total assets and net assets reached approximately RMB23,989 million and RMB11,531 million respectively, while the Group recorded revenue of approximately RMB8,570 million, and profit attributable to owners of the Company of approximately RMB1,015 million respectively. Toll income amounted to approximately RMB2,527 million, up 7.81% year-on-year, while other net income (including construction income, income from operation of gas stations, income from rental and advertising) amounted to approximately RMB6,043 million, up 24.86% year-on-year.

Diversified development obtained remarkable achievements and project reserves are diverse with high quality. After entering into the property development industry successfully, we bid lands covers over 360 Mu in Renshou County, established Renshou Trading Landmark Company Limited (仁壽交投置地公司) and acquired real estate development companies; integrated the internal and external resources of the Group, participated the establishment of Trading Industry and Trading Landmark, transferred 49% equity interests in Trading Construction Company and participated in the construction and maintenance business of the expressways under STI Group; expanded the scope of our energy business and sold new chemical products; and intensified the project development and entered into strategic cooperation agreements with various parties.

The new construction won a gold prize with the construction in progress being carried forward steadily. We are committed to building model constructions with high quality, our newly established Chengren Expressway Project has won the gold prize of "Tianfu Cup" for Construction in Sichuan Province (四川省建設工程"天府杯"金獎) and the national invention patents for seamless bridge expansion joints structures and construction technology; strengthening the management for project construction, pushing forward the steady development of constructions in progress, such as Suiguang-Suixi Expressways and Shuangliu BT projects, and the quality, progress, construction costs and safety were fully controlled.

Acquired remarkable achievement in financing and set up a platform for combining industry and finance. We raised low-cost funds by various ways, including medium-term notes and offshore bank loans denominated in RMB which not only satisfied operation needs, but also effectively reduced financial costs. We improved the capital operation level, intensified the cooperation with the professional investment management constitutions, distributed the industrial investment fund and prepared for establishing assets management company, so as to set up a platform for combining industry and finance.

Intensified the development of internal control and constantly improve the governance level. We intensified the internal audit supervision, amending and improving the Internal Control Manual and sub-manual for new construction projects as well as sales and management business of oil; perfected the "collectivize" structure and proposed the "optimization plan for organization structure"; established the enterprise incentive mechanism suitable for the industry that the Group belongs to, and formulated the "Trial Measures on Evaluation and Incentive of Operational Results" and "Trial Measures on Special Contribution Award"; improved the cooperate governance system and revised the Measures for Management on Use of Proceeds and the Enforcement Regulation of the Nomination Committee of the board of directors.

Prospects and Strategy

Situation changes day by day. After the extraordinary year of 2013, looking into the future, we are under numerous pressures, but also confident.

Firstly, in respect of the fundamentals of industrial development, China's economy has entered into the transition phase after more than 30 years' rapid growth, thus the factors supporting economic development also changes profoundly. Although China economic growth rate in 2014 is very likely to stay at medium speed, ranging between 7% and 8%, the fundamentals of the long-term positive growth in China economy have not changed in the long run. The direction and force for strengthening the construction of transportation infrastructure of the government will also remain unchanged because the continuous strong trend in demands of transportation will not change due to the gradual release of domestic effective demands and the deepen of reforming and opening-up. Against the backdrop of the stable development of Chinese economy, and with the benefits from further promotion of the development of western region as well as the promotion of the policies to develop Chengyu economic zone and Tianfu new district, the economic power of Sichuan Province has reinforced constantly. In the future, Sichuan Province will fully launch and implement the strategies with various points and multipole, accelerate the new industrialization and new urbanization, as well as intensify and complete the constructions for the western comprehensive transportation hub. As a result, regional economy and transportation will interact, which will drive the regional transportation demands to grow constantly, and also push forward the construction of infrastructures and the development of up-stream and down-stream businesses, thus will provide broad space for the development of the investment and construction of Group's infrastructures.

Secondly, in respect of the future trend of the industry, although the fundamentals supporting the constant development of transportation has not changed, the relevant factors and conditions have changed silently. The priority in low costs factors like lands and labor has relatively weaken, while the rigid constraints for factors like population, environment and resources have significantly increased. Against the new situations, "Intelligent Transportation" and "Green Transportation" will become major developing directions for the industry in the future. Firstly, the informatization and intellectualization level is an important symbol to measure the modernization level of the transportation. In the future, the improvement of the management efficiency of transportation by informatization and intellectualization, carry out the deeper application of modern information technology in operation management and service areas, fully improve the supply capacity, operating efficiency, safety performance and service quality of transportation will be essential for the continuous creation and development of transportation. Secondly, the transportation is one of the key fields for promoting the energy conservation and emission reduction and tackling the climate change. In order to achieve the organic unification between the economic efficiency, social efficiency and environmental efficiency, it is necessary to intensively use resources in each step, such as plan, construction, operation and maintenance, and fully dig the development potential for green, recycle and low carbon, as well as improve the energy conservation and environment protection level of transportation facilities and equipments. Intelligent transportation and green transportation completes each other, they bring the opportunities for improving quality, increasing efficiency and upgrading to the companies when pushing the industry develop towards modernized organism.

Finally, from the perspective of industrial policy environment, with the fundamental establishment of expressway network and profound changes in social environment, expressway, as a quasi-public industry, also witnessed significant changes in policy environment after nearly 20 years of rapid development. While supporting industrial development, the government carried out periodic and partial policy adjustment, e.g. toll free policies including the green passage and that toll free for small passenger vehicles during holidays and festivals, re-consideration of adjustment to the term of toll collection and positioning of toll standards, etc., based on the public's interests and demands. In 2013, the Ministry of Transport issued "The Regulation on the Administration of Toll Roads (consultation draft for amendments)" involving 23 revisions to the original regulations including the implementation of toll-free policy and compensation principles, principles for determination of toll collection term and toll standard, information disclosure of toll roads, sources of maintenance fees after the expiry of toll collection term, etc. after expansion. As the final draft of these amendments and relevant implementation details are yet to be published, it is unable to evaluate the specific impact on the toll road industry and the Group. However, the Company believes that the ongoing amendments and improvements of relevant policies will strengthen the standard management of the industry and be beneficial for the long-term sound development of the industry.

Act after cautious planning and wait for the opportunity for reappearance while keep preparing. In 2013, the Group put forward the "**two-step**" development target on the basis of objective analysis of the Company's advantages and situation confronted, namely: to become larger and stronger, rapidly expand business scale and cultivate new profit growth points in the last three years of the "Twelve-five Year" period (2013-2015); to continue to become stronger and better, improve efficiency, and achieve rapid and stable profit growth during the "Thirteen-five Year" period (2016-2020).

In order to realize this long-term goal, the Group will actively engage in the research and trials of industries and businesses related to the toll road industry and the Company's core business capacity and implement the diversified development strategy highly related to its principal business while consolidating and developing its principal business. Pursuant to the above idea, the Group classified its business into **five major segments**, namely: toll roads and bridges, city operation, construction, energy and cultural media and financial investments, among which:

Toll roads and bridges is the core and principal business of the Company. The Group will continue to consolidate the fundamental position of roads and bridges segment in the implementation of diversified development strategy, and make use of its steady and lucrative cash flow as a guarantee for related diversified development and to provide financial support to the Company;

City operation is an emerging business established by the Group for seizing the important opportunity of urbanization. The Group will, relying on the expressways under the control of the Company, strengthen its cooperation with the local governments along the expressways, bring into play its advantages in finance, location, brand and construction, carry out screening in the surrouding areas of its expressways, and actively participate in city operation businesses such as urbanization and construction of municipal infrastructure, land consolidation and rehabilitation, construction of security housing, characteristic construction of cities and towns, etc., to build up the brand of city operation;

Construction is a mature business of the Group. In the future, the Group will give full play to its advantage in the construction quality of Trading Construction Company, actively expand to the upstream of the industrial chain of transport construction, gradually expand its business to the fields of intelligent transportation, construction materials, large maintenance equipment and core technologies, and enhance the technological content and core competitiveness of road maintenance, creating a first-class construction enterprise for expressway construction and maintenance and urban infrastructure construction;

Energy and cultural media is a rapidly growing business in recent years. At present, the Group has completed the layout of gas stations on the roads under its control, and will expand cooperation in the field of new energy, accelerate the upgrading of cultural media advertising, change the business model, innovate marketing means and improve profitability in the future;

Financial investment is another emerging business established by the Group following the principle of combination of industry and finance. The Group will vigorously explore various investment channels, deepen cooperation with professional investment management organization, exert the function of equity investment and adopt the developmental mode of "driving finance with industry, promoting industry with finance", to combine industrial capital and financial capital at different levels interactively through various approaches and further expand the industry and finance business.

Bearing the magnificent dreams in our heart, we set sail for the voyage. In 2014, we will follow the basic working keynote of "seeking progress and achievement in stable development", actively and steadily promote the five major segments, write down a new chapter of strengthening, improvement and rapid development with the spirit of reform, the idea of innovation and market-oriented means through pulling together to tide over difficulties and seizing every opportunity, and strive for the realization of the Company's dream of becoming an enterprise with a history of one hundred years.

Acknowledgments

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all the investors, customers, business partners from all walks of life and the general public who has been supporting and believing the Company, and sincere gratitude to all Directors, Supervisors, senior management and all the employees for your contribution of wisdom and hard works for the last year.

Zhou Liming
Chairman

Chengdu, Sichuan, the PRC
27 March 2014

I. Business Review and Analysis

(I) Results overview

The revenue and profit of the Group were mainly derived from the operation of and investments in toll roads. During the Reporting Period, the Group saw a decline in its overall profitability due to the combined impact of various negative factors including the slowing down of the macro-economic growth, toll-free travel for small passenger vehicles on major festivals and holidays, earthquakes, changes in road networks and periodic losses after opening of new roads. To cope with the changes in business environment, the Group followed the overall requirement to "exploit advantages, expedite development", vigorously focused on five major segments, namely the "toll roads and bridges", "construction", "financial investments", "city operation" and "energy and cultural media", and implemented the diversified development strategy which is highly related to its principal businesses, with a view to secure the healthy and sustainable development of the Group.

Gan Yongyi
Vice Chairman and General Manager

During the Year, the revenue of the Group amounted to approximately RMB8,570,140,000, representing an increase of approximately 19.30% year-on-year, among which the net toll income amounted to approximately RMB2,526,878,000, up approximately 7.81% year-on-year; the net revenue from construction contracts amounted to approximately RMB3,761,510,000, down approximately 2.15% year-on-year (including the construction contracts revenue of approximately RMB3,126,568,000 from Suiguang-Suixi Expressways BOT Project and Chengren Expressway BOT Project, which was recognized according to the HKFRSs, down 0.85% year-on-year); the revenue from operation of gas stations along the expressways amounted to approximately RMB2,247,392,000, representing an increase of 131.63% year-on-year, and revenue from other income and gains amounted to approximately RMB155,174,000, down 15.63% year-on-year. The profit attributable to the owners of the Company was approximately RMB1,015,142,000, representing a decrease of 14.04% year-on-year. Basic earnings per Share was approximately RMB0.332 (2012: approximately RMB0.386). As at 31 December 2013, the Group's total assets amounted to approximately RMB23,989,082,000 and net assets amounted to approximately RMB11,530,641,000.

During the Reporting Period, the income and profit of the Company and its major subsidiaries are as follows:

Item	**Income for 2013** *(RMB'000)*	**Year-on-year increase/ (decrease) in income** *(%)*	**Profit/(loss) for 2013** *(RMB'000)*	**Year-on-year increase/ (decrease) in profit/(loss)** *(%)*
The Company *(Note 1)*	968,456	(12.14)	478,335	(14.78)
Chengya Branch	681,170	(2.69)	289,202	(4.56)
Chengren Branch *(Note 2)*	465,916	354.21	(74,246)	95.91
Chengle Company	414,419	(3.64)	195,066	(17.44)
Chengbei Company	86,180	(6.21)	32,648	(9.49)
Suiguang Suixi Company *(Note 3)*	3,022,488	1,273.11	–	–
Shuhai Company *(Note 4)*	1,715,658	179.64	39,419	110.50
Trading Construction Company *(Note 5)*	2,211,251	205.44	97,501	155.40
Shunan Company	331,918	240.10	32,092	167.21
Shuhong Company *(Note 6)*	48,739	509.62	20,365	793.20
Renshou Landmark Company *(Note 7)*	–	N/A	(36,740)	N/A
Shusha Company	27,659	16.91	8,915	49.76
Chengya Oil Company	613,447	65.00	18,065	15.74
Zhonglu Energy Company	1,666,919	175.28	16,691	6.43

Notes:

1. For the purpose of this table only, the Company does not include Chengya Branch and Chengren Branch.

2. Chengren Expressway commenced operation in September 2012, so its operation period in 2012 was only 105 days.

3. Income of Suiguang Suixi Company mainly represents revenue from the construction contracts of Suiguang-Suixi Expressways BOT Project.

4. Shuhai Company includes Zhonglu Energy Company and Shuhong Company. The Company entered into an equity transfer agreement on 26 March 2013 to purchase the 0.1% equity interest in Shuhai Company from Sichuan Jingchuan Highway Engineering (Group) Company Limited (四川京川公路工程(集團)有限公司) at the consideration of approximately RMB234,000. Upon completion of the change in business registration on 24 April 2013, Shuhai Company became a wholly-owned subsidiary of the Company.

5. Income of Trading Construction Company includes revenue from internal project construction which should be offset when results are consolidated.

6. Shuhong Company includes Chengzhi Tongsheng Company. In September 2013, Shuhong Company acquired Chengzhi Tongsheng Company at a consideration of RMB18,725,000.

7. Renshou Landmark Company was incorporated on 24 May 2013, and no operating information was available for last year.

(II) Operating conditions of the "toll roads and bridges" segment of the Group:

During the Reporting Period, the operation of major expressways of the Group was as follows:

		Converted average daily traffic flow *(vehicles)*			**Toll income** *(RMB'000)*		
Item	Shareholding percentage *(%)*	**2013**	2012	Increase/ (decrease) *(%)*	**2013**	2012	Increase/ (decrease) *(%)*
Chengyu Expressway	100	**19,532**	22,229	(12.13)	**968,456**	1,102,230	(12.14)
Chengya Expressway	100	**21,103**	19,225	9.77	**681,170**	700,027	(2.69)
Chengle Expressway	100	**21,929**	20,497	6.99	**414,419**	430,085	(3.64)
Chengren Expressway *(Note 1)*	100	**21,558**	16,709	29.02	**465,916**	102,578	354.21
Chengbei Exit Expressway (including Qinglongchang Bridge)	60	**35,731**	35,461	0.76	**86,180**	91,886	(6.21)

Note:

1. Chengren Expressway commenced operation in September 2012, so its operation period in 2012 was only 105 days.

In 2013, the toll income (before revenue taxes) of the Group was approximately RMB2,616,141,000, representing an increase of approximately 7.80% over last year. The toll income accounted for approximately 29.48% of the Group's total revenue, representing a decrease of approximately 3.15 percentage points as compared to 32.63% of last year. During the Reporting Period, the following factors constituted combined effects on the operating performance of the Group's toll roads:

(1) The economic development level is a key factor which the growth of traffic demand hinges on. China's gross domestic product for 2013 was approximately RMB56,884,500 million, up approximately 7.7%[4] year-on-year. China's economy growth sustained stable due to the combined impact of the domestic and international economic environment as well as various policies and measures of national macro-control. In 2013, China macro-economy trended to be "steady after slow-down" as a whole, leading to a slowdown in natural growth rate of traffic flows of all toll roads of the Group.

(2) On 20 April 2013, with Lushan County in Ya'an City of Sichuan Province hit by violent earthquake at 7 grade, the production and operation activities of many enterprises within the province as well as the frequent travel of residents were affected. At the same time, the Company implemented the government's emergency mechanism and allowed toll-free travel from 20 April 2013 (ie. the date when the earthquake took place) for all vehicles on its Chengya Expressway and continued such practice for disaster-relief vehicles after resumption of tolls collection from 9 June 2013, resulting in an adverse impact on the Group's toll income.

(3) During the Reporting Period, the economic and social development of Sichuan Province was depressed by the regional and short term impact of the earthquake. However, boosted by the policies such as the Development of the Western Regions, the construction of Chengyu Economic Zone and Tianfu New District, the interactive development of new industrialization and new urbanization and the "multipoint and multi-pole underpinning" strategy, the provincial economy and society trended to grow while developing steadily, and the gross regional product of the province amounted to approximately RMB2,626.08 billion, up approximately 10%[5] year-on-year, creating a relatively stable regional environment for operation of the Group.

(4) During the 2013 Chinese New Year, Ching Ming Festival, May Day and National Day, the Group continued to implement the toll-free policy for small passenger vehicles at all of its expressways, and the toll-free days aggregated to 20 days, representing an increase of 12 days as compared with Mid-autumn Festival and National Day totalling 8 days in 2012, which resulted in a noticeable decrease in the Group's toll income.

(5) Tolls on all those secondary roads within Sichuan Province with repayment of their bank loans undertaken by the government were cancelled from 1 January 2013, which on one hand reduced road transport costs and social burdens and improved the efficiency of passenger and freight transport, but on the other caused changes in the distribution of traffic flows within the province. As such, the operating performance of some of the Group's expressways was affected.

[4] Source: preliminary accounting results announced by the National Bureau of Statistics.
[5] Source: preliminary accounting results announced by Sichuan Bureau of Statistic.

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

Changes in expressway networks — As the Chengdu-Meishan (Renshou) section, Neijiang-Zigong section and Longguanshan-Yangtianwo section of ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway were completed and open to traffic on 10 September 2012, 19 December 2012 and 30 August 2013 respectively, and the Yilu (Yibin-Luzhou) Expressway (completed on 26 December 2012), Luyu (Luzhou-Chongqing) Expressway (completed on 3 June 2013), Suining-Ziyang section of SuiZiMei (Suining-Ziyang-Meishan) Expressway (completed on 5 June 2013), LeYa (Leshan-Ya'an) Expressway (completed on 12 September 2013) and LeZi (Leshan-Zigong) Expressway (completed on 30 December 2013) were open to traffic successively, the expressway network of southern Sichuan began to take shape. The interconnection and improvement of the road networks not only improved the highway transport capabilities of southern Sichuan and expanded the effective coverage of the road networks, but also led to corresponding changes in the traffic distribution and composition in the region, causing traffic diversion to the Group's Chengyu Expressway, Chengle Expressway and Chengya Expressway to various extents.

Local parallel highways becoming toll-free — The Panduhe Toll Station of the local Jiajiang-Leshan highway and the Yongxin Toll Station of the local Jiajiang-Emei highway were removed in sucession since December 2012, and these local highways became toll-free, which diverted some traffic from Chengle Expressway. On 4 February 2013, the expansion and reconstruction works at Chengdu-Xindu section of Dajian Highway were completed and the highway was open to traffic, thus connecting Gaosuntang and Xindu districts in Chengdu and, together with the Ring Expressway (繞城高速), the Freight Highway (貨運大道), and Logistics Highway (物流大道) forming a circumferential traffic network. Furthermore, as the Dajian Highway is toll-free, certain vehicles bypass Chengbei Exit Expressway, thereby leading to a decrease in its toll income.

Construction works on circumjacent roads — The main highway from Pengshan Exit of Chengle Expressway to the county seat of Pengshan was closed due to the construction of Chengmianle intercity rail since 18 May 2013, leaving vehicles near Pengshan heading for and from Chengdu and Leshan to travel through Qinglong Station or Meishan Station, leading to a decrease in the traffic volume at Qinglong-Meishan section of Chengle Expressway during the construction period.

In addition, policies issued by Sichuan Province at the end of 2013 affecting the provincial highway operation are likely to have an impact on the operating performance of the Group's expressways in 2014, which are set out below. The Company will continue to keep an eye on the trends of policy and the changes in the industry, take positive measures to strengthen the principal business and safeguard the interests of the Company and all its Shareholders.

(1) On 20 December 2013, the Sichuan Provincial Government issued the notice on the launch of comprehensive improvement of and assaulting fortified position in road traffic safety, and decided to make the year of 2014 as the "year for comprehensive improvement of and assaulting fortified position in road traffic safety" for the whole province, during when efforts will be made to strengthen weak sections and solve outstanding problems in road traffic safety. On the same date, the provincial government issued working plans for 6 key improvements, including plan for treatment of vehicle overloading, which must be carried out based on the actual situation. Operation performance of the Group's expressways will thus be affected.

(2) Sichuan Province required all on-line toll stations and open truck weighing station of toll roads in the province provide preferential policies to legitimate transport vehicles with normal loading: toll was collected at 80% of the basic toll rate of the toll-by-weight for two-axle and three-axle freight truck, and 70% for four-axle freight truck and those with more than four axles; at 70% of the basic toll rate for normal container loaded vehicles with normal loading; toll free for normal loading vehicles transporting fresh agricultural products, but not for abnormal loading vehicles (container loaded vehicles and vehicles transporting fresh agricultural products inclusive). The policy has been implemented since 15 January 2014.

(III) Operating conditions of the "Construction" segment and "City Operation" segment of the Group

"Construction" is a mature business of the Group and "City Operation" is an emerging business established by the Group at the current stage. Depending on the professional expertise and experience in the field of construction accumulated for the past many years and relying on the good cooperation between the Company and the local governments along the Group's highways, the Group will bring into play its advantages in finance, location and brand to vigorously expand its business of highway construction, urban infrastructures and property development along the highways, so as to promote the extension into related upstream and downstream industries and achieve overall improvement in the Group's efficiency. At present, projects invested and constructed by the Group mainly include:

(1) Suiguang-Suixi Expressways BOT Project

At the 2012 first extraordinary general meeting of the Company held on 13 January 2012, the investment in Suiguang-Suixi Expressways BOT Project was considered and approved. According to the preliminary design document of the project, its total length is approximately 164.826km with an operation period of 29 years and 336 days, and the approved estimated preliminary investment is approximately RMB11,887 million. In July 2012, the Company established Sichuan Suiguang Suixi Expressway Company Limited to be in overall charge of the preparation, construction, operation, management and transfer of Suiguang- Suixi Expressways BOT Project. From the date of its commencement of the construction to 31 December 2013, a total of approximately RMB3,242 million has been invested, accounting for approximately 27.27% of the estimated total investment of the project.

(2) Renshou Land-linked Pilot BT Project

On 28 January 2011, the proposal in relation to the investment in Renshou Land-linked Pilot BT Project was considered and approved by the Company. In July 2011, Shuhong Company was established to take charge of the implementation of this project. The Renshou Land-linked Pilot BT Project, with an estimated total investment of approximately RMB317,846,000, is located at Gaotan village, Wenlin Town (where the county government is located), Renshou County which involves a land area of approximately 4,848 Mu. The investment includes relocation of farmers' houses, settlement of "San Tong Yi Ping" (generally referred to as site clearance and resettlement, connecting temporary water and electricity supply to the site and road connection to the site) as well as construction of ancillary municipal roads, resettlement houses (including preparation work) (approximately 112,700 sq.m.) and ancillary facilities at the resettlement site. From the date of its commencement of the construction to 31 December 2013, a total of approximately RMB132 million has been invested, accounting for approximately 41.65% of the estimated total investment of the project.

(3) Shuangliu West Airport Phase VI BT Project

On 13 January 2012, the Company considered and approved the resolution in relation to the investment in and construction of the Shuangliu West Airport Phase VI BT Project, and approved Shunan Company to be the project company responsible for the preparation, construction and transfer of the project. On 17 January 2012, the Company won the bid to undertake the project, content of which includes a total of 4 roads, i.e. south extension line of Aviation Avenue, the road on the east side of Rayspower, Airport Road No. 4 and the west extension line of Industrial Park Avenue, with a total length of approximately 8.84km. The estimated total investment amount is approximately RMB616,070,000, including land requisition and relocation fee of approximately RMB163,030,000 and expenditures for road construction and installation of relevant facilities of approximately RMB453,040,000. From the date of its commencement of the construction to 31 December 2013, a total of approximately RMB265 million has been invested, accounting for approximately 43.02% of the estimated total investment of the project.

(4) Shuangliu Zongbao BT Project

On 28 March 2012, the Company considered and approved the resolution in relation to the investment in Shuangliu Zongbao BT Project, and approved Shunan Company to be the project company responsible for the preparation, construction and transfer of the project. On 6 April 2012, the Company won the bid to undertake the project, content of which includes 2 roads, i.e. Qinglan Road and the south extension line of Shuanghuang Road, with a total length of approximately 3.23 km. The estimated total investment amount is approximately RMB279,630,000, including land requisition and relocation fee of approximately RMB79,370,000 and expenditures for road construction and installation of relevant facilities of approximately RMB200,260,000. From the date of its commencement of the construction to 31 December 2013, a total of approximately RMB171 million has been invested, accounting for approximately 61.07% of the estimated total investment of the project.

(5) Real Estate Projects in Chengbei New Town of Renshou County

On 30 January 2013, participation in the bidding for the land use rights of three state-owned construction land parcels in Chengbei New Town, Renshou County, Meishan City, Sichuan Province for the investment and development of real estate projects was approved by the Company. On 7 February 2013, the Company won the bid for the land use rights of such land parcels, and obtained the auction confirmation (《拍賣成交確認書》). On 22 February 2013, the Company and the Land Resources Bureau of Renshou County entered into 3 separate land use rights transfer contracts in relation to the acquisition of the land use rights of such land parcels (with a total site area of 235,558.10 sq.m.) at a price of RMB920,160,000. At the 5th meeting of the fifth session of the Board of the Company held on 16 May 2013, the proposal in relation to the establishment of Renshou Landmark Company was considered and approved, and the related capital contribution agreement was entered into with Trading Landmark after the meeting. Pursuant to this agreement, Renshou Landmark Company, with a registered capital of RMB200 million will be owned as to 91% and 9% by the Company and Trading Landmark respectively by virtue of their respective capital contribution of RMB182 million and RMB18 million. Renshou Landmark Company was incorporated on 24 May 2013, and will take full charge of the development and construction of this project. Currently, preparation of the construction plan, site formation and geological survey of the project has been basically completed, and other works such as the building of the marketing group are in orderly progress at the same time.

(6) Gaotan Water Park in Renshou County, Tianfu Renshou Avenue construction project, etc.

On 3 January 2014, the Company considered and approved the investment in the construction projects of Gaotan Water Park and Tianfu Renshou Avenue in Renshou County. On 15 January 2014, the Company won the bid to undertake such projects, and on 28 January 2014, the Company entered into the Investment and Construction Contract in relationt to the engineering construction projects including Gaotan Water Park, raods in the area of Gaotan Reservoir, landscape engineering of Central Business Avenue, Tianfu Renshou Avenue, underneath channel of Lingzhou Avenue and Renshou Avenue extension. The total estimated investment in these projects amounted to approximately RMB2.472 billion (subject to the final financial review price, exclusive of land requisition and demolition costs and upfront fee. Relevant preliminary work, e.g. land requisition and demolition, and expenses were borne by the tenderee.)

(7) Road engineering project of Renshou Shigao Economic Development Zone, Tianfu New District

On 3 January 2014, the Company considered and approved the investment in the road engineering project of Renshou Shigao Economic Development Zone, Tianfu New District. On 17 January 2014, the Company won the bid to undertake the project, and on 28 January 2014, the Company entered into the Investment and Construction Contract in relationt to the engineering construction projects including section II of Shigao Avenue in Renshou Shigao Economic Development Zone, Tianfu New District, Gangtie Avenue, Qingshui Road and Ring Road (including road maintenance project of Artery No. 1), south section of Zhanhua Road (including the business street and Quanlong River levee project) and Logistics Avenue (including storm sewage pipe network project of Huahai Avenue). The total estimated investment in these projects amounted to approximately RMB780 million (subject to the final financial review price).

(IV) Operating conditions of the "financial investment" segment of the Group

Financial investment is a business type established by the Group in the principle of integration of industry and finance, aiming at turning its credit and product advantages into financial advantages. While securing low-cost capital through diverse means, the Group will deepen the cooperation with professional investment management institutions, give play to the functions of equity investment, adopt the development mode of "driving finance with industry and promoting industry with finance", interactively combine industrial capital and financial capital in a multiple way in multiple levels, and expand industrial and financial businesses. Currently, the Group's major investment and financing work conditions are as follows:

(1) Entrusted Debt Investment

On 13 March 2013, the Company (as the financing party) entered into an entrusted debt investment agreement with aggregated amount of RMB400 million with Bank of China Limited Sichuan Branch (Wealth Management) (as the entrustor) and Bank of China Limited Sichuan Branch (as the entrustee). In the Reporting Period, drawdown of entrusted debt investment made by the Company amounted to approximately RMB293 million (which had been repaid and the remaining balances will no longer be drawn down).

(2) Medium term notes

On 25 April 2012, the Company completed the registration for its RMB1.3 billion 5-year medium term notes, and in June and November 2012, successfully issued the 2012 first and second tranches of medium term notes of RMB200 million and RMB500 million, at annual interest rates of 4.75% and 5.57%, respectively. On 21 March 2013, the Company successfully issued the 2013 first tranche of medium term notes of RMB600 million at an annual interest rate of 5.23%.

(3) Offshore bank loans

During the Reporting Period, the Company successively entered into loan contracts with China Construction Bank Tokyo Branch for an offshore loan of RMB1 billion, nine overseas financial institutions including The Hong Kong and Shanghai Banking Corporation Limited for an offshore syndicated loan aggregating RMB1 billion, Doha Branch of Industrial and Commercial Bank of China Limited for an offshore loan contract of RMB335 million, and Singapore Branch of the Agricultural Bank of China for an offshore loan of RMB194 million respectively. As at 31 December 2013, the said RMB-denominated offshore loans had been fully drawn down by the Company.

(4) Medium-long term syndicated loan

In order to guarantee the construction funds for Suiguang-Suixi Expressways BOT Project be funded in time, upon approval by the Company, the syndicated loan contract in relation to Suiguang-Suixi Expressways BOT Project with China Development Bank as the leading bank was entered into in December 2013. The total syndicated facilities amounted to RMB8.33 billion. The lending banks included China Development Bank, China Construction Bank, Industrial and Commercial Bank of China and Postal Savings Bank of China. As at 31 December 2013, the Group had not drawn down the loan.

(5) Industrial investment funds

On 24 December 2013, the Company considered and approved the resolution in relation to the cooperation with Sichuan Development Equity Investment Fund Management Co., Ltd. (四川發展股權投資基金管理有限公司) in carrying out industrial investment funds related business, pursuant to which, Shuhai Company, a wholly owned subsidiary of the Company, and Sichuan Development Equity Investment Fund Management Co., Ltd. made joint contribution to establish Sichuan Zhongxin Assets Management Co., Ltd. (四川眾信資產管理有限公司) with the registered capital of RMB10 million. Each party contributed RMB5 million and held 50% equity interest in the company, respectively. Sichuan Zhongxin Assets Management Co., Ltd. had completed industry and commerce registration on 6 January 2014 and its business scope includes assets management, project investment and investment consultation.

(V) Operating conditions of the "energy and cultural media" segment of the Group

Energy and cultural media is a fast growing business of the Group in recent years and mainly involves the operation of gas stations along the expressways and management of assets, service zones, advertisement, etc. along the expressways. During the Reporting Period, the Group achieved a substantial growth of revenue through integration of assets along the expressways, improvement of service functions, and vigorous development of sales of oil and chemical products, advertising, assets leasing, etc. During the Year, the Group recorded a revenue of approximately RMB2,247,392,000 (2012: RMB970,232,000) from operation of gas stations along the expressways, representing an increase of approximately 131.63% over last year; and a revenue of RMB34,360,000 (2012: RMB25,642,000) from advertising and assets leasing services along the expressways, representing an increase of approximately 34.00% over last year.

II. FINANCIAL REVIEW AND ANALYSIS

Summary of the Group's Operating Results

	2013 ***RMB'000***	2012 *RMB'000*
Revenue	**8,570,140**	7,183,670
Including: Toll income	**2,526,878**	2,343,782
Construction contract revenue	**3,761,510**	3,844,014
Profit before tax	**1,309,936**	1,439,828
Profit attributable to owners of the Company	**1,015,142**	1,180,931
Earnings per share attributable to owners of the Company *(RMB)*	**0.332**	0.386

Summary of the Group's Financial Position

	At 31 December 2013 ***RMB'000***	At 31 December 2012 *RMB'000*
Total assets	**23,989,082**	19,336,400
Total liabilities	**12,458,441**	8,889,974
Non-controlling interests	**526,138**	193,200
Equity attributable to owners of the Company	**11,004,503**	10,253,226
Equity per share attributable to owners of the Company *(RMB)*	**3.599**	3.353

Analysis of Operating Results

Revenue

The Group's revenue for the Year amounted to RMB8,570,140,000 (2012: RMB7,183,670,000), representing an increase of 19.30% over last year, of which:

(1) The net toll income was RMB2,526,878,000 (2012: RMB2,343,782,000), representing an increase of 7.81% over last year, mainly because the toll income of Chengren Expressway, which commenced operation and toll collection in September 2012, increased in the Year as compared with last year, and partially offset the adverse impact of the toll-free holiday policy and the 4.20 Earthquake. Please refer to pages 19 to 21 of this annual report for details of the main factors influencing the toll income of the Group during the Reporting Period;

(2) Construction revenue (before revenue taxes) recognized under the percentage-of-completion method in respect of service concession arrangements was RMB3,191,552,000 (2012:RMB3,248,675,000), representing a decrease of 1.76% over last year. This mainly included RMB3,126,568,000 of construction revenue (before revenue taxes) (2012: RMB3,153,313,000) from the Suiguang Suixi Expressways and Chengren Expressway BOT projects and an aggregate of RMB64,984,000 of construction revenue (before revenue taxes) (2012: RMB95,362,000) from technical renovation projects of Chengyu Expressway, Chengya Expressway and Chengle Expressway and reconstruction projects of gas stations and service zones along the expressways during the Year;

(3) Construction revenue (before revenue taxes) recognized under the percentage-of-completion method in respect of construction works performed for third parties amounted to RMB647,426,000 (2012: RMB620,189,000), which mainly included the construction revenue (before revenue taxes) of RMB423,856,000 (2012: RMB197,819,000) in respect of the BT projects, and other construction revenue (before revenue taxes) of RMB223,570,000 (2012: RMB422,370,000) during the Year.

(4) Revenue from operation of gas stations along expressways amounted to RMB2,247,392,000 (2012: RMB970,232,000), representing an increase of 131.63% over last year. This was mainly attributable to the new business of sales of petrochemical products, revenue generated from which amounted to RMB1,230,769,000.

Other Income and Gains

The Group's other income and gains for the Year amounted to RMB155,174,000 (2012: RMB183,916,000), representing a decline of 15.63% as compared with last year. This was mainly attributable to the interest income of RMB76,096,000 (2012: RMB124,582,000) from the advance payment in respect of the BT projects of the Group recognized pursuant to relevant agreements, and RMB24,469,000 (2012: RMB21,604,000) of interest income from bank deposits.

Operating Expenses

The Group's operating expenses for the Year amounted to RMB6,976,363,000 (2012: RMB5,703,674,000), representing a year-on-year increase of 22.31%, of which:

(1) Construction contract costs recognized under the percentage-of-completion method in respect of service concession arrangements were RMB2,999,442,000 (2012: RMB3,243,919,000), representing a year-on-year decrease of 7.54%. This mainly included construction contract costs of RMB2,936,416,000 (2012: RMB3,153,313,000) from Suiguang Suixi Expressways and Chengren Expressway BOT projects and aggregate construction contract costs of RMB63,026,000 (2012: RMB90,606,000) from technical renovation projects of Chengyu Expressway, Chengya Expressway and Chengle Expressway and construction projects of gas stations and service zones along the expressways during the Year;

(2) The construction costs recognized under the percentage-of-completion method in respect of construction contracts amounted to RMB551,556,000 (2012: RMB554,130,000). This mainly included the construction costs of RMB342,692,000 (2012: RMB174,590,000) in respect of BT projects;

(3) Depreciation and amortization expenses increased by 25.53% from RMB413,848,000 in last year to RMB519,520,000 this Year, which was mainly attributable to the commencement of amortization for service concession arrangements in respect of Chengren Expressway after Chengren Expressway was put into operation in September 2012;

(4) The cost of sales of refined oil and petrochemical products was RMB2,161,428,000 (2012:RMB898,918,000), which represented a 140.45% year-on-year increase and was mainly attributable to the increase in the sales of petrochemical products;

(5) Staff costs increased by 23.64% from RMB379,047,000 in the previous year to RMB468,649,000 this Year. This was principally due to the increases in total salary, various social insurances and housing accommodation fund paid in the Year to certain extent given the commencement of operation of Chengren Expressway, the Group's business expansion, the addition of controlled subsidiaries as well as the increase in staff of the Group and increased average salary for the employees in Chengdu;

(6) Costs of repairs and maintenance increased by 39.31% from RMB113,091,000 in the previous year to RMB157,547,000 this Year, representing an increase in the costs for periodic maintenance of Chengle Expressway and daily maintenance of Chengren Expressway since it commenced operation in September 2012.

Finance Costs

The Group's finance costs for the Year amounted to RMB450,609,000, representing an increase of 87.14% as compared with last year, principally attributable to (1) the increase in capitalized interest expense of RMB163,092,000 (RMB157,103,000 of capitalized interests of Chengren Expressway BOT Project from January to September 2012) as a result of the cease of capitalization of interest on the bank loans for Chengren Expresway BOT Project after Chengren Expressway was open to traffic; (2) the increase in the total interest-bearing liabilities caused by increased bank loans to satisfy project funding requirements.

Taxation

The corporate income tax expense of the Group for 2013 amounted to RMB229,226,000, representing an increase of approximately 0.13% as compared with 2012. The main reason was that although the Group's profit before tax for the Year decreased compared with last year, the construction contract segment and the gas station operation profit segment in the composition of profit before tax increased compared with last year and a 25% income tax rate was applicable to the two above-mentioned segments, resulting in a year-on-year increase in income tax expenses.

Profit

The Group's profit for the Year amounted to RMB1,080,710,000, representing a decrease of 10.75% as compared with RMB1,210,911,000 in the previous year, of which the profit attributable to owners of the Company was RMB1,015,142,000, representing a year-on-year decrease of 14.04%. This was mainly due to:

(1) the toll income from the Group's existing expressways for the Year posted a year-on-year decrease under the impact of the toll-free holiday policy and the 4.20 Ya'an Earthquake, which led to a decrease in profit achieved by them for the Year; and Chengren Expressway recorded a loss of approximately RMB74,246,000 as it was just put into operation in the Year and at the initial operation stage;

(2) The Company started operation in the property development and operation sector and the newly established controlled subsidiary Renshou Trading Landmark Company Limited made a loss of approximately RMB36,740,000 for the Year;

(3) The construction contract and operation of gas stations along expressways contributed additional profits of approximately RMB109,300,000 for the Year;

(4) The finance costs for the Year saw a significant increase as set out in the paragraph headed "Finance Costs".

Analysis of Financial Position

Non-current Assets

As at 31 December 2013, the Group's non-current assets amounted to RMB19,059,843,000, representing an increase of 22.59% as compared with the end of 2012. The increase was mainly due to:

(1) the addition in property, plant and equipment of RMB46,681,000 for the Year;

(2) an increase of RMB3,191,552,000 in service concession arrangements (including a total of RMB64,984,000 for technological renovation projects on road surface of Chengyu Expressway, Chengya Expressway and Chengle Expressway and construction projects of gas stations and service zones along the expressways and RMB3,126,568,000 for Chengren Expressway and Suiguang Suixi Expressways BOT projects);

(3) a total of RMB519,520,000 in provision of depreciation and amortization;

(4) an increase of RMB26,094,000 in prepayment related to purchase and construction of non-current assets;

(5) an increase of RMB45,665,000 in available-for-sale investments;

(6) an increase of RMB708,703,000 in land held for property development; and

(7) receipt of RMB90,270,000 in advance payment for land appropriation and relocation of Renshou Land-linked Pilot Project.

Current Assets and Current Liabilities

As at 31 December 2013, the current assets of the Group amounted to RMB4,929,239,000, representing an increase of 30.08% as compared with the end of 2012, mainly attributable to:

(1) A decrease of RMB28,713,000 in the closing balance of cash and cash equivalents as compared with the end of 2012 due to the cash and cash equivalents used in operating and investing activities in this Year, partially offset by the Company's issue of medium term notes, and increases in external borrowings;

(2) An increase of approximately RMB44,493,000 in inventories as compared with the end of 2012 mainly due to the increase of approximately RMB4,833,000 in oil reserves of Zhonglu Energy Company and Chengya Oil Company, and an increase of approximately RMB39,660,000 in the spare parts and construction materials;

(3) An increase of approximately RMB178,878,000 in trade and other receivables as compared with the end of 2012, mainly due to an increase of RMB437,946,000 in trade receivables, an increase of RMB36,699,000 in advance payment of fuel oil freight receivable, an increase of RMB14,865,000 in other receivables and a decrease of RMB310,632,000 in buyback funds for completed BT projects and advanced payment for land appropriation and relocation and accrued interest as compared with last year.

(4) Properties under development increased by RMB982,356,000 as compared with the end of 2012, mainly due to the land use rights of three parcels of land in Renshou County, Meishan City, Sichuan Province, obtained in a bid during the Year.

As at 31 December 2013, the Group's current liabilities amounted to RMB3,752,286,000, representing an increase of 34.21% as compared with the end of 2012, mainly attributable to an increase of approximately RMB590,000,000 in bank loans resulting in an increase in interest-bearing bank and other loans amounting to RMB438,182,000 for the Year, a decrease of approximately RMB81,705,000 in tax payable, and an increase of approximately RMB599,920,000 in trade and other payables.

Non-current Liabilities

As at 31 December 2013, the non-current liabilities of the Group amounted to RMB8,706,155,000, representing an increase of 42.86% as compared to the end of 2012, which was principally attributable to an increase in three-year bank loan of RMB1,529,000,000, an increase in two-year bank loan of RMB1,000,000,000 and an increase of RMB600,000,000 in medium-term notes resulting in an increase of interest-bearing bank and other loans amounting to RMB2,599,637,000 for the Year.

Equity

As at 31 December 2013, the Group's equity amounted to RMB11,530,641,000, representing an increase of 10.38% as compared with the end of 2012, mainly attributable to: (1) net profit for the Year of RMB1,080,710,000 which increased the equity; (2) 2012 final dividend of RMB244,645,000 declared in the Year which decreased the equity; (3) the disposal of certain equity interests in Trading Construction Company which increased the equity by RMB262,965,000.

Capital Structure

As at 31 December 2013, the Group had total assets of RMB23,989,082,000 and total liabilities of RMB12,458,441,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 51.93% (2012: 45.98%).

Cash Flow

As at 31 December 2013, the closing balance of the cash and bank balance of the Group amounted to RMB1,791,963,000, including approximately HKD71,000 (equivalent to approximately RMB56,000) deposits in Hong Kong dollars, and approximately RMB1,791,907,000 cash and deposits in Renminbi, representing a net decrease of approximately RMB28,713,000 over the end of 2012.

During the Year, net cash flows used in operating activities amounted to RMB2,462,496,000 (2012: RMB783,809,000), with an increase of RMB1,678,687,000 over 2012, which was mainly due to cash outflow for properties development activities aggregated to RMB1,691,059,000.

Net cash inflow from investing activities amounted to RMB143,060,000 (2012: net cash outflow of RMB76,082,000), with an increase of RMB219,142,000 over last year, mainly consisted of proceeds received from disposal of the 49% equity interests in Trading Construction Company of RMB262,965,000, which was partially offset by cash outflow of RMB45,000,000 for purchase of available-for-sale investments.

Net cash inflow from financing activities was RMB2,290,723,000 (2012: RMB912,149,000), representing an increase of RMB1,378,574,000 over last year which was mainly attributable to net increase in bank loans.

Capital Commitments

Details of the Group's capital commitments as at 31 December 2013 are set out in note 34 to the financial statements.

Risk of Exchange Fluctuation

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

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

Borrowings and Solvency

As at 31 December 2013, the Group's interest-bearing bank and other loans amounted to RMB9,889,413,000, all of which bore fixed interest rates. In particular, the balance of domestic bank loans was RMB4,955,412,000, with annual interest rates ranging from 5.76% to 6.55%; the balance of overseas bank loans was RMB3,529,000,000, with annual interest rates ranging from 4.89% to 5.85%; the balance of other loans amounted to RMB105,001,000, with annual interest rates ranging from 3.30% to 6.15%; and the outstanding medium term notes amounted to RMB1,300,000,000, with annual interest rates ranging from 4.75% to 5.57%. The relevant balances are set out as follows:

	Maturity profile of interest-bearing borrowings			
	Total amount	**Within 1 year**	**From 1 year to 5 years**	**Over 5 years**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from domestic commercial banks	4,955,412	938,000	1,096,875	2,920,537
Loans from overseas commercial banks	3,529,000	250,000	3,279,000	—
Other loans	105,001	15,909	89,092	—
Medium-term notes	1,300,000	—	1,300,000	—
Total (2013-12-31)	**9,889,413**	**1,203,909**	**5,764,967**	**2,920,537**
Total (2012-12-31)	6,851,594	765,727	2,865,955	3,219,912

With the Group's steady cash flow, solid capital structure and sound credit records, the Group has established and maintained favorable credit relations with financial institutions and enjoyed most preferential interest rates for its loans. The Group has acquired bank facilities of RMB2,737 million from financial institutions available for use in the following one to two years. In addition, in 2010, China CITIC Bank Corporation Limited (Chengdu Branch) as leader and other eight banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan of RMB4,890 million. Such loan is specially used for construction of Chengren Expressway BOT Project. As at 31 December 2013, the balance of syndicated loan for the project amounted to RMB3,911 million.

In 2013, China Development Bank (Sichuan Branch) as leader and other three banks carrying out businesses in the PRC formed a bank consortium, which signed a loan contract with the Group for a medium-long term loan totalled RMB8,330 million. Such loan was specially used in Suiguang-Suixi Expressways BOT Project. As at 31 December 2013, no drawdown of the loan has been made by the Company.

Contingent Liabilities and Pledge of Assets

As at 31 December 2013, the Group's time deposits of RMB11,144,000 and RMB10,639,000, respectively (2012: RMB10,868,000 and RMB10,333,000 respectively) were pledged to secure Chengren Expressway BOT Project and Suiguang Suixi Expressways BOT Project respectively; time deposits of RMB112,150,000 (2012: RMB56,450,000) were pledged to secure bank loans; time deposits of RMB4,530,000 (2012: nil) was pledged for Shuangliu West Airport Phase VI BT Project; the concession rights to collect toll income pertaining to Chengbei Exit Expressway and Chengle Expressway with the net carrying values of RMB138,793,000 and RMB1,102,194,000, respectively (2012: RMB153,640,000 and RMB1,144,993,000 respectively) were pledged to secure bank loans amounting to RMB48,000,000 and RMB106,400,000, respectively (2012: RMB91,000,000 and RMB106,400,000, respectively); the concession rights to collect toll income pertaining to Chengren Expressway with net carrying value of RMB7,453,127,000 (2012: RMB7,469,649,000) was pledged to secure the syndicated loan amounting to RMB3,911,012,000 (2012: RMB3,911,012,000); the concession rights to collect toll income pertaining to Chengya Expressway with net carrying value of RMB2,408,484,000 was pledged to secure the overseas syndicated loan amounting to RMB1,000,000,000; trade receivables of approximately RMB208,384,000 (2012: nil) has been pledged by the Group to secure bank loans of RMB260,000,000.

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 31 December 2013.

III. BUSINESS DEVELOPMENT PLANS

Based on our analysis and judgment of the business conditions, policy climate and our own development status, and in line with our business targets for year 2014, we formulated the following business plans:

1. Conduct reform and innovation, strengthen management, and further stimulate motive force of development. The Company will improve the Group's mechanism of innovation driving development and further improve the sound corporate management system with definite division between power and obligations, scientific management and high efficiency through strengthening internal management innovation, human resources management innovation, remuneration system innovation, innovation of project investment mode and way of cooperation, promoting development with reform and secure benefits relying on management.

2. Strengthen foundation and further consolidate the foundational status of "toll roads and bridges". The Company will improve traffic efficiency of roads, achieve tapping potential and increasing efficiency in respect of toll income, and further enhance the profitability of the Group's principal businesses through strengthening operation management of the Group's road assets, together with multiple means including building a professional inspection team of the Company, enhancing the service level of road operation and service image and increasing efforts in construction of intelligent traffic.

3. Strengthen risk control and proactively and stably promote the development of four major segments, i.e. "city operation", "construction", "energy and cultural media" and "financial investments". The Company will seize market opportunities, integrate advantageous resources, deepen internal and external cooperation and proactively promote the business development of four segments. Meanwhile, we will place focus on project operation, industrial policy and market risk survey and analysis, and establish and improve risk warning, risk control, risk aversion and responsibility assigning mechanisms to reduce market risks and foster and consolidate new profit growth points of the Company.

4. Well perform engineering project management and ensure project construction quality. The Company will continuously and strictly execute the Company's system of internal control and management of construction projects and improve project management level and engineering construction quality through strengthening target responsibility management and performing strict supervision and assessment; introduce scientific project management tools and methods to conduct evaluation and management from the perspectives of target, progress, efficiency and accuracy, further enhance the refined management of projects and promote the construction management and engineering quality to a new height.

5. Strengthen financial management, innovate the way of financing and fully guarantee the fund demands of the Company. We will tighten up financial budget management, make overall planning of funds, strengthen cost and expense control, carry out rigid execution and guarantee the fulfillment of annual targets. Meanwhile, we will continue to maintain the advantage of low cost financing, proactively explore multiple financing channels and secure low-cost capital through diverse means with an aim to ensure sufficient cash flow and financial resources to support the Group's liability level and business expansion.

Gan Yongyi
Vice Chairman and General Manager

Chengdu, Sichuan, the PRC
27 March 2014

I. Corporate Governance

As a listed company with both A Shares and H Shares, in addition to complying with the applicable laws and regulations, the Company is also required to comply with the requirements of the Corporate Governance Code (the "Code") of the Stock Exchange and the Code of Corporate Governance for Listed Companies of the CSRC regarding the practice of corporate governance. As at the date of this report, there was no material difference between the actual situation of the corporate governance of the Company and the requirements under the Code of Corporate Governance for Listed Companies, and the Company has adopted and fully complied with the provisions of the Code, except that Mr. Tang Yong was unable to attend the extraordinary general meeting of the Company held on 24 December 2013 in accordance with the code provision A.6.7 under the Code due to significant business engagement.

Since establishment, the Company has set up a corporate governance structure comprising the general meeting, the Board, the Supervisory Committee and the management, and has conducted on-going review and improvement of such structure in practice. To date, the Company has successively established special committees under the Board, including the Audit Committee, the Strategic Committee, the Nomination Committee and the Remuneration and Appraisal Committee. The Company has also adopted an independent internal audit system, established a relatively comprehensive internal control system and formulated multi-tier governance rules based on the Articles of Association, aiming at clearly defining the duties, limits of authorities and codes of conducts for all parties. In accordance with laws, regulations and the governance rules, the general meeting, the Board, the Supervisory Committee and the management of the Company discharge their own duties, coordinate with each other, effectively counter-balance each other, and continuously enhance corporate governance standards, thereby laying a solid foundation for driving the Company's development and maximizing value for the Shareholders.

(I) Amendments to and improvements in the corporate governing system

During the Reporting Period, the Company further supplemented and completed the corporate governing system of the Company and made amendments to the Administrative Measures on Use of Proceeds and the Detailed Implementation Rules for the Nomination Committee under the Board in accordance with relevant requirements of regulatory authorities. On 27 March 2014, the Board of the Company amended the provisions of the Articles of Association to specify the priority of cash dividend against share dividend in profit distribution. The said amendments shall subject to approval of the Shareholders at the 2013 AGM of the Company. Shareholders and investors can inspect the details on the amendment of the said rules and regulations on the websites of the SSE, the Stock Exchange and the Company.

(II) Establishment and improvement of the internal control system of the Company

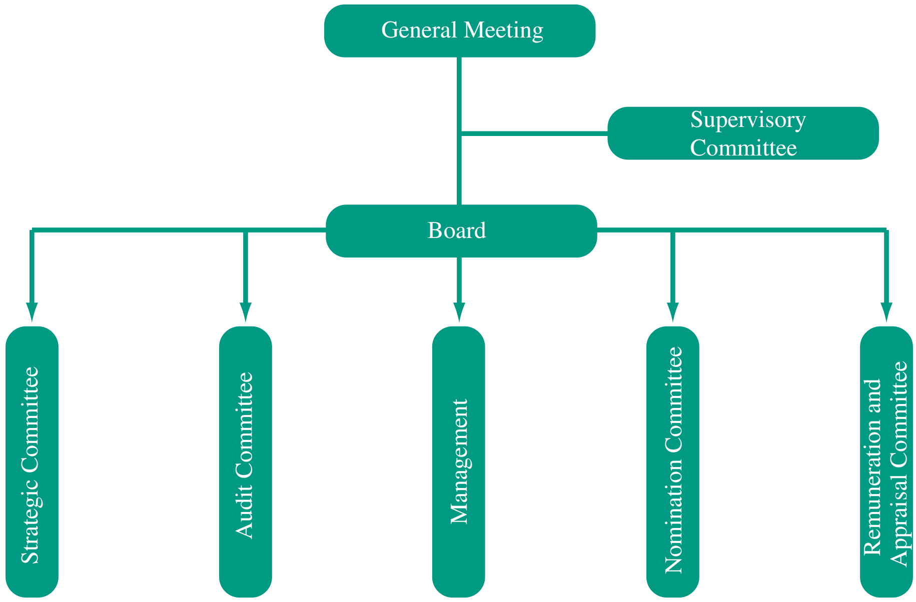
After years of operation and development, the Company has established a relatively comprehensive internal control system, ensuring the normal production and operation of the Company and playing a vital role in controlling operation risks. As the Company further develops, its internal control system needs to be continuously optimized and enhanced. Meanwhile, in order to implement the "Basic Rules for Internal Control of Companies" jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission and the Implementary Guideline for Enterprise Internal Control, and in light of the "Guidelines on Internal Control for Listed Companies" by the SSE and the Code, the Company has launched the construction of the corporate internal control system in an all-around way since the second half of 2010 and promptly completed the preparation and test of the Internal Control Manual as well as self-assessment and audit of internal control for the year 2011 and 2012. In 2013, by combining the operation results and feedback opinions of each department and unit in 2012 and being supported by consultant service institutions, the Company further amended and improved the Internal Control Manual and included issued two segments, i.e. engineering project management and oil sales management. The Company also printed seven sub-manuals, such as the Financial Management Sub-manual, Sub-manual for Engineer construction and Implementation, Sub-manual for Road Production and Management, Management Sub-manual for Road Maintenance and Protection, Management Sub-manual for Toll, Management Sun-manual for Engineer Project and Management Sub-manual for Oil Sales, etc. based on the general manual in accordance with the Company's principle businesses, thus improved the capability of the Internal Control Manual. In addition, the Company continuously revised and improved the internal control testing and assessment, further clarified the detailed contents for testing and improved the accuracy and reliability of self-testing.

The Board is responsible for establishing and effectively implementing a sound internal control system, over which the supervisory committee shall exercise supervision. The management is responsible for organizing and implementing the day to day operation of the Company's internal control. Through making self-assessment of the design and implementation effectiveness of the Company's internal control as at 31 December 2013, the Board considers that, in terms of such businesses and matters as included in the scope of assessment, the Company had put in place internal control which had been implemented effectively with the Company's internal control objectives being accomplished, and there were no significant defects during the Reporting Period. Shinewing Certified Public Accountants (Special General Partnership) has audited the effectiveness of the relevant internal control for financial reporting of the Company and issued auditors' reports with standard unreserved opinions.

In the future, the Company will continue to press ahead with the implementation of the corporate internal control system, and optimize the internal control system based on its existing system, and practically establish and implement a corporate internal control system with definite division between powers and obligations, scientific management and high efficiency.

II. Legal Person Governance Structure of the Company

The current governance structure of the Company is shown as follows:



(I) Shareholders and General Meetings

The Company treats all the Shareholders on an equal footing by ensuring that all Shareholders, especially minority and medium Shareholders, are entitled to enjoy equal status and fully exercise their respective rights, and are entitled to the right to access to and make decisions on material matters of the Company and strictly prohibits any act detrimental to the interests of the Company and the Shareholders. Notice of, authorization from and consideration at general meetings are all in compliance with relevant procedures.

1. Substantial Shareholders

The substantial shareholders of the Company include STI (holding 31.88% equity interest) and Huajian Company (holding 21.73% equity interest). The substantial shareholders had acted properly and never exploited their special position to intervene, in ultra vires over the general meetings, the decision-making or the operation of the Company or advance extra interests.

The Company has separate personnel, assets, finance, organization and business from the substantial shareholders. In respect of personnel, there is no interlocking and the Company has the rights of free appointment and removal in terms of labor and personnel; in respect of assets, the Company is strictly separated from its controlling shareholder, possesses full ownership over its operating assets and operates with full independence; in respect of finance, the Company has an independent financial department and independent financial accounts and is able to autonomously make its financial decisions while the application of funds is free from any interference from the controlling shareholders; in respect of organization, there is no question of "one team operating in two companies", mixed operation or work in the same premise, and the office and business premise are separated; in respect of business, the Company has a different scope of business from those of its controlling shareholder and owns entire business independence and independent operation capability.

2. General Meetings and Rights of Shareholders

As the highest authority of the Company, the general meeting exercises its power in determining material matters of the Company pursuant to the laws. Shareholders requisitioning extraordinary general meetings of Shareholders or class meetings shall abide by the following procedures: Shareholders individually or collectively holding 10% (inclusive) or more of the Shares of the Company shall sign one or more counterpart requisitions stating the subject of the meeting and requiring the Board to convene a Shareholders' extraordinary general meeting or a class meeting. The Board shall as soon as possible proceed to convene the extraordinary general meeting of Shareholders or a class meeting after receiving the requisition; The Board shall furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten (10) days after receiving such requisition; in the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five (5) days after the passing of the relevant resolution of the Board; in the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten (10) days after receiving such proposal, Shareholders individually or collectively holding 10% or more of the Company's Shares shall be entitled to propose to the Supervisory Committee the convening of the extraordinary general meeting; in the event that the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five (5) days after receiving such request; failure of the Supervisory Committee to issue the notice of the general meeting shall be deemed as failure of the Supervisory Committee to convene and preside over a general meeting, and Shareholders individually or collectively holding 10% or more of the Company's Shares for ninety (90) consecutive days or more may convene and preside over the meeting by themselves.

The annual general meetings or other extraordinary general meetings in each year provide a channel of direct communication between the Board and Shareholders. The Company encourages all Shareholders to attend general meetings and issues the meeting notice within 45 to 50 days prior to the convening of the meetings, and takes appropriate ways of disclosure and expression based on the regulatory regulations of different stock exchanges and reading habits of different investors to provide Shareholders with data that is helpful to decision-making. The Company discloses the details of procedures for Shareholders to attend in person or by proxy, contact information for enquiries by Shareholders, etc., in the notices of general meetings. In accordance with the provisions under the Articles of Association, Shareholders individually or collectively holding more than 3% of the Company's Shares can make a temporary motion and submit in writing to the convener ten (10) days before the date of Shareholders' general meeting. The convener shall issue a supplementary notice of the Shareholders' general meeting announcing the contents of the temporary motion within two (2) days upon receipt of the motion. At the general meetings, all Shareholders also have opportunities to make enquiries to the Directors about issues concerning the operation and results of the Group. All Directors and senior management of the Company are required to attend the meetings as far as possible to answer Shareholders' enquiries and discuss directly with Shareholders about the Company's business and prospect.

In 2013, the Company convened 3 general meetings. The convening of and matters approved at the meetings are summarized as follows:

Session and Number of Meeting	Date of Meeting	Name of Resolutions	Resolutions
2013 first extraordinary general meeting	28 March 2013	1. The resolution in respect of the election of the Directors of the fifth session of the Board and the Supervisors of the fifth session of the Supervisory Committee; 2. The resolution in respect of the remunerations scheme for the Directors of the fifth session of the Board and the Supervisors of the fifth session of the Supervisory Committee.	All the resolutions were duly considered and passed
2012 annual general meeting	28 May 2013	1. The resolution in respect of the profit appropriations and dividend distribution plan for the year 2012; 2. The resolution in respect of the financial budget implementation report for the year 2012; 3. The resolution in respect of the work report of the board of Directors of the Company for the year 2012; 4. The resolution in respect of the domestic and overseas work reports of the Supervisory Committee for the year 2012; 5. The resolution in respect of the duty performance report of independent non-executive Directors for the year 2012; 6. The resolution in respect of the 2012 domestic and overseas annual reports and their summaries, etc.; 7. The resolution in respect of financial budget proposal for the year 2013; 8. The resolution in respect of the re-appointment of Ernst & Young Certified Public Accountants as the international auditor of the Company for the year 2013; 9. The resolution in respect of re-appointment of Shinewing Certified Public Accountants as the PRC auditor of the Company for the year 2013; 10. The resolution in respect of the registration of the issue of the Debt Financial Instruments of non-financial enterprises and other relevant matters; 11. The resolution in respect of the election of Mr. Wu Xinhua as to be a non-executive Director of the fifth session of the Board of the Company.	All the resolutions were duly considered and passed
2013 second extraordinary general meeting	24 December 2013	1. The resolution in respect of the Construction Framework Agreement entered into between the Company and Trading Construction Company; 2. The resolution in respect of the Construction Framework Agreement entered into between Trading Construction Company and STI; 3. The resolution in respect of the Purchase Framework Agreement entered into between the Company and STI; 4. The resolution in respect of the election and appointment of Mr. He Zhuqing as an executive Director of the fifth session of the Board and the determination of his remuneration scheme; 5. The resolution in respect of the election and appointment of Mr. Lu Ning to be a Supervisor of the fifth session of the supervisory Committee of the Company and the determination of his remuneration scheme.	All the resolutions were duly considered and passed

In addition to the said communication with the Board by means of general meetings, Shareholders can also submit their enquiries and questions in writing to the Board through the Secretary to the Board at any time. The contact details of Mr. Zhang Yongnian, the Secretary to the Board, are as follows:

Tel:	(86)28-8552 7510
Fax:	(86)28-8553 0753
E-mail:	cygszh@163.com
Contact address:	252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC
Postal code:	610041

(II) Board and Directors

Board

1. Responsibilities and division of work

The Board acts on behalf of the interests of Shareholders as a whole and is accountable to the general meetings. Its main duties are to exercise rights of decision-making and management in accordance with laws and regulations and the authorisation of general meetings in terms of the Company's development strategies, management framework, financing and investment plans, financial control and human resources, etc, and to exercise supervision and inspection on the development and operating activities of the Company. The Board has established 4 special committees and assigned certain specific powers to each committee to assist the Board in effective performance of duties. The composition, responsibilities and functions of each committee are set out in the section headed "Special committees of the Board" in this chapter. Unless otherwise stipulated in the terms of reference of relevant committees, the Board reserves the final right to make decisions.

The management is accountable to the Board. Its major responsibilities are to implement the resolutions of the Board, manage the Company's day-to-day operations, organize the implementation of the Company's annual business plan and investment plan, and make relevant decisions in accordance with laws and regulations and the authorisation of the Board. When the Board delegates powers in respect of management and administrative functions to the management, it has given clear guidance on the powers of the management. In exercise of duties, the management should not exceed the permitted scope of its duties.

In order to ensure that there is an appropriate balance of power between the Board and the management and that there is no undue concentration of power and authority in a single individual, positions of the Chairman and the General Manager of the Company are taken up by different persons. The Chairman takes charge of affairs of the Board, reviews the execution of the resolutions of the Board, formulates the Company's development strategies and capital operation whereas the General Manager, with the support and assistance from other senior management of the Company, is responsible for coordinating and managing the Group's business and operations, implementation of the strategies formulated by the Board and day-to-day decision-making. The reasonable division of work under the laws ensures a definite division of power and obligations with clear-cut and efficient decisions and implementations between the Board and the management.

2. Composition

As at 31 December 2013, the Board consisted of 11 Directors. It was the fifth session of the Board since the establishment of the Company. The term of office of the Directors commenced from 28 March 2013 or from the date on which the Directors were elected. As at the date of this report, the composition of the Board of the Company is set out in VIII "Profile of Directors, Supervisors, Senior Management and Employees" in this annual report.

The fifth session of the Board has 4 independent non-executive Directors, representing one third of the total directorship. Independent non-executive Directors are experienced professionals in various industries including transportation, civil engineering, economy and accounting. With a responsible attitude and extensive professional knowledge and experience, the independent non-executive Directors have in good faith performed their independent duties of honesty and diligence in participating in discussion and decision-making on material matters of the Company, reviewing the connected transactions, capital transaction and external guarantee of the Company as well as giving their independent opinions or recommendations, whereby the overall interests of the Company and the lawful interests of the Shareholders as a whole have been effectively safeguarded. Independent non-executive Directors have played an important role in the Board of the Company.

Composition of the Board satisfied the demand of the Company's business for the Board members concerning their skills and experience together with perspectives and diversified angles. Change of the Board members will not bring in unsuited interference. Executive Directors and non-executive Directors (including independent non-executive Directors) of the Board constitute a balance structure with strong independency is capable of making independent judgment. Non-executive Directors possess sufficient caliber and number to put forward influential opinions and thus effectively safeguarding the interest of the Company as a whole and of all its shareholders.

3. Meetings of the Board

During the Year, the Board of the Company convened a total of 11 Board meetings in view of the needs of the operation and business development of the Company. Board meetings and relevant resolutions are published on the websites of the Stock Exchange, the SSE and the Company for inspection by Shareholders and investors.

The Board holds regular meetings on a quarterly basis and extraordinary meetings if necessary. The notice of regular Board meeting shall be sent to all Directors at least 14 days before the meeting, the notice of other extraordinary Board meetings shall be sent to all Directors at least 10 days before the meeting. The Chairman, more than one third of Directors, more than one half of independent non-executive Directors, the Supervisory Committee, General Manager and Shareholders representing more than one tenth of voting rights have rights to propose the convening of an extraordinary Board meeting.

The management of the Company is responsible for provision of relevant statistics and information required for the Board's consideration of various resolutions and arranging for senior executives to report their work at Board meetings. The Board of the Company and its special committees are entitled to appoint independent professional institutions for services according to the needs of the exercise of authority, performance of duties or corporate businesses, and the reasonable expenses incurred therefrom shall be borne by the Company.

When a Board meeting considers any transaction, Directors shall declare their interests involved, and shall abstain from voting at the meeting as required. The Company has stated in the Articles of Association that, if a Director has a conflict of interest in any material matter, the connected Director must abstain from voting at the Board meeting.

Directors

1. Appointment

Directors are elected or replaced at general meetings. Shareholders, the Board or the Supervisory Committee of the Company are eligible to nominate candidates for Directors in writing. Directors serve for a term of office of 3 years and, upon expiry of the term. Their appointment is subject to further consideration at general meetings and they may offer themselves for re-election. Independent non-executive Directors shall be the persons not connected with the management and substantial shareholders of the Company.

2. Information support and professional development

As always, the Company has been committed to improving its internal information support system and communication mechanism so as to secure effective functioning of the Board. Through the Secretary to the Board, all Directors during their term of office are able to keep abreast of relevant information and the latest movements in laws, regulations, regulatory ordinances and other continuing obligations that directors of listed companies shall comply with, on a timely basis. Through various means such as statistics provision, work reports, site visits, professional trainings and special conference, etc, all Directors are enabled to keep informed of the business development, competition and regulatory environment of the Company on a timely basis, thus ensuring the Directors understand their duties. This facilitates correct and effective decisions by the Directors and ensures procedures of the Board and the applicable laws and regulations are duly observed.

In 2013, the participation of Directors in sustainable professional development activities is as follows:

	Type of Activity	
Name of Director	**Reading materials in respect of traffic and transportation, corporate governance, capital operation and financial accounting**	**Participation in centralized trainings and attendance in forums, seminars and meetings on regulatory work**
Zhou Liming	✓	✓
Zhang Zhiying (retired)	✓	✓
Zhang Yang (resigned)	✓	✓
Tang Yong	✓	✓
Gao Chun (retired)	✓	✓
Wang Shuanming	✓	✓
Liu Mingli (retired)	✓	✓
Hu Yu (resigned)	✓	✓
Luo Xia (retired)	✓	✓
Feng Jian (retired)	✓	✓
Zhao Zesong (retired)	✓	✓
Xie Bangzhu (retired)	✓	✓
Gan Yongyi	✓	✓
Wu Xinhua	✓	✓
Huang Bin	✓	✓
He Zhuqing	✓	✓
Sun Huibi	✓	✓
Guo Yuanxi	✓	✓
Fang Guijin	✓	✓
Yu Haizong	✓	✓

Note: Details of retirement and resignation of Directors please refer to the section titled "Changes of Directors, Supervisors and Senior Management" of this annual report.

In addition, the Secretary to the Board of the Company has also accepted professional training of no less than 15 hours in accordance with Rule 3.29 of the Listing Rules.

3. Duty performance this Year

During the Reporting Period, the members of the Board of the Company were jointly responsible for the management and operation of the Company's businesses. Each Director actively cared for the Company's businesses and cautiously and diligently executed their respective responsibilities on the basis of fully understanding the Company's businesses and in good faith in the best interests of the Company.

In 2013, the attendance of the Board meetings and general meetings by the Directors is as follows:

		Attendance of Board meetings				Number of attendance/ meeting
Name of Director	**Required attendance in Board meetings during the Year**	**Attendance in person**	**Attendance via communications**	**Attendance by proxy**	**Attendance in person/ required attendance**	**Number of attendance/ meeting**
Zhou Liming	11	11	1	0	11/11	3/3
Zhang Zhiying (retired)	1	1	0	0	1/1	1/1
Gan Yongyi	10	10	1	0	10/10	2/2
Zhang Yang (resigned)	4	4	0	0	4/4	1/1
Wu Xinhua	5	5	1	0	5/5	1/1
Tang Yong	11	9	1	2	9/11	2/3
Gao Chun (retired)	1	1	0	0	1/1	1/1
Huang Bin	10	9	1	1	9/10	2/2
Wang Shuanming	11	11	1	0	11/11	3/3
Liu Mingli (retired)	1	1	0	0	1/1	1/1
Hu Yu (resigned)	9	9	3	0	9/9	2/2
He Zhuqing	0	0	0	0	0/0	0/0
Luo Xia (retired)	1	1	0	0	1/1	1/1
Feng Jian (retired)	1	1	0	0	1/1	1/1
Zhao Zesong (retired)	1	1	0	0	1/1	1/1
Xie Bangzhu (retired)	1	1	0	0	1/1	1/1
Sun Huibi	10	10	1	0	10/10	2/2
Guo Yuanxi	10	10	1	0	10/10	2/2
Fang Guijin	10	10	1	0	10/10	2/2
Yu Haizong	10	10	1	0	10/10	2/2

Note: Details of retirement and resignation of Directors please refer to the section titled "Changes of Directors, Supervisors and Senior Management" of this annual report.

Number of Board meetings held during the Year	11
Of which: Number of physical meetings	8
Number of meetings held via communications	1
Number of meetings held by way of combination of both	2

During the Reporting Period, all Directors of the Company have attended the Board meetings with due care and diligence, and offered professional suggestions and independent judgments in respect of the material issues being discussed at the meetings by virtue of their expertise and experience.

Apart from attendance of Board meetings with due diligence and performance of their duties with honesty, the independent non-executive Directors of the Company also held meetings with external auditors to discuss annual auditing issues in accordance with relevant requirements and guidance and provided independent opinions and recommendations to the Board in respect of material issues and connected transactions of the Group, etc. During 2013, independent non-executive Directors, by means such as joining the Board and special committees, reviewed and provided independent opinions on material issues of the Company such as investment decisions, connected transactions, capital transaction with related parties and external guarantee, profit distribution, nomination of senior management and internal control, etc, whereby the overall interest of the Company and the lawful interest of the Shareholders as a whole had been safeguarded and the healthy development of the Company had been promoted.

During the Year, the independent non-executive Directors had neither raised any objections to the resolutions of the Board nor made any proposals to convene a Board meeting.

4. Remunerations of Directors and Supervisors

Until now, remunerations of the Directors, Supervisors and senior management of the Company are determined in accordance with relevant PRC policies or regulations, the Company's actual situation and applicable percentage of per capita income of the working population of Chengdu where the Company is situated. The Board (considering the opinions of the Remuneration and Appraisal Committee) and the Supervisory Committee should make suggestions on the remunerations schemes for Directors and Supervisors which are subject to final consideration and approval at the general meeting. The year-end bonus and welfares for executive Directors should be determined by the Board as authorized by the general meeting, after giving consideration to the opinions of the Remuneration and Appraisal Committee. Information on the remunerations of Directors and Supervisors of the Company for 2013 are set out in note 8 to the financial statements of this annual report.

5. Independence of Directors

The Company has appointed a sufficient number of independent non-executive Directors. The Board has obtained written confirmations from all independent non-executive Directors concerning their independence in accordance with the requirements of Rule 3.13 of the Listing Rules of the Stock Exchange. The Company believes that the incumbent independent non-executive Directors have all complied with such rule and the relevant regulations of the SSE and are still regarded as independent.

6. Securities transactions by Directors

During the Year, the Company has adopted a code of conduct regarding securities transactions by the Directors on terms not less exacting than the required standards set out in the Model Code, and has strictly complied with the relevant requirements of the Listing Rules of the SSE. Having made specific enquiries to all Directors, it was confirmed that the Directors of the Company 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 and the Listing Rules of the SSE.

7. Director's liability insurance

Purchase of liability insurance for Directors will, on one hand, enable the Company to establish an effective prevention mechanism against the vocational risks associated with the management staff, encourage their innovation, attract more excellent management talents and optimise the corporate governance structure of the Company; and on the other hand, it will enhance the anti-risk ability of the Company and contribute to the protection of the lawful interests of minority and medium Shareholders. Since March 2012, the Company has purchased liability insurance for Directors, Supervisors and senior management members of the Company in relation to their performance of duties.

8. Responsibility statement on financial statements by the Directors

The Directors confirm that they have the responsibility to prepare the financial statements that can give a true and complete view of the Group's financial position. The Board is of the opinion that as the Company's resources are sufficient for its operation in future, the financial statements have been prepared based on the going concern, and that in preparation of such financial statements, applicable accounting policies were adopted.

(III) Special committees of the Board

In order to help the Board to discharge its duties and promote effective operation, 4 special committees have been set up under the Board. These committees review and monitor matters in specific areas of the Company within their designated terms of reference, and make corresponding recommendations to the Board. The detailed implementation rules for each committee has been approved by the Board and published on the websites of the Stock Exchange, the SSE and the Company for inspection by Shareholders and investors.

Members of the committees shall be elected and appointed by the Board in accordance with the provisions under the detailed implementation rules for their respective committees. The term of office of the members is the same with that of the Board, renewable upon re-election.

The composition and duty performance of the committees during the period from 1 January 2013 to 28 March 2013, are set out as follows:

Name of Director	Role of Director	Audit Committee		Strategic Committee		Nomination Committee		Remuneration and Appraisal Committee	
		Member ("✓") Chairman ("*")	Number of attendance/ meeting	Member ("✓") Chairman ("*")	Number of attendance/ meeting	Member ("✓") Chairman ("*")	Number of attendance/ meeting	Member ("✓") Chairman ("*")	Number of attendance/ meeting
Tang Yong	Non-executive Director	–	–	*	0/0	–	–	–	–
Zhang Zhiying	Non-executive Director	–	–	✓	0/0	✓	1/1	–	–
Liu Mingli	Executive Director	–	–	–	–	–	–	✓	1/1
Luo Xia	Independent non-executive Director	*	2/2	–	–	–	–	✓	1/1
Feng Jian	Independent non-executive Director	✓	2/2	–	–	*	1/1	–	–
Zhao Zesong	Independent non-executive Director	✓	2/2	–	–	✓	1/1	*	1/1
Xie Bangzhu	Independent non-executive Director	–	–	✓	0/0	–	–	–	–

On 28 March 2013, the Company convened the 2013 first extraordinary general meeting, at which the members of the fifth session of the Board of the Company were elected and appointed. On the same day, the Company convened a Board meeting to re-elect and appoint the members of each special committee of the Board of the Company. During the period from 28 March 2013 to 31 December 2013, the composition of new committees is as follows:

Name of Director	Role of Director	Audit Committee		Strategic Committee		Nomination Committee		Remuneration and Appraisal Committee	
		Member ("✓") Chairman ("*")	Number of attendance/ meeting	Member ("✓") Chairman ("*")	Number of attendance/ meeting	Member ("✓") Chairman ("*")	Number of attendance/ meeting	Member ("✓") Chairman ("*")	Number of attendance/ meeting
Zhou Liming	Executive Director	–	–	*	1/1	✓	4/4	–	–
Gan Yongyi	Executive Director	–	–	✓	1/1	–	–	✓	3/3
Sun Huibi	Independent non-executive Director	–	–	–	–	*	4/4	–	–
Guo Yuanxi	Independent non-executive Director	✓	4/4	–	–	✓	4/4	–	–
Fang Guijin	Independent non-executive Director	✓	4/4	✓	1/1	–	–	*	3/3
Yu Haizong	Independent non-executive Director	*	4/4	–	–	–	–	✓	3/3

1. Audit Committee

The Company set up the Audit Committee in November 2004. The major terms of reference of the Audit Committee are as follows: to review the Company's financial information and its disclosure; to perform corporate governance functions, and supervise the Company's internal control, financial reporting system and risk management procedures; to make recommendation on the appointment and dismissal of external accountants, review and monitor the external accountant's independence and objectivity and the effectiveness of the audit process; and to work with the Board to formulate policies concerning the Company's engagement of accountants and supervise the implementation of such policies.

In respect of the performance of corporate governance functions by the Audit Committee, the Board has authorized the committee to perform the following functions: to formulate and review the Company's corporate governance policies and practices and make recommendations to the Board in respect thereof; to review and monitor the Company's compliance with the regulatory systems under the laws and regulations (including but not limited to the Listing Rules) and regulatory authorities (including but not limited to the Stock Exchange and the SSE); to formulate, review and monitor the code of conduct and compliance manual (if any) for the Company's staff and Directors; and to review the Company's compliance with the Corporate Governance Code (as amended time from time) set out in the Appendix 14 to the Listing Rules of the Stock Exchange and the disclosure of such compliance in the Corporate Governance Report in its periodical reports as required under the Listing Rules.

The committee hereby presents its work report during 2013 as follows:

Written Report of the Audit Committee

The Audit Committee convened 6 meetings in 2013, of which 2 meetings were held by the fourth session of the Audit Committee and 4 by the fifth session and 2 meetings in 2014 (as at the date of this report). Meetings of the Audit Committee were presided over by the chairman of the Audit Committee. All members of the committee attended the meetings in person. The external accountants and Supervisors, Secretary to the Board and Financial Controller of the Company were also invited to attend the meetings except for the fifth meeting of the fifth session of the Audit Committee, which were only attended by members of the Audit Committee and the external auditors. The major work completed by the Audit Committee during the said period is as follows:

– **Reviewing regular financial reports**

The Audit Committee is responsible for examining and supervising the integrity of the Company financial statements, accounts and periodical reports, and reviewing significant financial reporting judgments contained in such statements and reports. In accordance with relevant procedures, the management is responsible for preparation of the Group's financial reports including adoption of appropriate accounting policies, the external auditors are responsible for auditing and verifying the Group's financial reports and evaluating the Group's internal control system, while the Audit Committee supervises the work of both the management and the external auditors and confirms the procedures and safeguard measures adopted by the management and external auditors. In reviewing these statements and reports before submission to the Board, the Audit Committee should focus particularly on any changes in accounting policies and practices, matters involving significant judgment, significant adjustments resulting from audit and the going concern assumptions, any qualified opinion and whether it is in compliance with relevant accounting standards and requirements concerning financial reporting under the Listing Rules and laws. The specific work includes:

(1) Reviewing the 2012 annual financial statements and unaudited financial statements for the second half year of 2013 (according to the HK GAAP and the PRC GAAP), unaudited financial statements for the first and third quarters of 2013 (according to the PRC GAAP), and making approval suggestions to the Board.

(2) Before the annual audit of 2013, the Audit Committee convened a meeting to hear the plan for preparation and annual audit of 2013 financial report of the Company and the report on annual audit plan from external auditors, and communicated on the audit scope, method, focus and specific scheduling for the Year.

(3) After completing audit and issuing preliminary audit opinions by external auditors, the Audit Committee convened the 2014 first meeting to discuss and communicate with the management and external auditors of the Company on relevant issues of the financial and accounting statements of the Company and the preliminary audit opinions of the auditors.

(4) During the audit process for the Year, the Audit Committee maintained continuous communications with external auditors, who submitted this Year's audit report on time after prior and complete communications and prompt supervision during the audit.

(5) The Audit Committee convened the 2014 second meeting to consider the 2013 annual audit report of the Company and considered that the Group's 2013 annual financial statements can truly and correctly reflect the operation results of the Group for this Year and the financial position as at 31 December 2013. It recommended the Board to make approval.

– **Internal control and corporate governance reviewing**

The Audit Committee is responsible for assisting the Board in reviewing the effectiveness of the Group's internal control. During the Year, the Audit Committee inspected financial control, risk management and the progress of internal control construction. No impropriety in respect of financial reporting, internal control or other aspects that might occur has been brought to the attention of the Audit Committee by any employees of the Company. The Audit Committee earnestly reviewed the Group's financial and accounting policies and practices, the Internal Control Manual (2012 version) in areas such as the corporate-level control and business-level control, focused on the examination of the implementation of rectification for the general defects found in the 2012 Assessment Report of Corporate Internal Control, and reviewed the effectiveness of the Group's internal control (including finance, operation, compliance control and risk management functions), and the resources and qualifications and experience of staff in respect of the Company's accounting and financial reporting functions and the sufficiency of training sessions for staff and relevant budgets. On this basis, the Audit Committee reviewed the 2013 Assessment Report of Corporate Internal Control of the Company and was of the opinion that the report gave a comprehensive and objective view of the establishment and operation of the internal control system of the Company, and that the Company has established a relatively complete internal control system and is continuously optimizing and improving the system, which plays favourable supervision and guiding functions for the standard operation of the Company.

During the Year, the Audit Committee also performed the corporate governance functions delegated by the Board, reviewed the compliance with the regulatory rules under the Code on Corporate Governance Practices and the Corporate Governance Code, and laws and regulations, and reviewed the information disclosed in the Corporate Governance Report of the Company.

– **Work evaluation and re-appointment of auditors**

The Audit Committee considered that Ernst & Young Certified Public Accountants and Shinewing Certified Public Accountants (Special General Partnership) appointed by the Company as the auditors of the Company for 2013 had good performance in terms of independence and objectivity, professional technical level, audit quality and efficiency of financial information disclosure, communication results with the management and the Audit Committee, etc. The Board was recommended to re-appoint the above institutions as the international and PRC auditors of the Company for the year 2014 respectively.

Yu Haizong, Guo Yuanxi, Fang Guijin
Member of the Audit Committee

27 March 2014

2. Strategic Committee

The Company established the Strategic Committee in March 2012. The major responsibilities of the Strategic Committee include the planning of the long-term development strategies of the Company; conducting research and submit proposals regarding material investment and financing plans, material capital operation and assets operation projects; conducting research and submit proposals regarding other material matters that may affect the Company's development; and carrying out examination on the implementation of the above matters, etc.

During the Year, the Strategic Committee carefully reviewed and approved the Company's investment in the engieering projects of Gaotan water park (高灘水體公園) and Tianfu Renshou Revenue of Renshou County as well as in the projects of the roads in the Renshou Shigao Economic Development Zone of Tianfu New District (天府新區仁壽視高經濟開發區), and put forward recommendations of that the performance of relevant procedures shall be cautiously kept compliance with relevant laws and regulations together with domestic and overseas listing rules.

3. Nomination Committee

The Company established the Nomination Committee in March 2012. The major terms of reference of the Nomination Committee were specified to include: to formulate and review the diversified policy for members of the Board and carry out discussions and amendments to the policy concerned where it is needed and to disclose the reviewing conclusion in the Corporate Governance Report of the Company on a yearly basis; to give suggestions to the Board on the structure, composition and change of members of the Board according to the Company's actual situation; to study the selection criteria and procedures for Directors and managers, and give suggestions to the Board; to seek qualified candidates for Directors and managers in a broad scope, and nominate relevant candidates for Directors and management staff after selection, or to give opinions to the Board in this regard; to examine the candidates for Directors, managers and other senior management staff, and give suggestions to the Board; to assess the independence of independent non-executive Directors; to give suggestions to the Board on the appointment or re-appointment of Directors and the succession plan for Directors (especially Chairman of the Board and General Manager), etc.

During the Year, the Nomination Committee reviewed the diversified categories and benchmarks of relevant candidates, which include but not limited to gender, age, cultural and educational background, professional expertis, skills and knowledge, etc., and put forward recommendations in relation to the appointment of Mr. Gan Yongyi as the General Manager, Mr. Luo Maoquan and Mr. Liu Junjie as the Deputy General Managers, Mr. Zhang Yongnian as the Secretary to the Board, Mr. He Zhuqing as the Deputy General Manager and a Director, Mr. Pan Feng as the Financial Controller based on the Company's actual situation of equity interest structure, asset scale, strategy plan and operation. In addition, pursuant to the amendments to the provisions of the Diversification of members of the board of directors under the Listing Rules of the Stock Exchange with effect from 1 September 2013 and in order to optimize the composition of the Board, improve the governance structure of the Company and comply with relevant domestic and overseas laws and regulations, the Nomination Committee discussed and review the Term of Reference for the Nomination Committee, and approved the amendments to the Term of the Reference at the tenth meeting of the fifth session of the Board convened on 24 December 2013.

Details of the Board Diversity Policy are: in order to maintain the competitive advantages of the Company and the sustainable development of the Company, diversity on the Board of Directors is one of the essential factors. While determining the composition of the Board of Directors, the Company shall consider the diversity on the Board of Directors in various aspects, pursuant to which, selection of candidates for the Board of Directors shall be based on a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. On top of the above basis, in accordance with several objective conditions such as comprehensive values that the candidates can bring to the business and development of the Company, contributions that the candidates can make to the Board of Directors whilst ensuring the diversity on the Board of Directors, decisions can be made thereafter. Relevant details are available to investors and Shareholders on the websites of the SSE, the Stock Exchange and the Company.

4. Remuneration and Appraisal Committee

The Company established the Remuneration and Appraisal Committee in March 2012. The Remuneration and Appraisal Committee has adopted the operation mode of performing the advisory role for the Board and the committee is responsible for reviewing the matters regarding remuneration, formulating remuneration policies and putting forward suggestions to the Board on the remuneration policies, formulating assessment standards for the Directors and senior management of the Company and conducted assessment, and reviewing and monitoring the training and continuing professional development of Directors and senior management members.

During the Year, the Remuneration and Appraisal Committee earnestly reviewed the proposed new service contracts in relation to the successive appointment of Mr. He Zhuqing as the Deputy General Manager and the Director of the Company, Mr. Pan Feng as the Financial Controller of the Company, and submitted the proposed plan to the Board on the remunerations for the two gentlemen with reference to the market level and based on the actual situation of the Company and candidates. The Remuneration and Appraisal Committee also conducted assessment and evaluation on the operation performance and sustainable professional development of the executive Directors and the management of the Company for 2013.

III. Supervisory Mechanism

(I) Supervisory Committee

As at 31 December 2013, the Supervisory Committee of the Company comprises 6 Supervisors, and is the fifth session of the Supervisory Committee since establishment of the Company. The term of office of Supervisors commenced from 28 March 2013 or the date of election of the Supervisors. Composition of the Supervisory Committee of the Company are set out in Section VIII "Profile of Directors, Supervisors. Senior Management and Employees" of this annual report.

The Supervisory Committee exercises the independent power to supervise the Company pursuant to the laws to protect Shareholders, the Company and employees from violation of their lawful interests.

The size and composition of the Supervisory Committee are in compliance with the requirements of the laws and regulations. During the Year, the Supervisory Committee convened 7 meetings in total. All Supervisors attended each committee meeting (except Ms. Zhou Wei authorized Mr. Feng Bin to attend the fourth meeting of the fifth session of the Supervisory Committee of the Company convened on 29 August 2013 due to important official business), all of whom supervised, on behalf of the Shareholders, the Company's financial affairs as well as the legality and compliance of the duties performed by Directors and senior management, attended the meetings of the Board and general meetings as observers, and honestly performed the duties of the Supervisory Committee. The working details of the Supervisory Committee are set out in "Report of the Supervisory Committee" in this annual report.

(II) Internal control

A comprehensive and practicable internal control system is a foundation for good corporate governance. The Board is responsible for the establishment and improvement of internal control of the Company for the purposes of reviewing the relevant control procedures of finance, operation and regulation so as to protect the Shareholders' interest and the Company' s assets. The Board authorises the management to promote the internal control system and review its effectiveness through the Audit Committee. To more effectively review the operation and management of the Group and the effectiveness of its internal control system, responsibility scope of the supervision and audit department of the Company covers key internal audit areas such as the Company's operation, investment, corporate governance and financial management, etc. The work results of and opinions from the supervision and audit department are reported directly to the Supervisory Committee and the Audit Committee by the department manager for consideration, then the Supervisory Committee or the Audit Committee will make recommendations to the management of the Company and report to the Board in respect thereof.

In order to implement the "Basic Rules for Internal Control of Enterprises" jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission and the Implementary Guideline for Enterprise Internal Control, and in light of the "Guidelines on Internal Control for Companies Listed on the SSE" by the SSE and the Code, the Company has launched the construction of corporate internal control system in an all-around way since the second half of 2010, further specifying the tasks and targets for the establishment and improvement of the internal control system, self-assessment and auditing. During the Reporting Period, all the main tasks progressed as scheduled, and the Company's internal control system was further strengthened. For details, please refer to "Establishment and improvement of the internal control system of the Company" in this section.

(III) Auditors

The financial statements included in the 2013 Annual Report of the Company were prepared in accordance with the PRC Accounting Standards for Business Enterprises and the Hong Kong Financial Reporting Standards, respectively, and have been audited by Shinewing Certified Public Accountants (Special General Partnership) and Ernst & Young Certified Public Accountants respectively. The statements by the auditors on their reporting and auditing responsibilities for the financial statements are set out in the independent auditors' report contained in this Annual Report.

The fees paid to the international and PRC auditors this Year are as follows:

Unit: RMB'000

Items	**2013** Shinewing Certified Public Accountants (Special General Partnership)	**2013** Ernst & Young Certified Public Accountants	2012 Shinewing Certified Public Accountants (Special General Partnership)	2012 Ernst & Young Certified Public Accountants
Fees for audit/review of financial statements	**590**	**1,710**	520	1,660
Audit fee of internal control	**200**	**–**	180	–

Note: Save for the above fees, no other fees were paid by the Company this Year.

The Company appoints its auditors at general meetings and the auditors appointed by the Company shall hold office until conclusion of the next annual general meeting. To dismiss any auditor during its term of office shall be subject to the consideration and approval at general meetings. Currently, the Audit Committee has discussed and assessed the professional qualification of Shinewing Certified Public Accountants (Special General Partnership) and Ernst & Young Certified Public Accountants and the annual audit for 2013 performed by them, and raised opinions and recommendations in respect thereof. The Audit Committee's proposals to re-appoint Ernst & Young Certified Public Accountants and Shinewing Certified Public Accountants (Special General Partnership) as the Company's international and PRC auditors for 2014 respectively were approved by the Board and will be presented at the 2013 AGM for consideration and approval.

(IV) Information disclosure and investor relations

Information disclosure

To disclose information in a true, accurate, timely and complete manner is not only the responsibility and obligation of listed companies, but also a channel of communication and understanding between a company and its investors and the public. On the principle of being open, just and fair, during the Reporting Period, the Company complied with the requirements under relevant laws and the Listing Rules of the SSE and the Stock Exchange and fulfilled its statutory disclosure obligations in an honest manner, so as to ensure that all Shareholders enjoy an equal and sufficient access to information and improve the transparency of the Company.

During the Reporting Period, the Company released 4 periodic reports and 73 announcements concerning A Shares and 79 announcements concerning H Shares pursuant to the Listing Rules of the SSE and the Stock Exchange. Announcements concerning A Shares were published on the websites of the SSE and the Company as well as in China Securities Journal and Shanghai Securities News, while those concerning H Shares were published on the websites of the Stock Exchange and the Company. Details of all these announcements are available for inspection on http://www.sse.com.cn, http://www.hkex.com.hk or the Company's website http://www.cygs.com.

Investor relations

The Company's management has been attaching importance to proactive investor relations management and specifically established the Rules Governing Information Disclosure Matters and Work System of Investor Relations, etc., to regulate and optimize the Company's management of investor relations.

During the Reporting Period, on the basis of strictly discharging its obligations in respect of statutory information disclosure, the Company, on one hand, through various forms of investor relations activities, conveyed information to investors which they are concerned with, increased the transparency of the Company, and enhanced mutual understanding and trust, while on the other hand, in delivering information to investors, the Company listened to their advice and collected feedback from them, aiming to form an interactive and mutual beneficial relation between the Company and investors. When the Company conducts its investor relations work, the Board Office of the Company undertakes the specific responsibility for investor relations management mainly through: the investor hotline, e-mail and network interactive platform, responding to investors' inquiries in a timely manner; reception of investors and institutions engaged in securities analysis for field research; participating in large-scale investor presentations; hosting results presentations as well as domestic and overseas road shows; publishing information related to the Company's assets, traffic flow, toll income, information disclosure and corporate governance on the Company's website, etc.

IV. Conclusion

Sound corporate governance goes beyond merely meeting the regulatory authorities' basic requirements for listed companies' operation. More importantly, it fulfils the Company's internal development needs. The Company is committed to continuously enhancing its corporate governance standard. As a listed company with both A Shares and H Shares, we will continue to review and improve the Company's corporate governance practice from time to time in accordance with the regulatory systems in Shanghai and Hong Kong, market trend and feedback from investors to ensure steady development of the Company and continuous increase in Shareholders' value.

The Board hereby present its report and the audited financial statements for the year ended 31 December 2013.

Principal activities

The principal activities of the Company are investment in, construction, operation and management of Chengyu Expressway, Chengya Expressway and Chengren Expressway. Details of the principal activities of the subsidiaries of the Company are set out in note 16 to the financial statements. Other than establishing the property development segment, there were no significant changes in the nature of the Group's principal activities during the Year.

Particulars of the expressways managed and operated by the Group as at 31 December 2013 are as follows:

	Origin/destination	Approximate length	Date of commencement of operations of the entire toll expressway
Chengyu Expressway	Chengdu/Shangjiapo	226km	1 July 1995
Chengya Expressway	Chengdu/Duiyan	144km	28 December 1999
Chengren Expressway	Jiangjia/Zhichanggou	106.613km	18 September 2012
Chengle Expressway	Qinglongchang/Guliba	86.44km	1 January 2000
Chengbei Exit Expressway	Qinglongchang/Baihelin	10.35km	21 December 1998

Results and dividends

The Group's profit for the year ended 31 December 2013 and the state of affairs of the Company and the Group at that date are set out in the audited financial statements on pages 88 to 176 herein.

Pursuant to the Articles of Association of the Company, if the Company distribute cash dividend, the Company shall distribute cash dividend in an amount not less than 30% of the distributable profit earned by the Company for the period concerned, based on the lower of the Company's profits determined under the following generally accepted accounting principles:

- the accounting principles and the relevant financial regulations applicable to enterprises established in the PRC ("PRC GAAP"); and

- Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong ("HK GAAP")and the disclosure requirements of the Hong Kong Companies Ordinance.

The Board has recommended a final cash dividend for the year 2013 of RMB0.08 per share (tax inclusive), aggregating to approximately RMB244,645,000 and representing 43.48% of the distributable profit of the Company determined under PRC GAAP for the year and 24.22% of the profit attributable to owners of the Company as shown in the consolidated financial statements. The proposed dividend distribution is subject to the approval of the Shareholders at the Company's forthcoming 2013 AGM. If approved, the final dividend is expected to be paid on or around Tuesday, 24 June 2014 to the Shareholders whose names appear on the H Shares register of members of the Company on Tuesday, 10 June 2014 (the "Dividend Entitlement Date"). In respect of the arrangement in relation to the closures of H Shares register of members for the purposes of determining the Shareholders' entitlement to attend the 2013 AGM and to receive the proposed 2013 final dividend, please refer to the paragraph headed "Closures of Register of Members of H Shares" below.

This proposed final dividend has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position.

According to the Law on Corporate Income Tax of the People's Republic of China and its implementing rules which has come into effect since 1 January 2008 and other relevant rules, a PRC domestic enterprise which pays dividend to a non-resident enterprise Shareholder in respect of accounting period beginning from 1 January 2008 shall withhold and pay enterprise income tax at the rate of 10%. The Company, as a PRC domestic enterprise, is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise Shareholders as appearing on the H Shares register of members of the Company. Any Shares registered in the name of the non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise Shareholders and therefore will be subject to the withholding of the corporate income tax by the Company.

Should the holders of H Shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and other countries (regions) on the possession and disposal of the H Shares.

Shareholders should read the information herein carefully. If anyone would like to change the identity of Shareholder, please enquire about the relevant procedures with the nominees or trustees. The Company is neither obligated nor responsible for ascertaining the identity of the Shareholders. In addition, the Company will withhold the corporate income tax in strict compliance with the relevant laws or regulations and strictly based on what has been registered on the Company's H Shares register of members as at the Dividend Entitlement Date. The Company will disregard and assume no liabilities for any requests or claims in relation to any delay or inaccuracy in ascertaining the identity of the Shareholders or any disputes over the mechanism of withholding of corporate income tax.

Shareholders are advised that the aforesaid arrangements are not applicable to the arrangements for distribution of the final dividend in respect of A Shares, which will be published in a separate announcement at the SSE by the Company.

Summary financial information

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, and restated/reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 December				
	2013	2012	2011	2010	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
PROFIT BEFORE TAX	**1,309,936**	1,439,828	1,565,020	1,366,236	986,046
Income tax expense	**(229,226)**	(228,917)	(245,978)	(210,131)	(148,475)
PROFIT FOR THE YEAR	**1,080,710**	1,210,911	1,319,042	1,156,105	837,571
Other comprehensive income for the year, net of tax	**(5,656)**	2,361	(12,592)	27,970	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,075,054**	1,213,272	1,306,450	1,184,075	837,571
Profit attributable to:					
Owners of the Company	**1,015,142**	1,180,931	1,304,163	1,145,274	827,475
Non-controlling interests	**65,568**	29,980	14,879	10,831	10,096
	1,080,710	1,210,911	1,319,042	1,156,105	837,571
Total comprehensive income attributable to:					
Owners of the Company	**1,009,486**	1,183,291	1,291,576	1,173,234	827,475
Non-controlling interests	**65,568**	29,981	14,874	10,841	10,096
	1,075,054	1,213,272	1,306,450	1,184,075	837,571

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2013	2012	2011	2010	2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
TOTAL ASSETS	**23,989,082**	19,336,400	16,754,726	11,897,333	10,605,777
TOTAL LIABILITIES	**(12,458,441)**	(8,889,974)	(7,247,450)	(3,473,336)	(3,160,087)
NON-CONTROLLING INTERESTS	**(526,138)**	(193,200)	(162,116)	(104,362)	(103,573)
ATTRIBUTABLE TO OWNERS OF THE COMPANY	**11,004,503**	10,253,226	9,345,160	8,319,635	7,342,117

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the Year are set out in note 12 to the financial statements.

Share capital

There were no movements in either the Company's authorised or issued share capital during the Year.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

Repurchase, redemption or sale of listed securities of the Company

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

Reserves

Details of movements in the reserves of the Company and the Group during the Year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable reserves

At 31 December 2013, the Company's reserves available for distribution, calculated in accordance with HK GAAP amounted to RMB2,667,472,000, The Company's distributable reserves as at 31 December 2013 determined under HK GAAP were lower than those determined under PRC GAAP. In addition, in accordance with the Company Law of the PRC, the Company's share premium account, in the amount of RMB2,654,601,000 may be distributed in the form of fully paid bonus shares.

Major customers and suppliers

The five largest customers and suppliers of the Group accounted for less than 30% of the total turnover revenue and purchases, respectively, of the Group during the Year. Accordingly, a corresponding analysis of major customers and suppliers is not presented.

Directors and Supervisors

The Directors and the Supervisors of the Company during the Year were:

Executive Directors:
Mr. Zhou Liming *(Chairman)*
Mr. Gan Yongyi *(Vice Chairman)* (appointed on 28 March 2013)
Mr. Liu Mingli (retired on 28 March 2013)
Mr. He Zhuqing (appointed on 24 December 2013)

Non-executive Directors:
Mr. Wu Xinhua *(Vice Chairman)* (appointed on 28 May 2013)
Madam Zhang Yang *(Vice Chairman)* (resigned on 18 April 2013)
Mr. Zhang Zhiying (retired on 28 March 2013)
Mr. Tang Yong
Mr. Huang Bin (appointed on 28 March 2013)
Mr. Gao Chun (retired on 28 March 2013)
Mr. Wang Shuanming
Madam Hu Yu (resigned on 18 October 2013)

Independent non-executive Directors:
Madam Luo Xia (retired on 28 March 2013)
Mr. Feng Jian (retired on 28 March 2013)
Mr. Zhao Zesong (retired on 28 March 2013)
Mr. Xie Bangzhu (retired on 28 March 2013)
Mr. Sun Huibi (appointed on 28 March 2013)
Mr. Guo Yuanxi (appointed on 28 March 2013)
Mr. Fang Guijin (appointed on 28 March 2013)
Mr. Yu Haizong (appointed on 28 March 2013)

Supervisors:
Mr. Feng Bing
Mr. Hou Bin (retired on 28 March 2013)
Mr. Ouyang Huajie
Mr. Jian Shixi
Madam Yang Jingfan
Mr. Dong Zhi (retired on 28 March 2013)
Madam Zhou Wei (resigned on 18 October 2013)
Mr. Lu Ning (appointed on 24 December 2013)
Mr. Dan Yong (appointed on 28 March 2013)

Subsequent to the end of the reporting period, Mr. Lu Ning has resigned as a Supervisor of the Company with effect from 19 March 2014. And Mr. Fang Guijin has applied for resignation from the position of independent non-executive Director of the Company and the relevant positions in special committees of the Board. In accordance with the relevant regulations of the Company Law of the PRC, the "Guiding Opinion on Establishment of Independent Director Systems by Listed Companies" and the Articles of Association, Mr. Fang Guijin shall continue to perform relevant duties of independent non-executive Director of the Company and special committees of the Board prior to the election of the new independent non-executive Director by the Company, and his resignation will only be effective upon the election of the new independent non-executive Director at the Company's general meeting.

All members of the fifth session of the Board and Supervisory Committee are appointed for a term of three years commencing from the date of approval at the extraordinary meeting held on 28 March 2013 where such appointments were considered and approved until expiry of the term of the fifth session of the Board and the Supervisory Committee on 28 March 2016.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules of the Stock Exchange. The Company considers all of the independent non-executive Directors are independent.

Directors', Supervisors' and senior management's biographies

Biographical details of the Directors and the Supervisors of the Company and the senior management of the Group are set out under the section of "Profile of Directors, Supervisors, Senior Management and Employees" of the annual report.

Directors' service contracts

Each of the Directors of the Company has entered into a service contract with the Company from their respective date of appointment for a term of three years.

None of the Directors of the Company has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' and Supervisors' interests in major contracts

None of the Directors and Supervisors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Directors', Supervisors' and chief executives' interests in shares and underlying shares

As at 31 December 2013, none of the Directors, Supervisors and chief executives had any interest or short position in the shares and underlying shares of the Company or any of its associated corporations required to be registered pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and other persons' interests in shares and underlying shares

As at 31 December 2013, the following interests of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange are set out below:

Name	Type of Shares	Long position/ Short position	Number of the Company's shares held	Approximate percentage in total share capital of the Company	Approximate percentage in A/H Shares	Capacity
STI	A Shares	Long Position	975,060,078	31.88%	45.08%	Beneficial owner
Huajian Company	A Shares	Long Position	664,487,376	21.73%	30.72%	Beneficial owner
Zhu Nansong (朱南松)	H Shares	Long Position	1,320,000 (Note 1)	0.04%	0.15%	Beneficial owner
	H Shares	Long Position	8,675,600 (Note 1)	0.28%	0.97%	Interest of children under 18 or spouse
	H Shares	Long Position	43,336,000 (Note 2)	1.42%	4.84%	Interests of controlled corporations
		Total:	53,331,600	1.74%	5.96%	–
Yang Liwen (楊荔雯)	H Shares	Long Position	8,675,600(Note 1)	0.28%	0.97%	Beneficial owner
	H Shares	Long Position	1,320,000(Note 1)	0.04%	0.15%	Interest of children under 18 or spouse
	H Shares	Long Position	43,336,000 (Note 2)	1.42%	4.84%	Interests of controlled corporations
		Total:	53,331,600	1.74%	5.96%	–

Notes:

1. Zhu Nansong and his spouse, Yang Liwen directly held 1,320,000 H Shares and 8,675,600 H Shares of the Company, respectively. Pursuant to the SFO, Zhu Nansong was deemed to be interested in the same Shares of the Company as interested by Yang Liwen, and Yang Liwen was deemed to be interested in the same Shares of the Company as interested by Zhu Nansong.

2. As Zhu Nansong held 80% equity interests in Tempo Asset Management (Asia) Co., Ltd. which held 90% and approximately 69.63% equity interests in Tempo Asset Management (Hong Kong) Co., Ltd. and China Opportunities H-B Fund respectively, pursuant to the SFO, Zhu Nansong was deemed to hold 5,612,000 H shares of the Company held by Tempo Asset Management (Asia) Co. Ltd., 2,304,000 H shares of the Company held by Tempo Asset Management (Hong Kong) Co., Ltd., and 35,420,000 H shares of the Company held by China Opportunities H-B Fund, being 43,336,000 H shares. Pursuant to the SFO, Yang Liwen was deemed to be interested in 43,336,000 H shares as interested by Zhu Nansong.

Save as disclosed above, as at 31 December 2013, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Directors' and Supervisors' interests in competing businesses

During the Year and up to the date of this report, none of the Directors or Supervisors of the Company were considered to have any interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing of Securities on the Listing Rules.

Connected transactions and continuing connected transactions

During the Year, the Company and the Group had the following connected and continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules:

Connected transactions

(a) On 21 January 2013, the Company, STI, Sichuan Highway Development and Sichuan Ganghang entered into two agreements to establish Trading Industry and Trading Landmark, respectively. Sichuan Highway Development and Sichuan Ganghang Company are wholly-owned subsidiaries of STI. The Company holds 10% and 15% equity interests in Trading Industry and Trading Landmark, respectively. Particulars of the establishment of Trading Industry and Trading Landmark were disclosed in the Company's announcement dated 21 January 2013.

(b) On 2 April 2013, the Company entered into an equity transfer agreement with Sichuan Highway Development and Sichuan Ganghang, pursuant to which the Company agreed to sell 39% equity interest in Trading Construction Company to Sichuan Highway Development for a consideration of RMB209,298,900 and 10% equity interest in Trading Construction Company to Sichuan Ganghang for a consideration of RMB53,666,400. The respective considerations were determined by reference to the asset valuation report prepared a qualified independent valuer in the PRC. The respective considerations paid by Sichuan Highway Development and Sichuan Ganghang were calculated based on the book value of Trading Construction Company as at the base date of the said asset valuation report and the respective percentages of equity interests in Trading Construction Company to be held by them upon completion of disposal.

(c) On 16 May 2013, the Company and Trading Landmark entered into an agreement, pursuant to which both parties agreed to establish Renshou Landmark with a registered capital of RMB200,000,000. Trading Landmark is owned as to 15%, 30%, 25% and 30% by the Company, STI, Sichuan Highway Development and Sichuan Ganghang. Renshou Landmark is owned as to 91% and 9% by the Company and Trading Landmark, respectively. Renshou Landmark was established for the purpose of property development of the land parcels to be acquired at the Renshou County, and was classified under the "property development segment". As at 31 December 2013, the paid-up capital of Renshou Landmark was RMB200,000,000, of which RMB18,000,000 was contributed by the non-controlling shareholder, i.e. Trading Landmark.

Continuing connected transactions

(a) 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 a certain part of its office buildings to Chengle Company at an annual rental of RMB1,195,000. The tenancy agreement was extended for another five years when the First Tenancy Agreement expired on 31 January 2009 at an annual rental of RMB1,138,000. On 1 April 2013, the third tenancy agreement was signed between two parties for a lease term of five years expiring on 31 March 2018 at an annual rental of RMB799,000. During the Year, the rental paid by the Group to Sichuan Highway Development amounted to RMB884,000 (2012: RMB1,138,000).

(b) On 24 December 2010, the Company and Sichuan Zhineng Transportation System Management Company Limited ("Zhineng Company"), a subsidiary of Sichuan Highway Development, entered into a service agreement, in relation to provision of a computer system on expressways network toll fee collection and technological services to the expressways of the Company, with a service charge of 0.4% of toll income for a term of 3 years from 1 January 2011 to 31 December 2013. During the Year, the Group paid a total of approximately RMB10,387,000 (2012: approximately RMB9,672,000) to Zhineng Company as service fee.

(c) On 1 October 2010, the Company entered into a one year tenancy agreement with STI whereby the Company leased out a certain part of its office buildings to STI at an annual rental of RMB2,035,000. The tenancy agreement was extended at the same annual rental for another one year when the first tenancy agreement expired on 1 October 2011, and was extended at RMB2,442,000 per annum for another one year since 1 October 2012. During the Year, the rental received from STI amounted to RMB2,442,000 (2012: RMB2,136,000).

(d) On 17 October 2013, the Company, Trading Construction Company and STI entered into certain framework agreements, and had the following continuing connected transactions.

(i) On 17 October 2013, the Company entered into a construction framework agreement with Trading Construction Company, pursuant to which Trading Construction Company shall contract various construction works from the Group for the period from 17 October 2013 to 31 December 2014. Please refer to the announcement of the Company dated 17 October 2013 for details the said construction framework agreement. During the period from 17 October 2013 to 31 December 2013 ("the Period"), the construction revenue recognised amounted to RMB318,204,000, which was below the cap amount for the Year of RMB350,000,000.

(ii) On 17 October 2013, Trading Construction Company entered into a construction framework agreement with STI, pursuant to which Trading Construction Company shall contract various construction works from STI Group for the period from 17 October 2013 to 31 December 2014. Please refer to the announcement of the Company dated 17 October 2013 for details of the said construction framework agreement. During the Period, the construction revenue recognised amounted to RMB118,281,000, which was below the cap amount for the Year of RMB340,000,000.

(iii) On 17 October 2013, the Company entered into a purchase framework agreement with STI, pursuant to which the Group shall purchase various raw materials, machinery and electronic equipment required for infrastructure construction projects from STI Group for the period from 17 October 2013 to 31 December 2014. Please refer to the announcement of the Company dated 17 October 2013 for details of the said purchase framework agreement. During the Period, the purchase amount recognised amounted to RMB12,241,000, which was below the cap amount for the Year of RMB50,000,000.

Further details of the Group's connected transactions during the Year are included in note 35 to the financial statements.

The independent non-executive Directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of businesses of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Events after the reporting period

Details of significant events after the Reporting Period of the Group are set out in note 38 to the financial statements.

Auditors

Shinewing Certified Public Accountants (Special General Partnership) and Ernst & Young will retire and a resolution for their reappointment as the PRC and international auditors of the Company will be proposed at the forthcoming 2013 AGM.

Closures of register of members of H Shares

For the purposes of determining the shareholders' entitlement to attend the 2013 AGM and to receive the 2013 final dividend, the H Shares register of members of the Company will be closed during the following periods:

(a) In respect of attending and voting at the 2013 AGM

Deadline for lodging transfer documents	4:30 p.m. on 25 April 2014 (Friday)
Closure period of the H Shares register of members	From 26 April 2014 (Saturday) to 28 May 2014 (Wednesday) (both days inclusive)
Record date	28 May 2014 (Wednesday)
Date of the 2013 AGM	28 May 2014 (Wednesday)

(b) In respect of the entitlement to 2013 final dividend

Deadline for lodging transfer documents	4:30 p.m. on 4 June 2014 (Wednesday)
Closure period of the H Shares register	From 5 June 2014 (Thursday) to 10 June 2014 (Tuesday) (both days inclusive)
Dividend Entitlement Date	10 June 2014 (Tuesday)

In order to be entitled to attend and vote at the 2013 AGM, and to receive the 2013 final dividend of the Company, H shares shareholders should ensure that all transfer documents, accompanied by the relevant share certificates are lodged with the Company's H Shares Registrar, Hong Kong Registrars Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before the time above designated for lodging transfer documents.

Shareholders are advised that the Company will make separate announcement on the SSE in respect of details of the arrangements regarding (i) the distribution of 2013 final dividend to A shares shareholders and (ii) details of A shares shareholders' eligibility for attending the 2013 AGM.

ON BEHALF OF THE BOARD

Zhou Liming
Chairman

Chengdu, Sichuan, the PRC
27 March 2014

I. Basic Information of Directors, Supervisors, Senior Management and Employees for the Year

Name	Gender	Age	Length of services with the Company	Position during the Reporting Period	Total remuneration received from the Company for the Year *(RMB0'000) (before tax)*
Zhou Liming	Male	50	From September 2002 to present	Chairman	0.00
Zhang Zhiying	Male	51	From February 2003 to March 2013	Vice Chairman	3.25
Gan Yongyi	Male	50	From March 2001 to present	Vice Chairman and General Manager	40.76
Zhang Yang	Female	50	From May 2001 to April 2013	Vice Chairman	3.25
Wu Xinhua	Male	47	From May 2013 to present	Vice Chairman	0.00
Tang Yong	Male	49	From March 2007 to present	Director	3.25
Gao Chun	Male	57	From June 2005 to March 2013	Director	3.25
Huang Bin	Male	46	From March 2013 to present	Director	0.00
Wang Shuanming	Male	54	From March 2007 to present	Director	3.25
Liu Mingli	Male	50	From December 1997 to March 2013	Director and Deputy General Manager	2.17
Hu Yu	Female	38	From October 2009 to October 2013	Director	3.25
He Zhuqing	Male	37	From December 2013 to present	Director and Deputy General Manager	10.98
Luo Xia	Female	51	From November 2004 to March 2013	Independent Non-executive Director	1.50
Feng Jian	Male	51	From November 2004 to March 2013	Independent Non-executive Director	1.50
Zhao Zesong	Male	59	From March 2007 to March 2013	Independent Non-executive Director	1.50
Xie Bangzhu	Male	74	From December 2007 to March 2013	Independent Non-executive Director	1.50
Sun Huibi	Male	69	From March 2013 to present	Independent Non-executive Director	6.00
Guo Yuanxi	Male	63	From March 2013 to present	Independent Non-executive Director	6.00
Fang Guijin	Male	51	From March 2013 to present	Independent Non-executive Director	6.00
Yu Haizong	Male	49	From March 2013 to present	Independent Non-executive Director	6.00
Feng Bing	Male	51	From June 2005 to present	Chairman of Supervisory Committee	40.76
Hou Bin	Male	56	From October 2000 to March 2013	Supervisor	0.00
Dan Yong	Male	44	From March 2013 to present	Supervisor	0.00
Ouyang Huajie	Male	45	From March 2007 to present	Supervisor	0.00
Zhou Wei	Female	35	From March 2013 to October 2013	Supervisor	0.00
Lu Ning	Male	31	From December 2013 to March 2014	Supervisor	0.00
Jian Shixi	Male	57	From August 1997 to present	Supervisor and Chairman of Labor Union	32.94
Yang Jingfan	Female	52	From March 2007 to present	Supervisor	29.46
Dong Zhi	Male	33	From October 2009 to March 2013	Supervisor	0.00
Luo Maoquan	Male	48	From December 2006 to present	Deputy General Manager	32.94
Lin Binhai	Male	54	From August 2002 to present	Deputy Party Secretary and Secretary to Discipline Committee	32.94
Liu Junjie	Male	49	From February 2009 to present	Deputy General Manager	32.94
Zhang Yongnian	Male	51	From August 1997 to present	Secretary to the Board	32.94
Li Guogang	Male	64	From August 1997 to March 2013	Financial Controller	5.03
Pan Feng	Male	40	From October 2013 to present	Financial Controller	10.98

The remuneration of each Director, Supervisor and senior management was below HK$1,000,000.

During the Reporting Period, none of the Directors, Supervisors and senior management of the Company held or dealt in the securities of the Company.

II. Changes of Directors, Supervisors and Senior Management

The term of the fourth session of the Board and the Supervisory Committee of the Company expired on 28 March 2013. At the 2013 first extraordinary general meeting of the Company held on 28 March 2013, Mr. Gan Yongyi was appointed as executive Director of the fifth session of the Board, and was elected as Vice Chairman at the meeting of the Board on the same day; Mr. Huang Bin was appointed as non-executive Director of the fifth session of the Board; Mr. Sun Huibi, Mr. Guo Yuanxi, Mr. Fang Guijin and Mr. Yu Haizong were appointed as independent non-executive Directors of the fifth session of the Board; and Mr. Dan Yong and Madam Zhou Wei were appointed as Shareholder representative Supervisors of the fifth session of the Supervisory Committee. On the same day, Mr. Liu Mingli retired as executive Director, Mr. Zhang Zhiying and Mr. Gao Chun retired as non-executive Directors and Madam Luo Xia, Mr. Feng Jian, Mr. Zhao Zesong and Mr. Xie Bangzhu retired as independent non-executive Directors of the fourth session of the Board; Mr. Hou Bin and Mr. Dong Zhi retired as Supervisors of the fourth session of the Supervisory Committee; Mr. Li Guogang, the then Financial Controller of the Company, left office due to his retirement.

On 18 April 2013, Madam Zhang Yang resigned as Vice Chairman and non-executive Director of the Company due to adjustment of her personal career commitments.

At the 2012 annual general meeting of the Company held on 28 May 2013, Mr. Wu Xinhua was appointed as non-executive Director of the fifth session of the Board of the Company, and was elected as Vice Chairman at the meeting of the Board held on the same day.

At the meeting of the Board held on 29 August 2013, Mr. He Zhuqing was appointed as Deputy General Manager of the Company.

At the meeting of the Board held on 17 October 2013, Mr. Pan Feng was appointed as the Financial Controller of the Company.

Madam Hu Yu and Madam Zhou Wei have resigned as non-executive Director and Supervisor of the Company respectively with effect from 18 October 2013 due to adjustment of their personal career commitments.

At the 2013 second extraordinary general meeting of the Company convened on 24 December 2013, Mr. He Zhuqing was appointed as an excutive Director of the fifth session of the Board of the Company; Mr. Lu Ning was appointed as a Supervisor of the fifth session of the Supervisory Committee of the Company.

In addition, Mr. Lu Ning has resigned as a supervisor of the Company with effect from 19 March 2014 due to adjustment of his personal career commitments; on 18 March 2014, the Company received the written resignation application from Mr. Fang Guijin, being an independent non-executive Director of the Company. Mr. Fang Guijin has applied for resignation from the position of independent non-executive Director of the Company and the relevant positions in special committees of the Board due to adjustment of his personal career commitments. In accordance with the relevant regulations of the Company Law, the Guiding Opinion on Establishment of Independent Director Systems by Listed Companies (《關於在上市公司建立獨立董事制度的指導意見》) and the Articles of Association of the Company, Mr. Fang Guijin shall continue to perform relevant duties of independent non-executive Director of the Company and special committees of the Board prior to the election of the new independent non-executive Director by the Company, and his resignation will only be effective upon the election of the new independent non-executive Director at the Company's general meeting. The Board of the Company will nominate a new candidate for independent non-executive Director in accordance with legal procedures and propose the nomination at the general meeting for consideration.

III. Biographies of Directors, Supervisors and Senior Management

(I) Biographies of incumbent Directors for the Year are as follows:

Mr. Zhou Liming: aged 50, graduated from Southwest Jiaotong University and obtained a bachelor degree in engineering from Southwest Jiaotong University and a master degree in economics from Sichuan University. He was a tutor at Southwest Jiaotong University, and worked as head of Research Department of the Sichuan Provincial People's Government, secretary of the Department of General Office of Sichuan Provincial People's Government, deputy director of Road Administration Bureau of Sichuan Provincial Department of Transportation ("**SPDT**"), assistant to the Mayor of the Neijiang Municipal People's Government in Sichuan Province, Chairman of the Company and the General Manager of Sichuan Highway Development. Mr. Zhou is currently a director of STI, a guest professor of Southwest Jiaotong University, and en executive Director and Chairman of the fifth session of the Board of the Company.

Mr. Gan Yongyi: aged 50, graduated from Chongqing Jiaotong College with a bachelor degree majoring in civil engineering of road and bridge transportation. He is a senior engineer. He once worded in Division I and Division VI of Sichuan Bridge Engineering Company Limited (四川省橋樑工程公司) as deputy chief, chief of Division VI as well as the deputy manager of Sichuan Bridge Engineering Company Limited. He also served as manager of the Bridge Branch of Sichuan Road and Bridge Group (四川路橋集團橋樑分公司), deputy general manager of Sichuan Road & Bridge Co., Ltd. and Deputy General Manager of the Company. Currently, he is the General Manager of the Company. Mr. Gan is currently an executive Director and Vice Chairman of the fifth session of the Board and the General Manager of the Company.

Mr. Wu Xinhua: aged 47, graduated from Renmin University of China with a bachelor's degree in Economics. He had been the manager of the securities department of CSG Holding Co., Ltd. (formerly known as China Southern Glass Co., Ltd., listed on the Shenzhen Stock Exchange), and the managing director of the investment banking division of China Merchants Securities Co., Ltd. (listed on the Shanghai Stock Exchange). Mr. Wu had also served as a director or vice chairman of Fujian Expressway Development Co., Ltd. (listed on the SSE), Jiangsu Yangtze Bridge Co., Ltd. and Jiangsu Guangjing Xicheng Expressway Co., Ltd.. He is currently the deputy general manager of Huajian Company, an executive director and chief operating officer of China Merchants Holdings (Pacific) Limited (listed on the Singapore Exchange), the executive vice-president of Expressway Operations Management Branch of the China Highway and Transportation Society, and a non-executive Director and Vice Chairman of the fifth session of the Board of the Company.

Mr. Tang Yong: aged 49, graduated from Sichuan Transportation School and Highway College of Chang'an University with a master's degree in engineering. He is a professor-level senior engineer. He was a technician, assistant engineer, deputy section head, and section head of Road Maintenance Section of Dazhu County, Sichuan, deputy director of the Communications Department of Dazhu County, deputy director of the Communications Department of Dachuan District, Sichuan, director and general manager of Sichuan Road & Bridge Co., Ltd., general manager of Sichuan Dayu Expressway Construction Development Co., Ltd., head of the Construction Management Division of the SPDT, head of Comprehensive Planning Division of Sichuan Province , and Chairman of the Company. Currently he is a director of STI, chairman of Sichuan Highway Development and a non-executive Director of the fifth session of the Board of the Company.

Mr. Huang Bin: aged 46, graduated from Southwest Jiaotong University with a bachelor degree in industrial and civil construction and from Southwest Finance University with a master's degree in business administration. He was deputy head of the Investment Division of Sichuan Development and Planning Committee; deputy head of the Division of Foreign Affairs and Foreign Economic Relations of Sichuan Development and Planning Committee; deputy head and head of the Division of Project Management and Coordination and head of the Division of Development Planning and Industrial Policy of Sichuan Development and Reform Committee; he is currently a director of STI and a non-executive Director of the fifth session of the Board of the Company.

Mr. Wang Shuanming: aged 54, graduated from Dongbei University of Finance and Economics and Military Economics Academy with a master degree, holds the title of senior accountant and certified public valuer. He was an assistant in the Finance Division of the Logistics Department of Chengdu Military Area, assistant accountant in the Second Military Warehouse of Chengdu Military Area, assistant accountant and accountant in the 38th Division of the Logistics Department of Chengdu Military Area, assistant researcher and deputy head of the Finance Division of SPDT, chief of the Management on Vehicle Purchase Surcharges Collection in Sichuan Province, and director and deputy general manager of Sichuan Highway Development. He is currently the chief economist of STI, and a non-executive Director of the fifth session of the Board of the Company.

Mr. He Zhuqing: aged 37, was graduated from Xi'an Jiaotong University with a doctorate degree in Management and was an associated researcher. Mr. He served in Changqing Petroleum Exploration Bureau (長慶石油勘探局) and Post-Doctoral Research Center of China Merchants Group (招商局集團博士後工作站). He currently serves as the general manager of Investment and Development Department of Huajian Company, a director of Hubei Chutian Expressway Company Limited (湖北楚天高速公路股份有限公司) (a company listed on the Shanghai Stock Exchange), and an executive Director of the fifth session of the Board and the General Manager of the Company.

Mr. Sun Huibi: aged 69, graduated from the Department of Electrical Engineering of Chongqing University majoring in electric power, holds the title of professor level senior engineer and is an expert entitled to government allowance from the State Council. He has successively served as a deputy head, head and other positions at the Electricity Bureau of Sichuan Province, the Economic Committee of Sichuan Province and the Planning Commission of Sichuan Province. He was the deputy general manager, general manager and president of Sichuan Engineering Consulting and Research Institute (formerly known as Sichuan International Engineering Consulting Company), head of Sichuan Engineering Consulting Association, member of Sichuan Advisory Group on Science and Technology and Chengdu Advisory Group on Science and Technology, and an independent director of Sichuan Xichang Electric Power Co., Ltd. (四川西昌電力股份有限公司) (a company listed on the Shanghai Stock Exchange). Mr. Sun is currently an independent non-executive Director of the fifth session of the Board of the Company.

Mr. Guo Yuanxi: aged 63, graduated from the Department of Economics of Sichuan University, an expert entitled to special government allowance from the State Council, an excellent expert with outstanding contributions as well as an academic and technology pioneer in Sichuan province. He was an assistant researcher, associate researcher, and researcher in the Institute of Economics under Sichuan Academy of Social Sciences, the deputy director and director of the Research Society for Economic System Reform (經濟體制改革研究所), managing deputy editor and director of the magazine "Reform of Economic System", advisor to the leading group for the enterprises reform pilot program of the provincial Party Committee and provincial government of Sichuan, a member of the steering group for PhD candidates in the College of Business Administration of Southwestern University of Finance and Economics, a member of the fifth standing committee of the Sichuan Association for Science and Technology, and deputy mayor of the People's Government of Deyang, Sichuan. He once served as an independent non-executive director of or an advisor to Chengdu People's Department (Group) Store Co., Ltd. (a company listed on the Shanghai Stock Exchange), Xinjiang Hops Co., Ltd. (a company listed on the Shanghai Stock Exchange), and Sichuan Bluesword Beverage Group (四川藍劍集團). Currently he is a professor, researcher and a doctoral supervisor of Southwestern University of Finance and Economics, and an independent non-executive director of Wuliangye Yibin Co., Ltd. (a company listed on the Shenzhen Stock Exchange), Sichuan Laoken Technology Co., Ltd. (四川老肯科技股份有限公司) and the fifth session of the Board of the Company.

Mr. Fang Guijin: aged 51, graduated from Southwest Jiaotong University with a bachelor degree in transportation engineering, a master degree and a doctor degree in transportation planning and management. He is among the first batch of registered consulting engineers in investment nationwide and a professor-level senior engineer. He once worked at Chongqing Iron & Steel Company Limited, and has served the Engineering Consulting Research Institute of Sichuan since 1988 as the deputy director and director of the energy and transportation project division and chief economist. He is currently the chief engineer of the Engineering Consulting Research Institute of Sichuan and an independent non-executive director of the fifth session of the Board of the Company.

Mr. Yu Haizong: aged 49, graduated from Southwestern University of Finance and Economics with a bachelor degree, a master degree in economics (accounting) and a doctor degree in management (accounting). He is a certified public accountant in the PRC, a senior member of the Accounting Society of China, vice-president of Chengdu Real Estate and Accounting Association (成都房地產會計學會) and a member of the education committee under the Sichuan Institute of Certified Public Accountants. He once worked at the finance department of Sichuan Tranvic Iron & Steel Group (四川川威鋼鐵集團) and served as an independent non-executive director of Guoxing Rongda Real Estate Co., Ltd. (a company listed on the Shenzhen Stock Exchange) and Sichuan Jinyu Automobile City (Group) Co., Ltd. (a company listed on the Shenzhen Stock Exchange). He has been teaching in Southwestern University of Finance and Economics since 1993, and is currently a professor in the School of Accounting therein, as well as an independent non-executive director of Chengdu Tianxing Instrument and Meter Co., Ltd. (a company listed on the Shenzhen Stock Exchange), Chengdu Hongqi Chain Co., Ltd. (a company listed on the Shenzhen Stock Exchange), China Vanadium Titano-Magnetite Mining Company Limited (a company listed on the Stock Exchange), and the fifth session of the Board of the Company.

(II) Biographies of incumbent Supervisors for the Year are as follows:

Mr. Feng Bing: aged 51, graduated from Xi'an Road College and obtained a bachelor degree majoring in automatic control in traffic engineering and from Chang'an University majoring in traffic and transportation planning and management with a master degree. He is a senior engineer. He had been the Party Secretary of the direct body under the SPDT, senior staff member and principal staff member of the Planning Division of the SPDT, and deputy head, investigator and head of the Overall Planning Division of the SPDT. He is currently an independent non-executive director of Jilin Expressway Company Limited (a company listed on the SSE) and the Chairman of the fifth session of the Supervisory Committee of the Company.

Mr. Dan Yong: aged 44, holder of bachelor degree of laws of the Department of Politics of Southwest Normal University and master degree in executive management of the University of Electronic Science and Technology of China. He had been the deputy head of the office of Highway Transport Management Bureau (during the term thereof he had been appointed deputy head of the Transportation Bureau of Muchuan County and vice-president of Muchuan Vocational Middle School), deputy head of Education Division, head of Science Education Division, head of Policy and Regulation Division, member of the bureau Sub-group of Party Committee, head of Disciplinary Section, deputy party secretary of the bureau, secretary to Discipline Committee of SPDT; office chief of Sichuan Transportation Investment Group Corporation, and the assistant to the general manager and head of the Party Community Working Department (Discipline Inspection and Supervision Office) of STI. He is currently the assistant to the general manager and head of the Investment and Development Department of STI and a Supervisor of the fifth session of the Supervisory Committee of the Company.

Mr. Ouyang Huajie: aged 45, graduated from the Accounting Department of Southwest Finance University majoring in accounting with a bachelor degree, and Sichuan University with a master degree in economics. He is a senior accountant. He had worked in state-owned Hongguang Electronic Tube Factory, Sichuan Tongya Industries Development Company, Sichuan Shuhai Communications Investment Company Limited and Sichuan Highway Development. He had been the deputy manager of the Fund and Finance Division, manager of the Fund and Finance Division, manager of the Finance Division and chief economist of Sichuan Highway Development. He is currently the head of Finance and Assets Division of STI and a Supervisor of the fifth session of the Supervisory Committee of the Company.

Mr. Lu Ning: aged 31, was graduated from Chang'an University, majoring in electromechanical engineering with a postgraduate degree. Mr. Lu served in Guizhou Jinguan, Yunguan Highway Company Limited* (貴州金關、雲關公路有限公司) and the department manager of China Merchants Asia Transportation Infrastructure Management (Shenzhen) Company Limited* (招商局亞太交通基建管理(深圳)有限公司). He currently serves as the project manager of Operation and Management Department of Huajian Company, a deputy general manager of Jiangsu Yangtze Bridge Co., Ltd. and a Supervisor of the fifth session of the Supervisory Committee of the Company.

Mr. Jian Shixi: aged 57, graduated from Sichuan Provincial Party School majoring in economics and administration and is a senior economist. From 1986, he had been a principal staff member of the Policy Research Office of SPDT, deputy chief of Sichuan Major Highway Construction Directorate, office chief of the Expressway Administration Bureau of the SPDT. He is currently a Supervisor of the fifth session of the Supervisory Committee and the chairman of Labour Union of the Company.

Madam Yang Jingfan: aged 52, graduated from Business School of Sichuan University with an MBA degree and is a political worker (政工師). From 1991, she had been the deputy office chief of the Management Division of Sichuan Dajian Road, senior staff member of Sichuan Major Highway Construction Directorate, head of the Human Resources Division of the Expressway Administration Bureau of the SPDT, and manager of the human resource department of the Company. She is currently a Supervisor of the fifth session of the Supervisory Committee and the manager of Supervision and Auditing Department of the Company.

(III) Biographies of other incumbent senior management for the Year are as follows:

Mr. Gan Yongyi, please refer to the biographies of Directors.

Mr. He Zhuqing, please refer to the biographies of Directors.

Mr. Luo Maoquan: aged 48, graduated from the Faculty of Law of Sichuan University. He was an officer of the Policy Research Office of the SPDT, deputy office chief, chief, head of the human resources division, member of the sub-group of party committee, deputy director, secretary of the sub-group of party committee, commander of the Chengmian (le) Expressway Construction Directorate. He is currently a Deputy General Manager of the Company.

Mr. Lin Binhai: aged 54, graduated from the Research Centre of Renmin University of China with an MBA degree and obtained an MBA degree from Burlington Commerce College by distance education. He holds the title of a senior political worker (高級政工師). He was a political commissar and party secretary of an arsenal factory of the People's Liberation Army. He is currently the deputy party secretary and the secretary to the Discipline Committee of the Company.

Mr. Liu Junjie: aged 49, graduated from Sichuan Suining Normal School, Northern Sichuan Education College (majoring in Biology) and the Department of Industrial Economics of Graduate School of Chinese Academy of Social Science. He holds a master's degree and the title of a senior political worker (高級政工師) . He had served as the deputy chief of the general section of the Committee Office of Ganzi Prefecture, deputy secretary, principal staff member and deputy director of the Committee Office of Aba Prefecture, director of the inspection division of the Committee of Aba Prefecture, deputy mayor of Xiangtang County, deputy secretary of the County Committee of Lixang County, deputy head of the Bureau of Water Resources of Aba Prefecture and deputy director of the Safety Supervision and Management Office of the SPDT. He is currently a Deputy General Manager of the Company.

Mr. Zhang Yongnian: aged 51, graduated from the Faculty of Law of Sichuan University. He served as judicial officer of the People's Court of Emeishan City, Sichuan Province, deputy chief of the Criminal Judicial Tribunal, deputy chief of the former Chengyu Expressway's Long Quan Management Office, deputy head of Road Section of Chengyu Expressway Management Office, deputy head of the Policy and Regulation Division of the Expressway Administration Bureau of the SPDT, the office chief of the board of directors of the Company, and a Director of the Company. He is currently the Secretary to the Board of the Company.

Mr. Pan Feng: aged 40, graduated from the Faculty of Mechanics of Nanjing University of Science and Technology with a degree of bachelor of engineering in machinery design and manufacture and from the School of Economics and Management of Sicuan University with a degree of master of economics in national economics; he is a senior economist. He once served a deputy manager and manager of the Finance Department of Sichuan Highway Development and a deputy head of Finance and Assets Division of STI. He is curently a Financial Controller of the Company.

(IV) Biographies of Directors, Supervisors and other Senior Management retired or resigned during the Year are as follows:

Mr. Zhang Zhiying: aged 51, graduated from the Faculty of Accounting of Shanxi Financial and Economic Institute with a bachelor degree and is a senior accountant. He worked successively as an accountant of the Finance Section of the Road Administration Bureau of the SPDT, deputy head of the Finance Division of Sichuan Major Highway Construction Directorate, head of the Finance Division of the Expressway Administration Bureau of the SPDT, deputy head and head of Finance Division of the SPDT and the Financial Controller and General Manger of the Company. Currently he is the Deputy General Manager of STI. He retired as an executive Director and a Vice Chairman of the fourth session of the Board of the Company on 28 March 2013.

Madam Zhang Yang: aged 50, graduated from Lanzhou University with a bachelor degree in economics and is a postgraduate of economic management of Central Communist Party School. She once worked with the Ministry of Space Industry as a staff member, senior staff member and principal staff member. She was a director of Xiamen Port Development Company Limited (a company listed on the Shenzhen Stock Exchange) and a director of Zhejiang Expressway Company Limited (a company listed on the Stock Exchange). She has been serving as project manager, deputy department manager, department manager and assistant to the general manager of Huajian Company since 1994. She is currently the deputy general manager of Huajian Company, a director of Shenzhen Expressway Company Limited (a company listed on the Stock Exchange and the SSE), Henan Zhongyuan Expressway Company Limited (a company listed on the SSE) and Jiangsu Expressway Co., Ltd. (a company listed on the Stock Exchange and the SSE) as well as the vice chairman of Jilin Expressway Company Limited (a company listed on the SSE). She resigned as a non-executive Director and a Vice Chairman of the fifth session of the Board of the Company on 18 April 2013.

Mr. Gao Chun: aged 57, holds an MBA degree of Macao University of Science and Technology. He is a senior economist. He was the deputy head of the Teaching Department of Sichuan Transportation School, deputy head of the Human Resources Division of the SPDT, Deputy Party Secretary of the central district of Deyang City, Deputy Party Secretary of the Direct Body under the SPDT, Party Secretary of Highway Planning Survey and Design Research Institute of the SPDT, Party Secretary of Sichuan Vocational and Technical College of Communications, the chairman of Sichuan Highway Development and a director and general manager of STI. Currently, he is a vice chairman and general manger of STI. He retired as a non-executive Director of the fourth session of the Board of the Company on 28 March 2013.

Mr. Liu Mingli: aged 50, graduated from Sichuan University with a master's degree in business administration. He was formerly the deputy division chief-level secretary of the Department of General Office of Sichuan Provincial People's Government, the assistant to director and deputy director of Expressway Administration Bureau of the SPDT. Currently, he acts as assistant general manager of STI. He retired as a non-executive Director and Deputy General Manager of the fourth session of the Board of the Company on 28 March 2013.

Madam Hu Yu: aged 38, graduated from Tongji University with a major in Accounting and obtained a bachelor degree in Economics. She was the accountant of Beijing City Development Group Company Limited, and finance manager of Shanghai Mitsubishi Elevator Co., Ltd. (Beijing office). She served as the manager of the finance department of China Merchants Group Limited, the deputy manager of the finance department of Huajian Company, and a supervisor of Huabei Expressway Co., Ltd. (a company listed on the Shenzhen Stock Exchange). She currently serves as the general manager of the finance department of Huajian Company, a supervisor of Guangxi Wuzhou Communications Co., Ltd. (a company listed on the SSE), and a supervisor of Jiangsu Expressway Company Limited (a company listed on the Stock Exchange and the SSE). Madam Hu Yu resigned as a non-executive Director of the fifth session of the Board of the Company on 18 October 2013.

Madam Luo Xia: aged 51, graduated from Chongqing Construction and Engineering College with a bachelor degree majoring in road engineering. She also graduated from Southwest Jiaotong University with a master degree in traffic and transportation engineering and a doctorate in transportation means and application. She is a council member of China Highway and Transportation Society, a council member of the Sichuan Provincial Road Association, the deputy chairperson of the Chengdu Municipal Road Association and a member of the expert panel of "Straightway Project" under the Ministry of Public Security and the Ministry of Construction. Currently, she serves as a deputy director of the Key Laboratory of Comprehensive Transportation of Sichuan Province, a professor of Southwest Jiaotong University, a tutor to doctorate candidates, vice president of College of Traffic, Transportation and Logistics of Southwest Jiaotong University and the chief of Research Institute of Traffic Engineering. She retired as an independent non-executive Director of the fourth session of the Board of the Company on 28 March 2013.

Mr. Feng Jian: aged 51, graduated from Southwest Finance University with a bachelor degree in accounting and a doctorate in finance. Mr. Feng holds the qualification of the PRC Certified Public Accountant. He had served as an independent director of Chengdu Westone Information Industry Co., Ltd.(a company listed on the Shenzhen Stock Exchange) and Yunnan Malong Industry Group Co., Ltd. (雲南馬龍產業股份有限公司) (a company listed on the SSE). He is currently a professor and tutor to doctorate candidates in Southwest Finance University, the Chief Secretary of China Finance Association and an independent director of Sichuan Dikang Sci & Tech Pharmaceutical Industry Co., Ltd.(a company listed on the SSE), Chengdu B-Ray Media Co., Ltd. (成都博瑞傳播股份有限公司) (a company listed on the SSE) and Sichuan Star Cable Co,. Ltd. (a company listed on the SSE). He retired as independent non-executive Director of the fourth session of the Board of the Company on 28 March 2013.

Mr. Zhao Zesong: aged 59, graduated from Beijing Institute of Business and Southwest Finance University with a master's degree in accounting. He holds the qualification of the PRC Certified Public Accountant. He is the standing director and deputy head of Sichuan Accounting Association, the expert for supervising certified accountants of Sichuan. He was a member and deputy director of the Review Committee for Senior Accountants and Senior Economists, an independent director of Chengdu Hi-Tech Development Co., Ltd. (formerly known as Chengdu Brilliant Development Group, Inc.) (a company listed on the Shenzhen Stock Exchange). Currently he is a director, professor and a master tutor of the Accounting Department of Chengdu University of Technology, an independent director of Sichuan Road & Bridge Co., Ltd. (a company listed on the SSE) and Chengdu Tianxing Instrument and Meter Co, Ltd.(a company listed on the Shenzhen Stock Exchange). He retired as an independent non-executive Director of the fourth session of the Board of the Company on 28 March 2013.

Mr. Xie Bangzhu, aged 74, graduated from Chongqing Jiaotong College majoring in roads and bridge construction and Huadong Institute of Hydraulics (華東水利學院) majoring in hydraulic and port engineering, and obtained a college diploma and college diploma (correspondence) respectively. He had worked at Sichuan Institute of Road Design as a technician, engineer, deputy chief engineer to the head office, senior engineer and chief engineer of the design institute. Being a national engineering design master, he is currently a senior technical project consultant of Sichuan Institute of Road Design, chief engineer consultant of Sichuan Chuanjiao Highway Consultancy Company. He retired as an independent non-executive Director of the fourth session of the Board of the Company on 28 March 2013.

Mr. Hou Bin: aged 56, graduated from Chengdu Telecommunications Engineering College, and is a senior economist. He was the deputy chief officer of the Publicity and Education Division of Sichuan Automobile Transportation Company Chengdu Branch, the principal staff member of the Publicity Division of the Political Department of the SPDT, deputy division chief-level theory tutor of the party committee of the direct body under the SPDT, the leader of the liaison team for designated help for Muchuan County of the SPDT, the deputy head of Muchuan County People's Government, the office chief of Sichuan Shuhai Communications Investment Company Limited and the office chief, chairman of labour union, deputy general manager, chief of the preparation team of the party committee of Sichuan Highway Development, as well as the chairman of Sichuan Gaolu Communications Information Engineering Co., Ltd. and Sichuan Gonggashan Modern Glacier (Group) Co., Ltd., and the general manager of Chuanxi High-level Highway Development Co., Ltd. He is currently the deputy Party secretary of Sichuan Highway Development. He retired as an independent non-executive Director of the fourth session of the Board of the Company on 28 March 2013.

Madam Zhou Wei: aged 35, the doctor of western economics from Renmin University of China. She has worked in Motorola (China) Electronics Ltd. and Nokia Siemens Networks Ltd.. She is currently the project manager in the Division I of Shares Management of Huajian Company. She resigned as a Supervisor of the fifth session of the Supervisory Committee of the Company on 18 October 2013.

Mr. Dong Zhi: aged 33, graduated from Capital University of Economics and Business with a major in Economics, and has obtained a master degree in Economics. Mr. Dong worked in the Beijing construction department of China Road and Bridge Corporation International Company Limited. He once served as a supervisor of Northeast Expressway Company Limited (a company listed on the SSE), Anhui Expressway Company Limited (a company listed on the Stock Exchange and the SSE) and Jilin Expressway Company Limited (a company listed on the SSE), and a senior manager in the Division I of Shares Management of Highway Company. He currently serves as a deputy general manager of Guizhou Jinguan Yunguan Expressway Co., Ltd.. He retired as a Supervisor of the fourth session of the Supervisory Committee of the Company on 28 March 2013.

Mr. Li Guogang: aged 64, passed the self-study examination of higher education in 1989 with a major in accounting and is a senior accountant and senior consultant. He had been the chief officer of Accounting Division of Traffic Bureau of Ganzi Autonomous Prefecture, Sichuan Province, deputy chief and chief of Financial Division of the Expressway Administration Bureau of the SPDT and the manager of Financial Department of the Company. He retired as the Financial Controller of the Company on 28 March 2013.

IV. Employees

As at 31 December 2013, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,672
Number of in-service employees of major subsidiaries	1,649
Total number of in-service employees	4,321
Number of retired or resigned employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	83

Composition by Expertise

Type of Expertise	Number of people
Production	3,123
Sales	55
Technical	409
Financial	127
Administrative	607
Total	4,321

Educational Level

Type of Education Level	Number of people
Postgraduate	110
University graduate	831
Junior college graduate	1,760
Technical secondary school and below	1,620
Total	4,321

1. Employee's Remuneration

The total remuneration of the Company's employees is correlated with the operating results of the Company. The wages of the 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 Year ended 31 December 2013, the employees' salary of the Group totaled approximately RMB298,278,000 (of which approximately RMB174,093,000 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 PRC labour security policies. Expenses for various types of social insurances 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 has 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 and provides trainings of various aspects and types to improve the comprehensive quality and business standard of its staff. During the Reporting Period, the Company has organised various centralized and specific trainings such as job-specific skills for technicians and continuing education for professional technical staff. A total of 4,500 attendances of the Company's employees (including its branches) was recorded for the above training courses.

REPORT OF THE SUPERVISORY COMMITTEE

During the Reporting Period, all members of the Supervisory Committee have strictly complied with the requirements of the Company Law of the People's Republic of China, the Listing Rules of the SSE and the Stock Exchange, the Articles of Association and the Rules of Procedure of the Supervisory Committee. Based on the principle of good faith, they performed their duties prudently and actively with an aim to safeguard the interest of the Shareholders, the Company and the employees.

I. Work of the Supervisory Committee

During the Year, the Supervisory Committee held 7 meetings in total. The notices, convening, holding and resolutions of the meetings were in compliance with the requirements of the relevant laws and regulations and the Articles of Association. Details of the meetings are as follows:

Meeting of the Supervisory Committee	**Meeting Date**	**Topics**
The 23rd Meeting of the fourth session of the Supervisory Committee	6 February 2013	1. Examining the resolution in relation to the candidates for Supervisors of the fifth session of the Supervisory Committee of the Company and the proposed remuneration for Supervisors
The 1st Meeting of the fifth session of the Supervisory Committee	28 March 2013	1. Examining the resolution in relation to the election of Mr. Feng Bing as the chairman of the fifth session of the Supervisory Committee
The 2nd Meeting of the fifth session of the Supervisory Committee	28 March 2013	1. Examining the resolution in relation to the 2012 Work Report of the Supervisory Committee; 2. Examining the resolution in relation to the Scheme of Profit Distribution and Dividend Payment for 2012; 3. Examining the resolution in relation to the 2012 Implementation Report of Financial Budget; 4. Examining the resolution in relation to the 2012 domestic and overseas annual reports and their summaries, etc.; 5. Examining the resolution in relation to the 2012 Internal Control Evaluation Report; 6. Examining the resolution in relation to the 2012 Social Responsibility Report; 7. Examining the resolution in respect of the 2012 duty performance report of independent non-executive Directors; 8. Examining the resolution in relation to the 2013 Annual Financial Budget; 9. Examining the resolution in relation to the re-appointment of Shinewing Certified Public Accountants as the PRC auditor of the Company for the year 2013. 10. Examining the resolution in relation to the re-appointment of Ernst & Young Certified public Accountants as the international auditor of the Company for the year 2013.

Meeting of the Supervisory Committee	Meeting Date	Topics
The 3rd Meeting of the fifth session of the Supervisory Committee	26 April 2013	1. Examining the resolution in relation to the 2013 First Quarterly Report.
The 4th Meeting of the fifth session of the Supervisory Committee	29 August 203	1. Examining the resolution in relation to the unaudited financial statements for the 6 months ended 30 June 2013, the 2013 interim report and its summary, etc.; 2. Examining the resolution in relation to the non-distribution of any interim dividend and not transferring capital reserve into share capital;
The 5th Meeting of the fifth session of the Supervisory Committee	17 Ocotber 2013	1. Examining the resolution in relation to the Construction Framework Agreement entered into between Trading Construction Company and STI; 2. Examining the resolution in relation to the Construction Framework Agreement entered into between the Company and Trading Construction Company; 3. Examining the resolution in relation to the Purchase Framework Agreement entered into between the Company and STI; 4. Examining the resolution in relation to the nomination of Mr. Lu Ning as a candidate for Supervisor of the fifth session of the Supervisory Committee of the Company and the proposed remuneration.
The 6th Meeting of the fifth session of the Supervisory Committee	30 Ocotber 2013	1. Examining the resolution in relation to the 2013 Third Quarterly Report.

During the Reporting Period, the members of the Supervisory Committee jointly implemented the function of supervision over the Company, actively cared for the Company's businesses and cautiously and diligently executed their respective responsibilities on the basis of guaranteeing the overall profits of the Company and safeguarding the interests of Shareholders, the Company and employees in a honest and kind manner.

In 2013, the attendance of the meetings of the Supervisory Committee and general meetings by the Supervisors is as follows:

Name of Supervisor	Attendance of meetings of the Supervisory Committee				Attendance of general meetings
	Required attendance in the meetings of the Supervisory Committee during the Year	Attendance in person	Attendance via communications	Attendance by proxy	Number of attendance/ number of meeting
Feng Bing	7	7	1	0	3/3
Hou Bin (Resigned)	1	1	0	0	1/1
Dan Yong	6	6	1	0	2/2
Ouyang Huajie	7	7	1	0	3/3
Lu Ning	0	0	0	0	0/0
Zhou Wei (Resigned)	5	4	2	1	1/1
Jian Shixi	7	7	1	0	3/3
Yang Jingfan	7	7	1	0	3/3
Dong Zhi (Resigned)	1	1	0	0	1/1

Number of meetings of the Supervisory Committee held during the Year		7
Of which:	Number of physical meetings	5
	Number of meetings held via communications	1
	Number of meetings held by way of combination of both	1

During the Reporting Period, all Supervisors have attended the meetings of the Supervisory Committee with due care and diligence, and offered professional suggestions and independent judgments in respect of the material issues being discussed at the meetings by virtue of their expertise and experience.

II. Independent opinions from the Supervisory Committee on compliance of the Company's operations with legal requirements

During the Reporting Period, the Supervisors of the Company attended all general meetings and Board meetings as observers and cautiously supervised and checked the convening procedures of the meetings, resolutions and execution of the written resolutions of aforesaid meetings, and effectively supervised the whole process of the Directors and senior management members' operation and management and the implementation of the Company's decisions.

The Supervisory Committee is of the opinion that the Company conducted its operations and made decisions strictly in accordance with relevant rules and regulations, continuously improved its internal control system and further enhanced its corporate governance. The Directors and senior management of the Company are able to perform their own duties and execute the resolutions and authorizations of the general meetings in compliance with relevant laws and regulations and with the attitude of fidelity and due diligence and from the perspective of safeguarding the interests of the Company and Shareholders as a whole, with no breach of laws and regulations, or conducts of misusing authority or damaging the interests of the Company, its Shareholders and employees.

III. Independent opinions from the Supervisory Committee on the Company's financial position

Having cautiously reviewed the Company's 2013 First Quarterly Results Report, Interim Results Report, Third Quarterly Results Reports, Annual Results Report and other accounting information, etc, the Supervisory Committee is of the opinion that the Company's financial income and expenditure accounts are clear and the accounting, auditing and financial management are all in line with relevant regulations without doubts. The Company's PRC and international auditors, Shinewing Certified Public Accountants (Special General Partnership) and Ernst & Young Certified Public Accountants have respectively audited the 2013 Annual Financial Reports of the Company under the PRC Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards, and have issued audit reports with standard unreserved opinions. The Supervisory Committee is of the view that the audit reports have reflected the actual situations of the Company's financial income and expenditure, operating results and cash flows.

IV. Independent opinions from the Supervisory Committee on the Board's Self-assessment Report on Internal Control

In order to implement the "Basic Rules for Internal Control of Enterprises" jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission and the implementary guidelines for corporate internal control, the Company fully and practically launched the construction of corporate internal control system since the second half of 2010. During the Reporting Period, all internal control tasks were carried out as scheduled and the internal control system of the Company was further improved. Through making self-assessment of the effectiveness of the design and implementation of the Company's internal control as at 31 December 2013, the Board had issued the 2013 Assessment Report on Internal Control.

The Supervisory Committee seriously considered and approved the 2013 Assessment Report on Internal Control issued by the Board, and considered that the report comprehensively and objectively reflected the establishment and operation of the Company's internal control system. The Company has established a relatively comprehensive internal control system and is continuously optimizing and enhancing it, and has kept the standard operation of the Company under good supervision and guidance.

V. Independent opinions from the Supervisory Committee on the Company's connected transactions

Save for the connected transactions disclosed in note 35 to the financial statements, the Company had no other connected transactions during the Reporting Period. In the opinion of the Supervisory Committee, the Company's connected transactions during the Reporting Period were conducted on a just, fair and open basis and at reasonable considerations, and no circumstances were discovered in which insider transactions were involved or the Board breached the principle of good faith in decision-making, execution of agreements or information disclosure, etc.

The Supervisory Committee will continue to abide by its prudent and diligent practice, conscientiously implement the duties of the Supervisory Committee and protect the legal interests of Shareholders.

By Order of the Supervisory Committee

Feng Bing
Chairman of the Supervisory Committee

Chengdu, Sichuan, the PRC
27 March 2014

Ernst & Young
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To the shareholders of
Sichuan Expressway Company Limited
(Established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Sichuan Expressway Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 88 to 176, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

27 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2013 RMB'000	2012 RMB'000
REVENUE	4,5	**8,570,140**	7,183,670
Cost of sales and other direct operating costs		**(6,780,936)**	(5,545,882)
Gross profit		**1,789,204**	1,637,788
Other income and gains	5	**155,174**	183,916
Administrative expenses		**(170,867)**	(144,433)
Other expenses		**(24,560)**	(13,359)
Finance costs	6	**(450,609)**	(240,791)
Share of profits and losses of associates		**11,594**	16,707
PROFIT BEFORE TAX	7	**1,309,936**	1,439,828
Income tax expense	9	**(229,226)**	(228,917)
PROFIT FOR THE YEAR		**1,080,710**	1,210,911
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale investments		**(6,627)**	2,899
Reclassification adjustments for gains included in profit or loss		**(257)**	—
Income tax effect		**1,228**	(538)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(5,656)**	2,361
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,075,054**	1,213,272

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*

	Notes	2013 RMB'000	2012 RMB'000
Profit attributable to:			
Owners of the Company	10	**1,015,142**	1,180,931
Non-controlling interests		**65,568**	29,980
		1,080,710	1,210,911
Total comprehensive income attributable to:			
Owners of the Company		**1,009,486**	1,183,291
Non-controlling interests		**65,568**	29,981
		1,075,054	1,213,272
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic and diluted	11	**RMB0.332**	RMB0.386

Details of the dividends payable and proposed for the year are disclosed in note 32 to the financial statements.

31 December 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**612,204**	636,334
Service concession arrangements	13	**16,907,851**	14,136,239
Prepaid land lease payments	14	**442,717**	475,041
Other intangible assets	15	**2,329**	–
Investments in associates	17	**65,970**	69,326
Available-for-sale investments	18	**115,967**	70,302
Long term compensation receivables	19	**61,649**	65,527
Other receivables	26	**–**	90,270
Payments in advance	20	**30,051**	3,957
Interests in land held for property development	22	**708,703**	–
Pledged deposits	27	**112,150**	–
Deferred tax assets	21	**252**	155
Total non-current assets		**19,059,843**	15,547,151
CURRENT ASSETS			
Properties under development	23	**982,356**	–
Inventories	24	**82,613**	38,120
Due from customers for contract works	25	**71,069**	56,755
Trade and other receivables	26	**1,974,925**	1,796,047
Pledged deposits	27	**26,313**	77,651
Cash and cash equivalents	27	**1,791,963**	1,820,676
Total current assets		**4,929,239**	3,789,249
CURRENT LIABILITIES			
Tax payable		**123,217**	204,922
Trade and other payables	28	**2,425,160**	1,825,240
Interest-bearing bank and other loans	29	**1,203,909**	765,727
Total current liabilities		**3,752,286**	2,795,889
NET CURRENT ASSETS		**1,176,953**	993,360
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,236,796**	16,540,511

	Notes	**2013** **RMB'000**	2012 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	29	**8,685,504**	6,085,867
Deferred tax liabilities	21	**6,682**	8,218
Deferred income	28	**13,969**	–
Total non-current liabilities		**8,706,155**	6,094,085
Net assets		**11,530,641**	10,446,426
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	**3,058,060**	3,058,060
Reserves	31	**7,701,798**	6,950,521
Proposed final dividend	32	**244,645**	244,645
		11,004,503	10,253,226
Non-controlling interests		**526,138**	193,200
Total equity		**11,530,641**	10,446,426

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Issued capital *RMB'000* *(note30)*	Share premium account *RMB'000*	Statutory surplus reserve *RMB'000* *(note31)*	Difference arising from acquisition of non-controlling interests *RMB'000*	Available-for-sale investment revaluation reserve *RMB'000*	Merger difference *RMB'000* *(note 31)*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2012	3,058,060	2,654,601	2,080,252	(248,470)	15,373	(533,123)	2,043,242	275,225	9,345,160	162,116	9,507,276
Profit for the year	–	–	–	–	–	–	1,180,931	–	1,180,931	29,980	1,210,911
Other comprehensive income for the year											
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	2,360	–	–	–	2,360	1	2,361
Total comprehensive income for the year	–	–	–	–	2,360	–	1,180,931	–	1,183,291	29,981	1,213,272
Transfer from/(to) reserves	–	–	553,240	–	–	–	(533,240)	–	–	–	–
Step acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	14,324	14,324
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(13,221)	(13,221)
Final 2011 dividend declared	–	–	–	–	–	–	–	(275,225)	(275,225)	–	(275,225)
Proposed final 2012 dividend *(note 32)*	–	–	–	–	–	–	(244,645)	244,645	–	–	–
At 31 December 2012	3,058,060	2,654,601*	2,633,492*	(248,470)*	17,733*	(533,123)*	2,426,288*	244,645	10,253,226	193,200	10,446,426

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

	Attributable to owners of the Company												
	Issued capital RMB'000 (note 30)	**Share premium account** RMB'000	**Statutory surplus reserve** RMB'000 (note 31)	**Difference arising from changes in non-controlling interests** RMB'000	**Available-for-sale Investment valuation reserve** RMB'000	**Merger difference** RMB'000 (note 31)	**Safety fund reserve** RMB'000 (note 31)	**Capital reserve** RMB'000	**Retained profits** RMB'000	**Proposed final dividend** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
At 1 January 2013	3,058,060	2,654,601	2,633,492	(248,470)	17,733	(533,123)	–	–	2,426,288	244,645	10,253,226	193,200	10,446,426
Profit for the year	–	–	–	–	–	–	–	–	1,015,142	–	1,015,142	65,568	1,080,710
Other comprehensive income for the year: Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	(5,656)	–	–	–	–	–	(5,656)	–	(5,656)
Total comprehensive income for the year	–	–	–	–	(5,656)	–	–	–	1,015,142	–	1,009,486	65,568	1,075,054
Transfer from/(to) reserves	–	–	409,880	–	–	–	–	–	(409,880)	–	–	–	–
Establishment for safety fund reserve	–	–	–	–	–	–	16,553	–	(16,553)	–	–	–	–
Utilisation of safety fund reserve	–	–	–	–	–	–	(11,691)	–	11,691	–	–	–	–
Acquisition of a non-controlling interest in a subsidiary *(note 16)*	–	–	–	–	–	–	–	–	–	–	–	(234)	(234)
Disposal of an equity interest in a subsidiary without a loss of control *(note 35(g))*	–	–	–	(13,564)	–	–	–	–	–	–	(13,564)	276,529	262,965
Capital injection by a non-controlling shareholder *(note 35(h))*	–	–	–	–	–	–	–	–	–	–	–	18,000	18,000
Capital injection to a subsidiary by way of capitalisation of retained profits and statutory surplus reserve	–	–	(12,615)	–	–	–	–	32,820	(20,205)	–	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(26,925)	(26,925)
Final 2012 dividend declared	–	–	–	–	–	–	–	–	–	(244,645)	(244,645)	–	(244,645)
Proposed final 2013 dividend *(note 32)*	–	–	–	–	–	–	–	–	(244,645)	244,645	–	–	–
At 31 December 2013	3,058,060	2,654,601*	3,030,757*	(262,034)*	12,077*	(533,123)*	4,862*	32,820*	2,761,838*	244,645	11,004,503	526,138	11,530,641

* These reserve accounts comprise the consolidated reserves of RMB7,701,798,000 (2012: RMB6,950,521,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,309,936**	1,439,828
Adjustments for:			
Finance costs	6	**450,609**	240,791
Share of profits and losses of associates		**(11,594)**	(16,707)
Depreciation	12	**67,358**	64,119
Amortisation of service concession arrangements	13	**419,940**	317,620
Amortisation of prepaid land lease payments	14	**32,056**	32,109
Amortisation of other intangible assets	15	**166**	–
Impairment of other receivables, net	26	**–**	111
Loss on disposal and write-off of items of property, plant and equipment	7	**3,227**	206
Gain on disposal of land use rights	5	**(1,943)**	(3,463)
Gain on disposal of an associate	5	**–**	(215)
Loss on deemed disposal of available-for-sale investments	7	**590**	–
Interest income	5	**(110,160)**	(156,197)
Dividend income from available-for-sale investments	5	**(9,465)**	(5,621)
		2,150,720	1,912,581
Additions to service concession arrangements		**(3,119,811)**	(3,091,572)
Additions to properties under development		**(982,356)**	–
Additions to interests in land held for property development		**(708,703)**	–
Decrease/(increase) in payments in advance		**(21,094)**	481,030
Increase in deferred income		**13,969**	–
Decrease/(increase) in amount due from customers for contract works		**(14,314)**	881,344
Decrease/(increase) in trade and other receivables		**6,235**	(767,753)
Increase in inventories		**(44,493)**	(5,827)
Increase in trade and other payables		**568,625**	26,617
Cash used in operations		**(2,151,222)**	(563,580)
Income tax paid		**(311,274)**	(220,229)
Net cash flows used in operating activities		**(2,462,496)**	(783,809)

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(64,538)**	(91,492)
Acquisition of a subsidiary	16	**(259)**	16,416
Payment in advance in respect of investment in a joint venture		**(5,000)**	–
Purchase of available-for-sale investments		**(45,000)**	–
Proceeds from disposal of items of property, plant and equipment		**226**	1,546
Proceeds from disposal of land use rights		**2,269**	3,871
Proceed from disposal of an associate		**–**	417
Interest received		**36,995**	34,604
Dividend received from an associate		**14,950**	10,064
Dividend received from available-for-sale investments		**1,264**	5,621
Proceeds from disposal of equity interest in a subsidiary without a loss of control	35(g)	**262,965**	–
Increase of pledged deposit		**(60,812)**	(57,129)
Net cash flows from/ (used) in investing activities		**143,060**	(76,082)
Net cash outflows before financing activities		**(2,319,436)**	(859,891)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(493,292)**	(430,528)
Proceeds from bank loans		**3,559,000**	4,532,190
Repayment of bank loans		**(1,183,000)**	(1,578,340)
Repayment of short term commercial papers		**–**	(2,000,000)
Proceeds from medium term notes		**600,000**	700,000
Proceeds from other loans		**84,547**	–
Repayment of other loans		**(22,728)**	(22,727)
Dividends paid to owners of the Company		**(244,645)**	(275,225)
Dividends paid to non-controlling shareholders		**(26,925)**	(13,221)
Acquisition of non-controlling interests	16	**(234)**	–
Capital injection by a non-controlling shareholder	35(h)	**18,000**	–
Net cash flows from financing activities		**2,290,723**	912,149

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Notes	2013 RMB'000	2012 RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(28,713)**	52,258
Cash and cash equivalents at beginning of year		**1,820,676**	1,768,418
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,791,963**	1,820,676
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	27		
Cash and bank balances		**1,740,963**	1,747,430
Non-pledged time deposits		**51,000**	73,246
Cash and cash equivalents as stated in the consolidated statement of financial position		**1,791,963**	1,820,676

STATEMENT OF FINANCIAL POSITION

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**386,805**	418,408
Service concession arrangements	13	**12,320,203**	12,528,943
Prepaid land lease payments	14	**305,721**	327,509
Investments in subsidiaries	16	**2,293,046**	2,355,811
Investments in associates	17	**38,438**	38,438
Available-for-sale investments	18	**99,118**	50,779
Due from subsidiaries	16	**3,494,865**	300,000
Pledged deposits	27	**112,150**	–
Total non-current assets		**19,050,346**	16,019,888
CURRENT ASSETS			
Inventories	24	**197**	197
Prepayments, deposits and other receivables	26	**69,847**	177,038
Due from subsidiaries	16	**1,371,610**	1,143,092
Pledged deposits	27	**21,783**	77,651
Cash and cash equivalents	27	**784,067**	1,023,723
Total current assets		**2,247,504**	2,421,701
CURRENT LIABILITIES			
Tax payable		**84,491**	145,770
Other payables and accruals	28	**852,763**	1,250,639
Interest-bearing bank and other loans	29	**695,909**	722,727
Due to subsidiaries	16	**128,465**	57,117
Total current liabilities		**1,761,628**	2,176,253

	Notes	2013 RMB'000	2012 RMB'000
NET CURRENT ASSETS		**485,876**	245,448
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,536,222**	16,265,336
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	29	**8,494,557**	5,931,467
Deferred tax liabilities	21	**1,270**	1,921
Deferred income	28	**13,969**	—
Total non-current liabilities		**8,509,796**	5,933,388
Net assets		**11,026,426**	10,331,948
EQUITY			
Issued capital	30	**3,058,060**	3,058,060
Reserves	31	**7,723,721**	7,029,243
Proposed final dividend	32	**244,645**	244,645
Total equity		**11,026,426**	10,331,948

Director *Director*

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 year, the principal activities of the Company and its subsidiaries (collectively referred to as the "Group") were investment holding, the construction, management and operation of expressways and a high-grade toll bridge, operation of gas stations along expressways and property development.

In the opinion of the directors, Sichuan Transport Industry Investment Group Company Limited ("STI Group") is the parent and the ultimate holding company of the Company.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong ("HK GAAP") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain available-for-sale equity investments, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expense and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investments retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

While the adoption of some of the new and revised HKFRSs may result in changes in accounting policies and additional disclosures required by HKFRS 13 for the fair value measurements of financial instruments, none of these new and revised HKFRSs has had significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[4]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HK(IFRIC)–Int 21	*Levies*[1]

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs *(Continued)*

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 No mandatory effective date yet determined but is available for adoption

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs *(Continued)*

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

The results of the associates are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Merger accounting for business combinations under common control

The consolidated financial statements include the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling parties.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its available-for-sale investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Safety equipment	10 years
Communication and signalling systems	10 years
Toll collection equipment	8 years
Buildings	15–30 years
Machinery and equipment	5–10 years
Motor vehicles	8 years

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents items of property, plant and equipment under construction which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the purchase price of equipment and direct costs of construction, installation and testing incurred during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Service concession arrangements

Service concession arrangements represent the rights to charge users of the public service, that the Group obtained under the service concession arrangements. Service concession arrangements are stated at cost, that is, the fair value of the consideration received or receivable in exchange for the construction services provided under the service concession arrangements, less accumulated amortisation and any impairment losses.

Subsequent expenditures such as repairs and maintenance are charged to profit or loss in the period in which they are incurred. In situations where the recognition criteria are satisfied, the expenditures are capitalised as an additional cost of service concession arrangements.

Amortisation of service concession arrangements, other than gas stations, is provided on a unit-of-usage basis to write off the costs of these arrangements, based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate those service concession arrangements.

Amortisation of gas stations that recognised as part of the underlying infrastructure of the service concession arrangements is provided on the straight-line basis to write off the costs of gas stations over the periods for which the Group is granted the rights to charge users under the service concession arrangements.

It is the Group's policy to review regularly the projected total traffic volume throughout the concession periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume.

Costs incurred during the period of construction of underlying assets of a service concession arrangement are recorded in the service concession arrangement and will be amortised upon the commencement of operation of the service concession arrangement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over lease terms.

Intangible assets other than goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Other income and gains" in profit or loss. The loss arising from impairment is recognised in profit or loss in "Finance costs" for loans and in "Other expenses" for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in "Other income and gains", or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in "Other expenses". Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as "Other income and gains" in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial investments (Continued)

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to "Other expenses" in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing bank and other loans.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in "Finance costs" in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated cost to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "Finance costs" in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) toll income from operation of expressways and a high-grade toll bridge, net of related revenue taxes, on a receipt basis;

(b) revenue from construction and upgrade services provided under the service concession arrangements, on the percentage of completion method, as further explained in the accounting policy for "Construction and upgrade services under service concession arrangements" below;

(c) revenue from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(d) rental income, on a time proportion basis over the lease terms;

(e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(f) dividend income, when a shareholder's right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Construction and upgrade services under service concession arrangements

The Group recognises income and expenses associated with construction and upgrade services provided under the service concession arrangements in accordance with HKAS 11 *Construction Contracts*.

Revenue generated by construction and upgrade services rendered by the Group is measured at fair value of the consideration received or receivable. The consideration represents the rights to attain an intangible asset.

The Group uses the percentage of completion method to determine the appropriate amount of income and expenses to be recognised in a given period, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The stage of completion is measured by reference to the construction costs of the related infrastructure incurred up to the end of the reporting period as a percentage of the total estimated costs for each contract. Provision is made for foreseeable losses as soon as they are anticipated by management.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to surveys of work performed or to the proportion of costs incurred to date to the estimated total cost of the relevant contract, as appropriate.

Revenue from cost plus construction contracts is recognised on the percentage of completion method, measured by reference to the recoverable costs incurred during the period plus a percentage of costs, measured by surveys of work performed.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Defined contribution pension scheme

As stipulated by the state regulations of the PRC, the Group participates in a defined contribution pension scheme. All retired employees are entitled to an annual pension equivalent to a fixed proportion of the average basic salary amount within the geographical area of their last employment at their retirement date. During the year, the Group was required to make contributions to a local social security bureau at a rate of 20% of the employees' salaries or wages of the current year, up to an amount equivalent to three times the employees' average salaries of the prior year within the geographical area where the employees are employed. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Supplementary defined contribution pension scheme

In addition, on 1 January 2007, a supplementary defined contribution pension scheme managed by an independent financial institution was established. Under the plan, the Group makes a monthly defined contribution to certain qualified employees at a rate of 8.3% of the qualified employees' salaries or wages of the prior year. There were no vested benefits attributable to past service upon the adoption of the plan. The contributions under the supplementary defined contribution pension scheme are charged to profit or loss as incurred.

Housing fund

According to the relevant rules and regulations of the Sichuan Province, the Group and its employees are each required to make contributions, which are in proportion to the employees' salaries or wages of the prior year, to a housing fund. Contributions to a housing fund administered by the Public Accumulation Funds Administration Centre are charged to profit or loss as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements require management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Impairment of receivables

Impairment of receivables is made based on an assessment of the recoverability of receivables. The assessment of impairment of receivables involves the use of estimates and judgements. An estimate for doubtful debts is made when collection of the full amount is no longer probable, as supported by objective evidence using available contemporary and historical information to evaluate the exposure. Bad debts are written off as incurred. Where the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amount of receivables and thus the impairment loss in the period in which such estimate is changed.

3. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Impairment of available-for-sale financial investments

The Group classifies certain assets as available for sale and recognises movements in their fair values in equity. When the fair value declines, management makes assumption about the decline in value to determine whether there is an impairment that should be recognised to profit or loss. There was no impairment loss for available-for-sale investments during the year.

(d) Percentage of completion of construction and upgrade services provided under service concession arrangements and construction contracts

The Group recognises income and expenses associated with construction and upgrade services provided under service concession arrangements and construction contracts in accordance with HKAS 11 *Construction Contracts*. The Group recognises construction revenue under service concession arrangements and construction contracts according to the percentage of completion of individual contract of construction and upgrade service work, which requires estimation to be made by management. The stage of completion and the corresponding contract revenue are estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contracts costs are more than expected, an impairment loss may arise.

3. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(d) Percentage of completion of construction and upgrade services provided under service concession arrangements and construction contracts *(Continued)*

During the year, the construction revenue and construction costs under service concession arrangements and construction contracts recognised by the Group amounted to RMB3,838,978,000 and RMB3,550,998,000 (2012: RMB3,868,864,000 and RMB3,798,049,000), respectively.

(e) Amortisation of costs of service concession arrangements

Amortisation of costs of service concession arrangements is calculated under the unit-of-usage method, whereby the amortisation is provided based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate those service concession arrangements. The projected total traffic volume over the respective concession periods could change significantly. The Group reviews regularly the projected total traffic volume throughout the operating periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume. The carrying amount of service concession arrangements at 31 December 2013 was RMB16,907,851,000 (2012: RMB14,136,239,000).

(f) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. The Group will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. The carrying amount of property, plant and equipment at 31 December 2013 was RMB612,204,000 (2012: RMB636,334,000).

3. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(g) Discounted value of long term compensation receivables

The discounted value of long term compensation receivables in the future have been discounted using an imputed rate of interest of 13.92% after taking into account the risk premium associated with the credit risk incurred. The use of the discounted rate requires the Group to make estimates about the imputed rate of interest, and hence it is subject to uncertainty. The net present value of long term receivables at 31 December 2013 was RMB65,527,000 (2012: RMB68,932,000). Further details are included in note 19 to the financial statements.

(h) PRC corporate income tax ("CIT")

The Group is subject to CIT in Mainland China. As a result of the fact that certain matters relating to CIT have not been confirmed by the relevant local tax authorities, objective estimates based on currently enacted tax laws, regulations and other related policies are required in determining the provision of CIT to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will have an impact on the income tax expenses and tax provisions in the period in which the differences are realised. The carrying amount of the PRC CIT payable at 31 December 2013 was RMB123,217,000 (2012: RMB204,922,000).

(i) Provision for maintenance and resurfacing obligations

The Group has contractual obligations under the service concessions to maintain the toll road infrastructure to a specified level of serviceability. The expenditures expected to incur in order to settle the obligations are determined based on the frequency of major maintenance and resurfacing activities throughout the operating periods of toll roads operated by the Group under the service concessions and the expected costs to be incurred for each event. The expected costs for maintenance and resurfacing and the timing of such events involve estimates. Such estimates are developed based on the Group's resurfacing plan and historical costs incurred for similar activities. The costs are then discounted to the present value based on the market rate which can reflect the time value of money and the risks specific to the obligation.

There was no provision for maintenance and resurfacing obligations at 31 December 2013 (2012: Nil).

4. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors (the "Board") of the Company that makes strategic decisions. For management purposes, the Group is organised into business units based on their services and products and has five (2012: four) reportable operating segments as follows:

(a) the toll operation segment comprises the operation of expressways and a high-grade toll bridge in Mainland China;

(b) the construction contracts segment comprises the provision of construction and upgrade services under the service concession arrangements and construction contracts;

(c) the gas station operation segment comprises the operation of gas stations along expressways;

(d) the property development segment, which was newly established during the year (note 35(h)), comprises the investment and development of properties located in Mainland China; and

(e) the "others" segment mainly comprises advertising and the rental of properties along expressways.

The Board monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, dividend income and other unallocated income and gains, as well as head office, corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents and available-for-sale investments as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

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

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2013

	Toll operation RMB'000	Construction contracts RMB'000	Gas station operation RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
SEGMENT REVENUE	**2,526,878**	**3,761,510**	**2,247,392**	**–**	**34,360**	**8,570,140**
SEGMENT RESULTS	**1,141,220**	**238,769**	**66,766**	**(35,668)**	**8,650**	**1,419,737**
Reconciliation:						
Interest income on bank deposits						**24,469**
Dividend income and unallocated income and gains						**39,284**
Corporate and other unallocated expenses						**(173,554)**
Profit before tax						**1,309,936**
SEGMENT ASSETS	**18,042,709**	**1,813,587**	**364,806**	**1,688,771**	**32,564**	**21,942,437**
Reconciliation:						
Available-for-sale investments						**115,967**
Deferred tax assets						**252**
Pledged deposits						**138,463**
Cash and cash equivalents						**1,791,963**
Total assets						**23,989,082**
SEGMENT LIABILITIES	**9,822,152**	**2,108,998**	**279,198**	**86,958**	**31,236**	**12,328,542**
Reconciliation:						
Tax payable						**123,217**
Deferred tax liabilities						**6,682**
Total liabilities						**12,458,441**
OTHER SEGMENT INFORMATION						
Share of profits and losses of associates	**11,594**	**–**	**–**	**–**	**–**	**11,594**
Depreciation and amortisation	**506,156**	**9,691**	**2,401**	**91**	**1,181**	**519,520**
Investments in associates	**61,520**	**–**	**–**	**–**	**4,450**	**65,970**
Capital expenditure*	**3,197,504**	**18,706**	**15,064**	**2,466**	**6,988**	**3,240,728**

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2012

	Toll operation *RMB'000*	Construction contracts *RMB'000*	Gas station operation *RMB'000*	Property development *RMB'000*	Others *RMB'000*	Total *RMB'000*
SEGMENT REVENUE	2,343,782	3,844,014	970,232	–	25,642	7,183,670
SEGMENT RESULTS	1,325,711	141,272	54,963	–	10,021	1,531,967
Reconciliation:						
Interest income on bank deposits						21,604
Dividend income and unallocated income and gains						27,718
Corporate and other unallocated expenses						(141,461)
Profit before tax						1,439,828
SEGMENT ASSETS	15,458,141	1,797,538	90,865	–	21,072	17,367,616
Reconciliation:						
Available-for-sale investments						70,302
Deferred tax assets						155
Pledged deposits						77,651
Cash and cash equivalents						1,820,676
Total assets						19,336,400
SEGMENT LIABILITIES	7,416,643	1,221,197	11,065	–	27,929	8,676,834
Reconciliation:						
Tax payable						204,922
Deferred tax liabilities						8,218
Total liabilities						8,889,974
OTHER SEGMENT INFORMATION						
Share of profits and losses of associates	16,707	–	–	–	–	16,707
Depreciation and amortisation	381,615	7,549	2,355	–	22,329	413,848
Investments in associates	64,876	–	–	–	4,450	69,326
Impairment/(reversal of provision for impairment) of other receivables	124	–	–	–	(13)	111
Capital expenditure*	3,314,212	10,528	20,298	–	814	3,345,852

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Entity-wide disclosures

Geographical information

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

Information about major customers

During the year ended 31 December 2013 and 2012, no revenue derived from a customer amounted to 10% or more of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

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

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Toll income		
— Chengyu Expressway	**968,456**	1,102,230
— Chengya Expressway	**681,170**	700,027
— Chengle Expressway	**414,419**	430,085
— Chengren Expressway	**465,916**	102,578
— Chengbei Exit Expressway and Qinglongchang Bridge	**86,180**	91,886
	2,616,141	2,426,806
Less: Revenue taxes	**(89,263)**	(83,024)
Sub-total	**2,526,878**	2,343,782

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

	2013 RMB'000	2012 RMB'000
Construction revenue in respect of:		
— Service concession arrangements	**3,191,552**	3,248,675
— Construction and maintenance works performed for third parties	**647,426**	620,189
	3,838,978	3,868,864
Less: Revenue taxes	**(77,468)**	(24,850)
Sub-total	**3,761,510**	3,844,014
Revenue from operation of gas stations	**2,247,392**	970,232
Others (including income from rental and advertising)	**34,360**	25,642
Total revenue	**8,570,140**	7,183,670
Other income and gains		
Interest income from bank deposits	**24,469**	21,604
Interest income from discounting long term compensation receivables *(note 19)*	**9,595**	10,011
Interest income from construction contracts	**76,096**	124,582
Interest income from overdue trade receivables	**6,320**	—
Gain on disposal of land use rights	**1,943**	3,463
Gain on disposal of an associate	**—**	215
Rental income	**4,167**	3,208
Government grants*	**185**	91
Dividend income from available-for-sale investments	**9,465**	5,621
Compensation	**17,754**	14,497
Miscellaneous	**5,180**	624
	155,174	183,916
Total revenue, other income and gains	**8,725,314**	7,367,586

* There were no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2013 **RMB'000**	2012 RMB'000
Interest on bank and other loans wholly repayable within five years	**450,092**	364,673
Interest on other bank loans	**6,481**	6,738
Interest on short term commercial papers	**–**	17,560
Interest on medium term notes	**65,777**	8,923
	522,350	397,894
Less: Interest capitalised in service concession arrangements *(note 13(c))*	**(71,741)**	(157,103)
	450,609	240,791
Interest rate of borrowing costs capitalised	**5.26%-6.43%**	5.85%-7.05%

7. PROFIT BEFORE TAX

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

	Notes	2013 RMB'000	2012 RMB'000
Employee costs (including directors', chief executive's and supervisors' remuneration (note 8)):			
Wages and salaries		**298,278**	252,795
Pension scheme contributions			
— Defined contribution fund		**46,404**	36,008
Housing funds			
— Defined contribution fund		**27,428**	23,331
Supplementary pension scheme			
— Defined contribution fund		**23,629**	17,252
Other staff benefits		**72,910**	49,661
		468,649	379,047
Depreciation	12	**67,358**	64,119
Amortisation of service concession arrangements	13	**419,940**	317,620
Amortisation of prepaid land lease payments	14	**32,056**	32,109
Amortisation of other intangible asset	15	**166**	—
Depreciation and amortisation expenses		**519,520**	413,848
Repairs and maintenance		**157,547**	113,091
Construction costs in respect of:			
— Service concession arrangements*		**2,999,442**	3,243,919
— Construction works performed for third parties*		**551,556**	554,130
Cost of sales of refined oil and chemical products		**2,161,428**	898,918
Minimum lease payments under operating leases:			
— Land and buildings		**22,152**	20,586
Auditors' remuneration		**2,500**	2,381
Loss on disposal and write-off of items of property, plant and equipment		**3,227**	206
Gain on disposal of land use rights		**(1,943)**	(3,463)
Loss on deemed disposal of available-for-sale investments		**590**	—
Provision for impairment of other receivables		**—**	111

* During the year, employee costs of RMB63,244,000 (2012: RMB50,121,000) and depreciation charges of RMB6,949,000 (2012: RMB6,419,000) were included in those construction costs.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors', chief executive's and supervisors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Fees	**300**	240
Other emoluments:		
Salaries, allowances and benefits in kind	**1,897**	2,524
Pension scheme contributions	**104**	117
Supplementary pension scheme contributions	**73**	186
	2,074	2,827
	2,374	3,067

(1) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2013	2012
	RMB'000	*RMB'000*
Mr. Sun Huibi	**60**	–
Mr. Guo Yuanxi	**60**	–
Mr. Fang Guijin	**60**	–
Mr. Yu Haizong	**60**	–
Madam Luo Xia	**15**	60
Mr. Feng Jian	**15**	60
Mr. Zhao Zesong	**15**	60
Mr. Xie Bangzhu	**15**	60
	300	240

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(2) Executive and non-executive directors

	Salaries allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Supplementary pension scheme contributions *RMB'000*	Total *RMB'000*
2013				
Executive directors:				
Mr. Zhou Liming	–	–	–	–
Mr. Liu Mingli	22	–	–	22
Mr. He Zhuqing	110	–	–	110
Mr. Gan Yongyi	441	26	21	488
	573	26	21	620
Non-executive directors:				
Mr. Zhang Zhiying	32	–	–	32
Madam Zhang Yang	32	–	–	32
Mr. Tang Yong	32	–	–	32
Mr. Huang Bin	–	–	–	–
Mr. Gao Chun	32	–	–	32
Mr. Wang Shuanming	32	–	–	32
Mr. Wu Xinhua	–	–	–	–
Madam Hu Yu	32	–	–	32
	192	–	–	192
	765	26	21	812

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(2) Executive, non-executive directors *(Continued)*

	Salaries allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Supplementary pension scheme contributions *RMB'000*	Total *RMB'000*
2012				
Executive directors:				
Mr. Zhou Liming	34	2	4	40
Mr. Tang Yong	374	23	40	437
Mr. Zhang Zhiying	119	–	–	119
Mr. Liu Mingli	329	23	33	385
	856	48	77	981
Non-executive directors:				
Mr. Zhang Zhiying	11	–	–	11
Madam Zhang Yang	130	–	–	130
Mr. Tang Yong	11	–	–	11
Mr. Zhou Liming	119	–	–	119
Mr. Gao Chun	130	–	–	130
Mr. Wang Shuanming	130	–	–	130
Madam Hu Yu	130	–	–	130
	661	–	–	661
	1,517	48	77	1,642

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(3) Supervisors

	Salaries allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Supplementary pension scheme contributions *RMB'000*	Total *RMB'000*
2013				
Mr. Feng Bing	**441**	**26**	**21**	**488**
Mr. Hou Bin	**–**	**–**	**–**	**–**
Mr. Ouyang Huajie	**–**	**–**	**–**	**–**
Mr. Jian Shixi	**363**	**26**	**17**	**406**
Madam Yang Jingfan	**328**	**26**	**14**	**368**
Madam Zhou Wei	**–**	**–**	**–**	**–**
Mr. Lu Ning	**–**	**–**	**–**	**–**
Mr. Dan Yong	**–**	**–**	**–**	**–**
Mr. Dong Zhi	**–**	**–**	**–**	**–**
	1,132	**78**	**52**	**1,262**
2012				
Mr. Feng Bing	408	23	43	474
Mr. Hou Bin	–	–	–	–
Mr. Ouyang Huajie	–	–	–	–
Mr. Jian Shixi	329	23	33	385
Madam Yang Jingfan	270	23	33	326
Mr. Dong Zhi	–	–	–	–
	1,007	69	109	1,185

There was no arrangement under which a supervisor waived or agreed to waive any remuneration during the year.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(4) The five highest paid employees during the year included one director (2012: two) and two supervisors (2012: three), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining two (2012: none) highest paid employees who are not director, chief executive, or supervisor of the Company are as follows.

	2013 *RMB'000*
Salaries, allowances and benefits in kind	**726**
Pension scheme contributions	**84**
	810

Remuneration of the above non-director, non-chief executive and non-supervisor highest paid employees during the year and the prior year was below HK$1,000,000.

During the year, several directors and supervisors resigned and several new directors and supervisors were appointed, details of which are set out in Section "Directors and Supervisors" in the Report of the Directors of the Company.

In addition to the amounts disclosed above, one executive director (2012: nil), two non-executive directors (2012: nil) and six supervisors (2012: three) did not receive any remuneration from the Company in 2013. They are respectively the senior executives and directors of STI Group, Sichuan Highway Development Company Limited ("Sichuan Highway Development") which is also controlled by STI Group, and China Merchants Huajian Highway Investment Co., Ltd. (formally known as Huajian Transportation Economic Development Centre) which holds a 21.73% interest in the Company. In the opinion of the directors, it is not practicable to apportion these amounts between their services as directors and supervisors of the Company and their services as senior executives and directors of the above companies.

9. INCOME TAX

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the two years ended 31 December 2013.

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

Pursuant to the "Announcement of the State Administration of Taxation [2012] No. 12" dated 6 April 2012 issued by the PRC State Administration of Taxation, enterprises in encouraged industries that are established in the western region are able to enjoy a preferential tax rate of 15% from 2011 to 2020. The Group has referred to Guiding Catalog for Adjustment in the Industrial Structure (2011 Version) (產業結構調整指導目錄 (2011年本)) issued by the National Development and Reform Commission of the People's Republic of China, and concluded that the transportation industry fell within the encouraged industry. For subsidiaries within the scope of the transportation industry, i.e., the Company, Sichuan Chengle Expressway Company Limited ("Chengle Company") and Chengdu Chengbei Exit Expressway Company Limited ("Chengbei Company") and Chengdu Airport Expressway Company Limited, an associate of the Company, which have been approved to enjoy the preferential tax rate of 15% before 2012 and have not changed their business operations, income tax expenses of these entities for the year ended 31 December 2013 continued to be calculated at a tax rate of 15%.

The major components of tax expense for the year are as follows:

	2013 ***RMB'000***	2012 *RMB'000*
Current – Mainland China		
Charge for the year	**229,010**	229,045
Underprovision in prior years	**621**	–
Deferred *(note 21)*	**(405)**	(128)
Total tax charge for the year	**229,226**	228,917

9. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the applicable tax rates for companies within the Group to the tax expense at the Group's effective tax rate, is as follows:

	2013 ***RMB'000***	2012 *RMB'000*
Profit before tax	**1,309,936**	1,439,828
Tax at applicable tax rates of:		
25%	**57,638**	30,502
15%	**161,908**	197,673
Sub-total	**219,546**	228,175
Income not subject to tax	**(3,535)**	(703)
Expenses not deductible for tax	**10,855**	3,951
Adjustments in respect of current tax of prior years	**621**	—
Profit attributable to associates	**1,739**	(2,506)
Tax charge at the Group's effective tax rate	**229,226**	228,917

The share of tax attributable to associates amounting to RMB2,015,000 (2012: RMB2,935,000) is included in "Share of profits and losses of associates" on the face of the consolidated statement of profit or loss and other comprehensive income.

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2013 includes a profit of RMB693,929,000 (2012: RMB831,048,000), excluding dividend income from subsidiaries and an associate, which has been dealt with in the financial statements of the Company.

11. 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 year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 3,058,060,000 (2012: 3,058,060,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Safety equipment	Communication and signalling systems	Toll collection equipment	Buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2013								
Cost:								
At 1 January 2013	**664,797**	**193,130**	**175,058**	**526,218**	**203,151**	**97,713**	**3,729**	**1,863,796**
Additions during the year	**6,134**	**1,401**	**4,214**	**3,058**	**11,187**	**19,641**	**1,046**	**46,681**
Disposals and write-offs	**(2,554)**	**(5,502)**	**(3,237)**	**(3,047)**	**(19,451)**	**(5,256)**	**–**	**(39,047)**
Reclassification	**–**	**–**	**–**	**–**	**257**	**(257)**	**–**	**–**
At 31 December 2013	**668,377**	**189,029**	**176,035**	**526,229**	**195,144**	**111,841**	**4,775**	**1,871,430**
Accumulated depreciation:								
At 1 January 2013	**628,481**	**153,968**	**125,194**	**164,064**	**111,636**	**44,119**	**–**	**1,227,462**
Provided during the year	**4,206**	**6,814**	**10,132**	**21,759**	**15,420**	**9,027**	**–**	**67,358**
Disposals and write-offs	**(2,625)**	**(5,127)**	**(2,929)**	**(1,362)**	**(18,563)**	**(4,988)**	**–**	**(35,594)**
Reclassification	**–**	**–**	**–**	**–**	**39**	**(39)**	**–**	**–**
At 31 December 2013	**630,062**	**155,655**	**132,397**	**184,461**	**108,532**	**48,119**	**–**	**1,259,226**
Net carrying amount:								
At 1 January 2013	**36,316**	**39,162**	**49,864**	**362,154**	**91,515**	**53,594**	**3,729**	**636,334**
At 31 December 2013	**38,315**	**33,374**	**43,638**	**341,768**	**86,612**	**63,722**	**4,775**	**612,204**

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

	Safety equipment	Communication and signalling systems	Toll collection equipment	Buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2012								
Cost:								
At 1 January 2012	659,232	191,985	169,601	435,873	176,868	91,861	67,097	1,792,517
Additions during the year	2,037	1,383	3,463	5,000	26,494	19,193	39,607	97,177
Disposals	(159)	(658)	(3,776)	(2,787)	(6,195)	(6,939)	–	(20,514)
Adjustments upon finalisation of construction costs	–	(556)	–	(4,828)	–	–	–	(5,384)
Transfers	2,187	1,370	5,376	92,960	1,082	–	(102,975)	–
Reclassification	1,500	(394)	394	–	4,902	(6,402)	–	–
At 31 December 2012	664,797	193,130	175,058	526,218	203,151	97,713	3,729	1,863,796
Accumulated depreciation:								
At 1 January 2012	622,684	143,150	119,613	147,003	100,974	47,166	–	1,180,590
Provided during the year	4,495	11,249	8,790	18,232	13,564	7,789	–	64,119
Disposals	(153)	(431)	(3,209)	(1,171)	(5,844)	(6,439)	–	(17,247)
Reclassification	1,455	–	–	–	2,942	(4,397)	–	–
At 31 December 2012	628,481	153,968	125,194	164,064	111,636	44,119	–	1,227,462
Net carrying amount:								
At 1 January 2012	36,548	48,835	49,988	288,870	75,894	44,695	67,097	611,927
At 31 December 2012	36,316	39,162	49,864	362,154	91,515	53,594	3,729	636,334

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Safety equipment RMB'000	Communication and signalling systems RMB'000	Toll collection equipment RMB'000	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2013								
Cost:								
At 1 January 2013	427,711	151,989	130,541	351,261	98,006	52,022	2,598	1,214,128
Additions during the year	53	1,111	2,862	–	3,027	4,287	1,314	12,654
Disposals and write-offs	(2,554)	(5,502)	(3,164)	(3,047)	(19,175)	(4,952)	–	(38,394)
At 31 December 2013	425,210	147,598	130,239	348,214	81,858	51,357	3,912	1,188,388
Accumulated depreciation:								
At 1 January 2013	400,770	122,280	90,537	100,659	58,404	23,070	–	795,720
Provided during the year	2,270	3,678	8,301	14,538	7,858	4,054	–	40,699
Disposals and write-offs	(2,625)	(5,127)	(2,928)	(1,362)	(18,295)	(4,499)	–	(34,836)
At 31 December 2013	400,415	120,831	95,910	113,835	47,967	22,625	–	801,583
Net carrying amount:								
At 1 January 2013	26,941	29,709	40,004	250,602	39,602	28,952	2,598	418,408
At 31 December 2013	24,795	26,767	34,329	234,379	33,891	28,732	3,912	386,805

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company *(Continued)*

	Safety equipment	Communication and signalling systems	Toll collection equipment	Buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2012								
Cost:								
At 1 January 2012	425,467	150,312	126,526	262,936	75,247	48,251	66,918	1,155,657
Additions during the year	150	1,383	2,982	193	24,319	7,697	37,404	74,128
Disposals	(159)	(647)	(3,455)	–	(2,642)	(3,926)	–	(10,829)
Adjustments upon finalisation of construction costs	–	–	–	(4,828)	–	–	–	(4,828)
Transfers	2,253	941	4,488	92,960	1,082	–	(101,724)	–
At 31 December 2012	427,711	151,989	130,541	351,261	98,006	52,022	2,598	1,214,128
Accumulated depreciation:								
At 1 January 2012	398,815	116,619	85,103	88,287	54,927	22,025	–	765,776
Provided during the year	2,108	6,091	8,333	12,372	5,909	4,598	–	39,411
Disposals	(153)	(430)	(2,899)	–	(2,432)	(3,553)	–	(9,467)
At 31 December 2012	400,770	122,280	90,537	100,659	58,404	23,070	–	795,720
Net carrying amount:								
At 1 January 2012	26,652	33,693	41,423	174,649	20,320	26,226	66,918	389,881
At 31 December 2012	26,941	29,709	40,004	250,602	39,602	28,952	2,598	418,408

13. SERVICE CONCESSION ARRANGEMENTS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cost:				
At 1 January	**16,902,889**	13,654,214	**14,787,385**	11,782,914
Additions	**3,191,552**	3,248,675	**146,304**	3,004,471
At 31 December	**20,094,441**	16,902,889	**14,933,689**	14,787,385
Accumulated amortisation:				
At 1 January	**2,766,650**	2,449,030	**2,258,442**	2,002,540
Charged for the year	**419,940**	317,620	**355,044**	255,902
At 31 December	**3,186,590**	2,766,650	**2,613,486**	2,258,442
Net carrying amount:				
At 1 January	**14,136,239**	11,205,184	**12,528,943**	9,780,374
At 31 December	**16,907,851**	14,136,239	**12,320,203**	12,528,943

(a) At 31 December 2013, the concession rights pertaining to certain expressways with net carrying amounts listed below were pledged to secure bank loans granted to the Group (note 29(a)):

	2013	2012
	RMB'000	*RMB'000*
Chengren Expressway	**7,453,127**	7,469,649
Chengle Expressway	**1,102,194**	1,144,993
Chengbei Exit Expressway	**138,793**	153,640
Chengya Expressway	**2,408,484**	—
	11,102,598	8,768,282

13. SERVICE CONCESSION ARRANGEMENTS *(Continued)*

(b) During the year, the Group was in the construction of Suining-Guang'an Expressway and Suining-Xichong Expressway (the "Suiguang-Suixi Expressways BOT Project") in the form of Build-Operate-Transfer ("BOT") mode. Total construction costs of RMB3,022,488,000 were incurred, among which RMB1,387,839,000 was sub-contracted to third party subcontractors. During the year ended 31 December 2012, the Group was in the construction of Chengren Expressway ("Chengren Expressway BOT Project") and Suiguang-Suixi Expressways BOT Project in the form of BOT projects. Total construction costs of RMB3,153,313,000 were incurred, among which RMB3,153,313,000 was sub-contracted to third party subcontractors.

In addition, construction revenue of RMB3,022,488,000 (2012: RMB3,153,313,000) was recognised in respect of the construction service provided by the Group using the percentage of completion method during the year. Construction revenue was included in the additions to service concession arrangements which were amortised upon the commencement of operation of the respective expressways.

(c) Additions to service concession arrangements during the year included interest capitalised in respect of bank loans amounting to RMB71,741,000 (2012: RMB157,103,000) (note 6).

14. PREPAID LAND LEASE PAYMENTS

	Group		**Company**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Carrying amount at 1 January	**507,173**	539,690	**349,324**	371,138
Recognised during the year	**(32,056)**	(32,109)	**(21,801)**	(21,814)
Disposal	**(326)**	(408)	**–**	–
Carrying amount at 31 December	**474,791**	507,173	**327,523**	349,324
Portion classified as current assets *(note 26(d))*	**(32,074)**	(32,132)	**(21,802)**	(21,815)
Non-current portion	**442,717**	475,041	**305,721**	327,509

Prepaid land lease payments represent the costs of land use rights in respect of the Group's leasehold land situated in the Sichuan Province, the PRC, which are held under medium lease terms.

15. OTHER INTANGIBLE ASSET

	Licence
	RMB'000
At 1 January 2013	**–**
Acquisition of a subsidiary *(note 16)*	**2,495**
Amortisation provided during the year	**(166)**
At 31 December 2013	**2,329**
At 31 December 2013:	
Cost	**2,495**
Accumulated amortisation	**(166)**
Net carrying amount	**2,329**

16. INVESTMENTS IN SUBSIDIARIES

	2013	2012
	RMB'000	*RMB'000*
Unlisted investments, at cost	**2,293,046**	2,355,811
Amounts due from subsidiaries are repayable:		
On demand or within 1 year	**1,371,610**	1,143,092
Over 1 year	**3,494,865**	300,000
	4,866,475	1,443,092

As at 31 December 2013, except for RMB4,316,877,000 (2012: RMB870,000,000) due from subsidiaries that bore interest at annual rates ranging from 5.26% to 6.51% (2012: 5.85% to 6.56%), the remaining amounts due from subsidiaries were interest-free. All amounts due from subsidiaries were unsecured.

The amounts due to subsidiaries included in the Company's current liabilities as at 31 December 2013 and 2012 were unsecured, interest-free and repayable on demand.

16. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the Company's subsidiaries, which were established in the PRC as limited liability companies and operate in Mainland China, are as follows:

Name	Nominal value of issued/ registered capital *RMB'000*	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Chengle Company	560,790	100	–	Construction and operation of Chengle Expressway
Chengbei Company	220,000	60	–	Construction and operation of Chengbei Exit Expressway and Qinglongchang Bridge
Chengdu Shuhai Investment Management Company Limited ("Shuhai")*	200,000	100	–	Investment holding
Sichuan Trading Construction Engineering Co., Ltd. ("TCC") (Formerly known as Sichuan Shugong Expressway Engineering Company Limited)	500,000	51	–	Repair and maintenance of expressways construction of roads, and expressways
Sichuan Shusha Industrial Company Limited	30,000	100	–	Provision of ancillary services and property development
Sichuan Shunan Investment Management Company Limited	200,000	100	–	Construction project management
Sichuan Suiguangsuixi Expressway Company Limited	180,000	100	–	Construction and operation of Suiguang-Suixi Expressways

16. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Nominal value of issued/ registered capital *RMB'000*	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Sichuan Chengya Expressway Oil Supply Company Limited	27,200	51	–	Management of gas stations along expressways
Renshou Trading Landmark Company Limited ("Renshou Landmark")	200,000	91	–	Property development
Sichuan ChengZhiTongSheng Construction Engineering Co., Ltd. ("CZTS")**	20,000	100	–	Construction of properties
Sichuan Chengyu Expressway Advertising Company Limited	1,000	–	60	Design and production of advertisements
Sichuan Shugong Road Construction Engineering Testing Company Limited	30,000	–	100	Provision of road, bridge and tunnel inspection services
Sichuan Zhonglu Energy Company Limited	52,000	–	51	Management of gas stations along expressways
Chengdu Shuhong Property Company Limited	100,000	–	100	Construction project management

None of the subsidiaries has material non-controlling interests.

* On 26 March 2013, the Company acquired the remaining 0.1% equity interest in Shuhai from a non-controlling shareholder at a consideration of RMB234,000. The acquisition was completed on 24 April 2013, and Shuhai has become a wholly-owned subsidiary of the Company since then.

** On 6 September 2013, the Group entered into acquisition agreements with the original shareholders of CZTS, who are independent third parties. Pursuant to the acquisition agreements, the Group acquired the 100% equity interest in CZTS on 9 October 2013. The acquisition was made as part of the Group's strategy to expand its property development business and construction businesses. The purchase consideration for the acquisition was in the form of cash, with RMB16,490,000 paid at the acquisition date of and remaining RMB2,235,000 payable when CZTS obtained certain construction certificate licence.

16. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The acquisition has been accounted for as asset acquisition, as the acquisition had no attribution of a business. The identified assets and liabilities as at the date of acquisition were as follows:

	RMB'000
Cash and cash equivalents	16,231
Other intangible asset *(note 15)*	2,495
Other payables	(1)
Total identifiable net assets at fair value	18,725

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Cash consideration	16,490
Cash and bank balances acquired	(16,231)
Net outflow of cash and cash equivalents	(259)

17. INVESTMENTS IN ASSOCIATES

	Group		**Company**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares, at cost	**–**	–	**38,438**	38,438
Share of net assets	**75,133**	78,489	**–**	–
Provision for impairment	**(9,163)**	(9,163)	**–**	–
	65,970	69,326	**38,438**	38,438

17. INVESTMENTS IN ASSOCIATES *(Continued)*

Particulars of the associates of the Group, which were established in the PRC as limited liability companies and operate in Mainland China, are as follows:

Name	Percentage of ownership interest attributable to the Group	Principal activities
Chengdu Airport Expressway Company Limited	25	Operation of Chengdu Airport Expressway
Sichuan Chuanda Scientific Technology Result Transfer Centre Company Limited	20	Development and sale of high-tech products
Chengdu Stone Elephant Lake Communication Restaurant Company Limited	32.4	Provision of accommodation,meeting reception and entertainment services

None of the above associates is audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The Group's shareholdings in the associates all comprise equity shares held through subsidiaries of the Company, except for Chengdu Airport Expressway Company Limited, the shareholding in which is held by the Company.

None of the above associates is individually material.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2013 **RMB'000**	2012 *RMB'000*
Share of the associates' profit and losses, and total comprehensive income and losses for the year	**11,594**	16,707
Aggregate carrying amount of the Group's investments in the associates	**65,970**	69,326

18. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Listed equity investment, at fair value:				
Mainland China	**44,467**	52,003	**28,688**	33,550
Unlisted equity investments, at cost	**71,500**	18,299	**70,430**	17,229
	115,967	70,302	**99,118**	50,779

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB5,399,000 (2012: gross gain of RMB2,360,000), of which RMB257,000 (2012: Nil) was reclassified from other comprehensive income to profit or loss for the year.

The above investments consisted of investments in equity securities which are designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The unlisted equity investments represent the Group's investments in enterprises domiciled in Mainland China. They are stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

19. LONG TERM COMPENSATION RECEIVABLES

Pursuant to a compensation agreement dated 29 December 2006 entered into among the Xindu District Finance Bureau and the Communications Bureau (collectively Xindu District Government, "XDG"), Chengdu Municipal Committee of Communication ("CMCC") and Chengbei Company, a subsidiary of the Company, on 30 December 2006, Chengbei Company disposed of the operating rights of Dajian Road to XDG for a compensation of RMB211,802,000.

The compensation is satisfied by cash on the following salient terms:

(a) An annual instalment of RMB13 million is paid by XDG to Chengbei Company by 30 June of every year for 16 years from 2007 till 2022 and a final instalment of RMB3,802,100 by 30 June 2023;

(b) CMCC, an authorised representative of the Chengdu Municipal Government responsible for the financing of XDG, guaranteed the payment of annual instalments. In the event of default in payment, CMCC agrees that it will deduct the default amount from the annual finance funds allocated to XDG and pay it to Chengbei Company directly; and

(c) Additional compound interest at a rate of 0.021% per day should be levied on the delay in payment.

19. LONG TERM COMPENSATION RECEIVABLES *(Continued)*

The compensation can be analysed as follows:

	2013			2012		
	Compensation *RMB'000*	**Imputed interest** *RMB'000*	**Net present value** *RMB'000*	Compensation *RMB'000*	Imputed interest *RMB'000*	Net present value *RMB'000*
Receivables:						
Within one year	**13,000**	**9,121**	**3,879**	13,000	9,595	3,405
In the second to fifth years, inclusive	**52,000**	**30,281**	**21,719**	52,000	32,935	19,065
Beyond five years	**55,802**	**15,873**	**39,929**	68,802	22,340	46,462
	120,802	**55,275**	**65,527**	133,802	64,870	68,932
Portion classified as current assets *(note 26 (b))*			**(3,878)**			(3,405)
Non-current portion			**61,649**			65,527

As the compensation is paid by instalments over 17 years, the Group calculated the discounted value of the compensation receivables in future using an imputed rate of interest of 13.92% per annum. The imputed rate of interest adopted reflects risk premium accounted for after considering the credit risk incurred due to the fact that the compensation is paid over 17 years.

20. PAYMENTS IN ADVANCE

	Group	
	2013 *RMB'000*	2012 *RMB'000*
In respect of:		
Suiguang-Suixi Expressways BOT Project	**22,977**	–
Upgrading projects along existing expressways	**2,074**	3,957
Investment in a joint venture	**5,000**	–
	30,051	3,957

21. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

Group

	Deferred income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2012	333	–	333
Deferred tax credited/(charged) to profit or loss during the year *(note 9)*	(146)	155	9
At 31 December 2012 and 1 January 2013	187	155	342
Deferred tax credited/(charged) to profit or loss during the year *(note 9)*	(21)	97	76
At 31 December 2013	166	252	418

Company

	Deferred income RMB'000
At 1 January 2012	333
Deferred tax charged to profit or loss during the year	(146)
At 31 December 2012 and 1 January 2013	187
Deferred tax charged to profit or loss during the year	(22)
At 31 December 2013	165

21. DEFERRED TAX *(Continued)*

Deferred tax liabilities

Group

	Fair value adjustment arising from available-for-sale investments *RMB'000*	Accelerated amortisation for tax purpose *RMB'000*	Total *RMB'000*
At 1 January 2012	3,501	4,485	7,986
Deferred tax credited to profit or loss during the year *(note 9)*	–	(119)	(119)
Deferred tax charged to reserves during the year	538	–	538
At 31 December 2012 and 1 January 2013	4,039	4,366	8,405
Deferred tax credited to profit or loss during the year *(note 9)*	(60)	(269)	(329)
Deferred tax credited to reserves during the year	(1,228)	–	(1,228)
At 31 December 2013	2,751	4,097	6,848

Company

	Fair value adjustment arising from available-for-sale investments *RMB'000*
At 1 January 2012	1,827
Deferred tax charged to reserves during the year	281
At 31 December 2012 and 1 January 2013	2,108
Deferred tax credited to profit or loss during the year	(29)
Deferred tax credited to reserves during the year	(644)
At 31 December 2013	1,435

21. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

For the purpose of the consolidated statement of financial position presentation, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances of the Group and the Company for reporting purposes:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Gross deferred tax assets	**252**	155	**–**	–
Gross deferred tax liabilities	**–**	–	**–**	–
Net deferred tax assets	**252**	155	**–**	–
Gross deferred tax assets	**(166)**	(187)	**(165)**	(187)
Gross deferred tax liabilities	**6,848**	8,405	**1,435**	2,108
Net deferred tax liabilities	**6,682**	8,218	**1,270**	1,921

22. INTERESTS IN LAND HELD FOR PROPERTY DEVELOPMENT

The Group's interests in land use rights for property development were in respect of prepayment for the rights to use certain land situated in Mainland China over fixed periods and held under the medium leases. As at 31 December 2013, the legal title of the land use rights with a carrying amount of approximately RMB700,740,000 (31 December 2012: Not applicable) that the Group acquired during the year has not been transferred to the Group and relevant title transfer is still under application. The directors of the Company do not foresee any major obstacles to complete the title transfer of the legal title of above mentioned land use rights to the Group.

23. PROPERTIES UNDER DEVELOPMENT

	Group RMB'000
Land costs	966,630
Development costs	15,726
At 31 December 2013	982,356

The Group's properties under development are situated on leasehold land in Mainland China, which are held under the medium term and long term leases. As at 31 December 2013, properties under development were expected to be completed within normal operating cycle and recovered after one year.

24. INVENTORIES

	Group		Company	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Refined oil products	**28,711**	23,878	**–**	–
Spare parts and construction materials	**53,902**	14,242	**197**	197
	82,613	38,120	**197**	197

25. CONSTRUCTION CONTRACTS IN PROGRESS

	Group	
	2013 RMB'000	2012 RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	**222,653**	59,141
Less: Progress billings	**(151,584)**	(2,386)
Construction contracts in progress	**71,069**	56,755
Representing:		
Amount due from customers for contract works	**71,069**	56,755

At 31 December 2013, retentions held by customers for contract works included in the Group's trade receivables amounted to approximately RMB20,121,000 (2012: RMB19,121,000).

26. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2013	2012	**2013**	2012
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables					
Trade receivables		**1,453,898**	1,015,952	**–**	–
Impairment		**–**	–	**–**	–
Trade receivables, net	(a)	**1,453,898**	1,015,952	**–**	–
Other receivables					
Other receivables	(b)	**490,418**	868,209	**53,445**	161,545
Impairment		**(112,771)**	(112,771)	**(30,321)**	(30,321)
		377,647	755,438	**23,124**	131,224
Deposits	(c)	**57,805**	52,479	**20,000**	20,600
Prepayments	(d)	**85,575**	62,448	**26,723**	25,214
Other receivables, net		**521,027**	870,365	**69,847**	177,038
Total trade and other receivables		**1,974,925**	1,886,317	**69,847**	177,038
Non-current asset portion		**–**	(90,270)	**–**	–
Current asset portion		**1,974,925**	1,796,047	**69,847**	177,038

Notes:

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

According to the contracts governing the relevant construction works, trade receivables of RMB765,587,000 as at 31 December 2013 (2012: RMB992,688,000) were to be settled by instalments within two to three years upon completion of the relevant construction works and bore interest at rates ranging from 6.00% to 10.00% (2012: 6.65% to 10.00%) per annum. The remaining trade receivables are non-interest-bearing.

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

	Group	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**707,902**	201,227
3 to 6 months	**3,454**	–
6 to 12 months	**19,540**	47,587
Over one year	**723,002**	767,138
	1,453,898	1,015,952

26. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (continued)

(a) *(continued)*

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

	Group	
	2013	2012
	RMB'000	*RMB'000*
Neither past due nor impaired	**1,103,731**	890,001
Past due but not impaired:		
Within 3 months	**–**	119,281
3 to 6 months	**–**	3,675
6 to 12 months	**292,828**	2,551
Over one year	**57,339**	444
	1,453,898	1,015,952

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

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

The Group has pledged trade receivables of approximately RMB208,384,000 (2012: Nil) to secure bank loans granted to the Group (note 29).

(b) The Group's other receivables at 31 December 2013 are analysed as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Temporary advances	**227,496**	544,614
Interest receivables on temporary advances	**63,002**	56,516
Long term compensation receivables to be received within one year *(note 19)*	**3,878**	3,405
Miscellaneous	**196,042**	263,674
	490,418	868,209

As stipulated in the contracts entered into between the Group and the respective government agencies, other than the provisional of construction works under the "Build-Transfer" mode (collectively referred as "BT Projects"), the Group is also required to provide temporary advances to the government agencies for the resettlement of residents and removal of obstacles performed by the relevant government agencies. Such advances bear interest at rates ranging from 6.55% to 10.00% per annum (2012: 7.00% to 10.00% per annum).

26. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (continued)

(b) *(continued)*

The movements in provision for individually impaired other receivables are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**112,771**	112,762	**30,321**	30,321
Impairment losses provided *(note 7)*	**–**	111	**–**	–
Amount written off as uncollectable	**–**	(102)	**–**	–
At 31 December	**112,771**	112,771	**30,321**	30,321

The individually impaired other receivables relate to debtors that were in financial difficulties and only a portion of the receivables is expected to be recovered.

The aged analysis of the other receivables that are not considered to be impaired is as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**138,798**	454,981	**23,124**	131,224
Past due but not impaired within 3 months	**63,496**	300,457	**–**	–
6 to 12 months	**11,353**	–	**–**	–
Over one year	**164,000**	–	**–**	–
	377,647	755,438	**23,124**	131,224

Receivables that were neither past due nor impaired related to a large number of diversified debtors for whom there was no recent history of default.

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

Included in the Group's trade receivables and other receivables are amounts due from fellow subsidiaries under common control of STI Group of RMB85,739,000 (2012: nil) and RMB7,454,000 (2012: nil), respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

26. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (continued)

(c) Deposits of the Group and the Company at the end of the reporting period mainly include the following items:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Performance guarantee deposits in respect of:				
— BT Projects	**22,652**	22,652	**–**	–
— Suiguang-Suixi Expressways BOT Project	**10,000**	10,000	**10,000**	10,000
— Construction contracts	**11,896**	4,925	**–**	–
Bidding deposit in respect of:				
— Chengren Expressway BOT Project	**10,000**	10,000	**10,000**	10,000
— Construction contracts	**3,000**	3,600	**–**	–
Others	**257**	1,302	**–**	600
	57,805	52,479	**20,000**	20,600

(d) Prepayments of the Group and the Company at 31 December 2013 included prepaid land lease payments to be recognised within one year of RMB32,074,000 (2012: RMB32,132,000) and RMB21,802,000 (2012: RMB21,815,000), respectively (note 14).

27. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and bank balances	**1,740,963**	1,747,430	**754,067**	1,023,723
Time deposits	**189,463**	150,897	**163,933**	77,651
	1,930,426	1,898,327	**918,000**	1,101,374
Less: Pledged time deposits for:				
— Bidding Chengren Expressway BOT Project	**(11,144)**	(10,868)	**(11,144)**	(10,868)
— Performance guarantee under Suiguang-Suixi Expressways BOT Project	**(10,639)**	(10,333)	**(10,639)**	(10,333)
— Bank loans *(note 29)*	**(112,150)**	(56,450)	**(112,150)**	(56,450)
— BT Projects	**(4,530)**	–	**–**	–
Cash and cash equivalents	**1,791,963**	1,820,676	**784,067**	1,023,723

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB and Hong Kong dollars amounted to RMB1,930,370,000 (2012: RMB1,898,277,000) and RMB56,000 (2012: RMB50,000), respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

27. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(Continued)*

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three months and six months, and earn interest at the respective deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

28. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	**2013** **RMB'000**	2012 RMB'000	**2013** **RMB'000**	2012 RMB'000
Current portion:					
Trade payables	(a)	**377,987**	304,789	**–**	–
Other payables	(b)	**1,968,117**	1,473,902	**773,901**	1,204,294
Accruals	(c)	**75,607**	46,549	**75,413**	46,345
Deferred income	(d)	**3,449**	–	**3,449**	–
		2,425,160	1,825,240	**852,763**	1,250,639
Non-current portion:					
Deferred income	(d)	**13,969**	–	**13,969**	–
		2,439,129	1,825,240	**866,732**	1,250,639

Notes:

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

	Group	
	2013 **RMB'000**	2012 RMB'000
Within 3 months	**279,645**	92,495
3 to 6 months	**9,048**	12,574
6 to 12 months	**17,273**	152,355
Over 1 year	**72,021**	47,365
	377,987	304,789

The trade payables are non-interest-bearing and are normally settled within one to twelve months, except for retention payables from construction projects of RMB18,603,000 (2012: RMB7,929,000) which are normally settled within two years.

Included in the Group's trade payables and other payables are amounts due to fellow subsidiaries under common control of STI Group of RMB22,434,000 (2012: RMB8,478,000) and RMB3,054,000 (2012: nil), respectively, which are on credit terms similar to those offered by the fellow subsidiaries to their major customers.

28. TRADE AND OTHER PAYABLES *(Continued)*

Notes: (continued)

(b) Other payables at the end of the reporting period mainly included the following balances:

		Group		Company	
	Notes	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Advances		**22,836**	25,850	**60,831**	14,601
Payroll and welfare payables		**66,042**	50,588	**29,385**	29,217
Taxes and surcharge payables		**150,440**	72,165	**10,722**	19,140
Progress billing payables	(i)	**1,241,279**	897,352	**409,759**	792,498
Retention payables	(ii)	**185,731**	247,629	**170,265**	244,525
Deposits	(ii)	**131,755**	71,157	**19,986**	38,410
Others		**170,034**	109,161	**72,953**	65,903
		1,968,117	1,473,902	**773,901**	1,204,294

(i) Representing progress billing payables of RMB929,026,000 (2012: RMB748,047,000) in respect of the construction of the Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project;

(ii) Retention payables and deposits of RMB192,641,000 (2012: RMB290,458,000) in respect of the construction of the Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project, including a performance guarantee deposit of approximately RMB11,526,000 (2012: RMB24,024,000) received from subcontractors, bear interest at a rate of 0.35% (2012: 0.35% to 0.50%) per annum.

(c) The balance as at 31 December 2013 consisted of interest accrued in respect of medium term notes and interest-bearing bank loans of RMB31,467,000 (2012: RMB6,823,000) and RMB44,140,000 (2012: RMB39,726,000), respectively.

(d) Deferred income represents leasing income received in advance from the long term operating lease and is released to profit or loss as rental income in accordance with the operating lease tenure of 17 years. Deferred income to be released to profit or loss after twelve months from 31 December 2013 of RMB13,969,000 has been recorded as non-current liabilities.

As at 31 December 2013, the Group had total future minimum lease receivables under non-cancellable operating lease with its tenants falling due as follows:

	Group	
	2013 RMB'000	2012 RMB'000
Within one year	**3,449**	435
In the second to fifth years, inclusive	**3,725**	2,140
After five years	**10,244**	2,540
	17,418	5,115

During the year, the Group recognised RMB845,000 (2012: RMB145,000) in respect of contingent rentals receivable.

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

29. INTEREST-BEARING BANK AND OTHER LOANS

		Group		Company	
		2013	2012	**2013**	2012
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Bank loans:					
Secured and guaranteed	(a)	**2,106,400**	1,106,400	**2,000,000**	1,000,000
Secured	(a)	**5,219,012**	4,002,012	**4,911,012**	3,911,012
Unsecured		**1,159,000**	1,000,000	**959,000**	1,000,000
Medium term notes	(b)	**1,300,000**	700,000	**1,300,000**	700,000
Other loans, unsecured	(c)	**105,001**	43,182	**20,454**	43,182
		9,889,413	6,851,594	**9,190,466**	6,654,194
Analysed into:					
Bank loans repayable:					
Within one year		**1,188,000**	743,000	**680,000**	700,000
In the second year		**1,948,750**	348,000	**1,948,750**	300,000
In the third to fifth years, inclusive		**2,427,125**	1,797,500	**2,427,125**	1,797,500
Beyond five years		**2,920,537**	3,219,912	**2,814,137**	3,113,512
		8,484,412	6,108,412	**7,870,012**	5,911,012
Medium term notes repayable:					
In the third to fifth years, inclusive		**1,300,000**	700,000	**1,300,000**	700,000
Other loans repayable:					
Within one year		**15,909**	22,727	**15,909**	22,727
In the second year		**4,545**	15,910	**4,545**	15,910
In the third to fifth years, inclusive		**84,547**	4,545	**–**	4,545
		105,001	43,182	**20,454**	43,182
Total bank and other loans		**9,889,413**	6,851,594	**9,190,466**	6,654,194
Portion classified as current liabilities		**(1,203,909)**	(765,727)	**(695,909)**	(722,727)
Non-current portion		**8,685,504**	6,085,867	**8,494,557**	5,931,467

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

At the end of the reporting period, all interest-bearing bank and other loans of the Group were denominated in RMB.

(a) Bank loans were secured and guaranteed by:

		Group		Company	
	Notes	**2013** **RMB'000**	2012 RMB'000	**2013** **RMB'000**	2012 RMB'000
			(Bank loans amount)		
Secured by concession rights of:					
Chengbei Exit Expressway		**48,000**	91,000	**–**	–
Chengle Expressway	(i)	**106,400**	106,400	**–**	–
Chengren Expressway		**3,911,012**	3,911,012	**3,911,012**	3,911,012
Chengya Expressway		**1,000,000**	–	**1,000,000**	–
	13(a)	**5,065,412**	4,108,412	**4,911,012**	3,911,012
Secured by time deposits	(ii)	**2,000,000**	1,000,000	**2,000,000**	1,000,000
Secured by trade receivables	26(a)	**260,000**	–	**–**	–
		7,325,412	5,108,412	**6,911,012**	4,911,012

(i) The bank loans were also guaranteed by Sichuan Highway Development for nil consideration (note 35(d)).

(ii) As at 31 December 2013, time deposits of RMB112,150,000 (2012: RMB56,450,000) were pledged to China Construction Bank Chengdu Xinhua Branch to counter guarantee the Group's bank loans of RMB2,000,000,000 (2012: RMB1,000,000,000) granted by China Construction Bank (Asia) and China Construction Bank Tokyo Branch.

The bank loans bear interest at the respective fixed rates ranging from 5.24% to 7.05% (2012: from 5.27% to 7.05%) per annum.

(b) On 19 June 2012 and 19 November 2012, the Company issued medium term notes totalling RMB200 million and RMB500 million, respectively, to domestic institutional investors participating in the PRC interbank debt market. The medium term notes of RMB200 million and RMB500 million were issued at par value of RMB100 per unit, at interest rates of 4.75% and 5.57% per annum, and will be repaid on 18 June 2017 and 18 November 2017, respectively.

In March 2013, the Company issued medium term notes of RMB600 million to domestic institutional investors participating in the PRC interbank debt market. The medium term notes were issued at a par value of RMB100 per unit, at an interest rate of 5.23% per annum, and will be repaid in March 2018.

(c) Other loans consisted of (i) unsecured state loans of RMB20,454,000 and bear interest at rates ranging from 3.3% to 5.00% (2012: from 2.82% to 5.00%) per annum (note 35 (a)); and (ii) an unsecured shareholder loan of RMB84,547,000 granted to the Group by a non-controlling shareholder (note 35 (k)).

30. ISSUED CAPITAL

	2013 **RMB'000**	2012 *RMB'000*
Issued and fully paid:		
A Shares of 2,162,740,000 (2012: 2,162,740,000) of RMB1.00 each	**2,162,740**	2,162,740
H Shares of 895,320,000 (2012: 895,320,000) of RMB1.00 each	**895,320**	895,320
	3,058,060	3,058,060

The H Shares have been issued and listed on the main board of the Hong Kong Stock Exchange since October 1997 and the A Shares have been listed on the Shanghai Stock Exchange since July 2009.

All A and H Shares rank pari passu with each other in terms of dividend and voting rights.

31. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Merger difference

The merger difference of the Group is resulted from the preparation of the Group's consolidated financial statements. It represents the difference between the consideration paid for the acquisition of Chengle Company, after netting off the nominal value of the issued capital of Chengle Company attributable to the then owners of Chengle Company. Prior to the acquisition of Chengle Company, the merger difference represents the nominal value of the issued capital of Chengle Company attributable to the then owners of Chengle Company.

Safety fund reserve

Pursuant to the Notice regarding Safety Production Expenditure jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC, the Group is required to establish for safety fund surplus reserve based on construction revenue recognised. The safety fund can only be transferred to retained profits to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

31. RESERVES *(Continued)*

Group *(Continued)*

Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the Company, its subsidiaries and associates, the Company, its subsidiaries and associates are required to allocate 10% of their profits after tax, as determined in accordance with PRC GAAP applicable to the Company, its subsidiaries and associates, to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of the registered capital of the Company, its subsidiaries and associates. Subject to certain restrictions set out in the Company Law of the PRC and the respective articles of association of the Company, its subsidiaries and associates, part of the SSR may be converted to increase the share capital of the Company, its subsidiaries and associates, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Company

	Share premium account RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Available-for-sale investment revaluation reserve RMB'000	Difference arising from the acquisition of non-controlling interests RMB'000	Total RMB'000
At 1 January 2012	2,654,601	1,986,831	1,571,754	10,355	(244,529)	5,979,012
Total comprehensive income for the year	–	–	1,293,286	1,590	–	1,294,876
Transfer from/(to) reserves	–	519,885	(519,885)	–	–	–
Proposed final 2012 dividend *(note 32)*	–	–	(244,645)	–	–	(244,645)
At 31 December 2012 and 1 January 2013	2,654,601	2,506,716	2,100,510	11,945	(244,529)	7,029,243
Total comprehensive income for the year	–	–	942,931	(3,646)	–	939,285
Deemed disposal of available-for-sale investments	–	–	–	(162)	–	(162)
Transfer from/(to) reserves	–	375,969	(375,969)	–	–	–
Proposed final 2013 dividend *(note 32)*	–	–	(244,645)	–	–	(244,645)
At 31 December 2013	2,654,601	2,882,685	2,422,827	8,137	(244,529)	7,723,721

According to the relevant regulations in the PRC, the amount of reserves available for distribution is the lower of the amount determined under PRC GAAP and the amount determined under HK GAAP.

32. DIVIDEND

	2013 **RMB'000**	2012 RMB'000
Proposed final – RMB0.080 (2012: RMB0.080) per ordinary share	**244,645**	244,645

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

33. OPERATING LEASE ARRANGEMENTS – The Group as lessee

The Group has entered into commercial leases on certain land and office buildings as it is not in the best interest of the Group to purchase these assets. These leases have an average life of 1 to 22.5 years.

At 31 December 2013, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		**Company**	
	2013 **RMB'000**	2012 RMB'000	**2013** **RMB'000**	2012 RMB'000
Within one year	**24,777**	24,938	**12,687**	12,687
In the second to fifth years, inclusive	**76,536**	81,036	**39,347**	43,146
After five years	**168,700**	185,328	**97,753**	106,639
	270,013	291,302	**149,787**	162,472

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33 above, the Group and the Company had the following commitments at the end of the reporting period:

	Group		**Company**	
	2013 **RMB'000**	2012 RMB'000	**2013** **RMB'000**	2012 RMB'000
Contracted, but not provided for	**4,755,839**	7,343,234	**–**	16,405
Authorised, but not contracted for	**4,774,176**	4,245,840	**208,998**	240,570
	9,530,015	11,589,074	**208,998**	256,975

34. COMMITMENTS *(Continued)*

Further details of the capital commitments of the Group and the Company as at 31 December 2013 are analysed as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
In respect of:				
Construction works to upgrade:				
— the expressways	**135,097**	99,360	**84,000**	64,500
— properties along the expressways	**1,482**	95,713	**801**	93,713
— gas stations along the expressways	**61,626**	118,867	**–**	51,400
Suiguang-Suixi Expressways BOT Project	**9,063,180**	11,142,732	**–**	–
Purchase of property, plant and equipment	**268,630**	132,402	**124,197**	47,362
	9,530,015	11,589,074	**208,998**	256,975

35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

(a) In previous years, the Group obtained state loans amounting to RMB250,000,000 in aggregate pursuant to the loan repayment agreements (the "Loan Repayment Agreements") entered into between the Company and Sichuan Highway Development. Both the Company and Sichuan Highway Development are controlled by STI Group. The state loans were originally made to the Sichuan Provincial Government through the Ministry of Finance for infrastructure development of the Sichuan Province. For the purpose of financing the construction of Chengya Expressway, Sichuan Highway Development had initially obtained the state loans, and pursuant to the Loan Repayment Agreements, the state loans were then transferred to the Group. During the year, the Group repaid part of the state loans amounting to RMB22,728,000 (2012: RMB22,727,000). The state loans have been included in other loans as set out in note 29 to the financial statements.

(b) During the year, 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 of the highway toll fee collection networks and the supportive technological services to the Group amounted to approximately RMB10,387,000 (2012: RMB9,672,000).

35. RELATED PARTY TRANSACTIONS *(Continued)*

(c) 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. On 1 April 2013, the third tenancy agreement was signed between Chengle Company and Sichuan Highway Development for a lease term of five years expiring on 31 March 2018 at an annual rental of RMB799,000. During the year, the rental payable to Sichuan Highway Development amounted to RMB884,000 (2012: RMB1,138,000). The directors consider that the office rental expenses paid by the Group to Sichuan Highway Development as determined under the tenancy agreement are based on the market rate for similar premises in similar location.

(d) Guarantee of bank loans

At 31 December 2013, bank loans of Chengle Company aggregating RMB106,400,000 (2012: RMB106,400,000) were guaranteed by Sichuan Highway Development (note 29(a)(i)) for nil consideration.

(e) On 1 October 2010, the Company entered into a one-year tenancy agreement with STI Group whereby the Company leased out a certain part of its office buildings to STI Group at an annual rental of RMB2,035,000. The tenancy agreement was extended at the same annual rental for another one year when the tenancy agreement expired on 1 October 2011, and was extended at RMB2,442,000 per annum for another one year since 1 October 2012. During the year, the rental received from STI Group amounted to RMB2,442,000 (2012: RMB2,136,000). The directors consider that the office rental income received by the Group from STI Group as determined under the tenancy agreement are based on the market rate for similar premises in similar location.

(f) On 21 January 2013, the Company entered into two agreements with STI Group, Sichuan Highway Development and Sichuan Ganghang Development Company Limited ("Sichuan Ganghang") to establish Sichuan Trading Industry Company Limited (四川交投實業有限公司) ("Trading Industry") and Sichuan Trading Landmark Company Limited (四川交投置地有限公司) ("Trading Landmark"). Sichuan Ganghang is a wholly-owned subsidiary of STI Group. The Company holds 10% and 15% equity interests in Trading Industry and Trading Landmark, respectively. Particulars of the establishment of Trading Industry and Trading Landmark were disclosed in the Company's announcement dated 21 January 2013.

(g) On 2 April 2013, the Company entered into an equity transfer agreement with Sichuan Highway Development and Sichuan Ganghang, pursuant to which the Company agreed to sell 39% equity interest in TCC to Sichuan Highway Development for a consideration of RMB209,298,900 and 10% equity interest in TCC to Sichuan Ganghang for a consideration of RMB53,666,400. The respective considerations were determined by reference to the asset valuation report prepared a qualified independent valuer in the PRC. The respective considerations payable by Sichuan Highway Development and Sichuan Ganghang were calculated based on the book value of TCC and the respective percentages of equity interests in TCC to be held by them upon completion of disposal.

35. RELATED PARTY TRANSACTIONS *(Continued)*

(h) On 16 May 2013, the Company and Trading Landmark entered into an agreement, pursuant to which both parties agreed to establish Renshou Landmark with a registered capital of RMB200,000,000. Trading Landmark is controlled by STI Group.

Renshou Landmark is owned as to 91% and 9% by the Company and Trading Landmark, respectively. Renshou Landmark was established for the purpose of property development of the land parcels to be acquired at the Renshou County, and was classified under the "property development segment". As at 31 December 2013, the paid-up capital of Renshou Landmark was RMB200,000,000, out of which RMB18,000,000 was contributed by the non-controlling shareholder, namely Trading Landmark.

(i) During the year, TCC was engaged by STI Group to provided construction works including daily maintenance works and emergency or rescue works of expressways and ancillary facilities. Construction revenue recognised by TCC from providing such services amounted to RMB126,520,000 (2012:Nil).

(j) During the year, TCC purchased raw materials, machinery and electronic equipment for various infrastructure construction projects from subsidiaries of the STI Group with an aggregate amount of RMB21,483,000 (2012: Nil).

(k) During the year, Renshou Landmark obtained interest-bearing loans from Trading Landmark with an aggregate amount of RMB84,547,000 for its property development activities in the future. The amounts due to Trading Landmark have a maturity period of 3 years, and bear interest rate of 6.15% per annum in the first year of utilisation. Interest rate in the subsequent years will be adjusted by reference the prevailing market rate published by the People's Bank of China.

(l) Compensation of key management personnel of the Group:

	2013 ***RMB'000***	2012 *RMB'000*
Fees	**300**	240
Other emoluments:		
Salaries, allowances and benefits in kind	**2,898**	3,971
Pension scheme contributions	**207**	208
Supplementary pension scheme contributions	**140**	324
	3,245	4,503
Total compensation paid to key management personnel	**3,545**	4,743

Further details of directors' emoluments are included in note 8 to the financial statements.

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

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values due to short term to maturity, are as follows:

Group

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Pledged deposits, non-current portion	**112,150**	–	**112,150**	–
Long term compensation receivables, non-current portion	**61,649**	65,527	**61,649**	65,527
Available-for-sale investments, listed equity investments	**44,467**	52,003	**44,467**	52,003
	218,266	117,530	**218,266**	117,530
Financial liabilities				
Interest-bearing bank and other loans, non-current portion:				
– Bank loans	**7,296,412**	5,365,412	**6,616,196**	5,073,892
– Medium term notes	**1,300,000**	700,000	**1,173,107**	621,475
– Other loans	**89,092**	20,455	**88,619**	18,551
	8,685,504	6,085,867	**7,877,922**	5,713,918

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Company

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
Pledged deposits, non-current portion	**112,150**	–	**112,150**	–
Due from subsidiaries, non-current portion	**3,494,865**	300,000	**3,494,865**	300,000
Available-for-sale investments, listed equity investments	**28,688**	33,550	**28,688**	33,550
	3,635,703	333,550	**3,635,703**	333,550
Financial liabilities				
Interest-bearing bank and other loans, non-current portion				
– Bank loans	**7,190,012**	5,211,012	**6,522,294**	4,884,838
– Medium term notes	**1,300,000**	700,000	**1,173,107**	621,475
– Other loans	**4,545**	20,455	**4,072**	18,551
	8,494,557	5,931,467	**7,699,473**	5,524,864

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of the Group's long term compensation receivable and interest-bearing bank and other loans and the Company's amounts due from subsidiaries have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, adjusted by the Group's or the subsidiaries' own non-performance risk where appropriate.

The fair values of listed equity investments are based on quoted market prices.

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

Assets measured at fair value:

Group

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)*	**Significant observable inputs** *(Level 2)*	**Significant unobservable inputs** *(Level 3)*	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Available-for-sale investments, listed equity investments	44,467	–	–	44,467
	44,467	–	–	44,467

Company

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)*	**Significant observable inputs** *(Level 2)*	**Significant unobservable inputs** *(Level 3)*	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Available-for-sale investments, listed equity investments	28,688	–	–	28,688
	28,688	–	–	28,688

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2012: Nil).

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Assets for which fair values are disclosed:

Group

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)* *RMB'000*	**Significant observable inputs** *(Level 2)* *RMB'000*	**Significant unobservable inputs** *(Level 3)* *RMB'000*	**Total** *RMB'000*
Pledged deposits, non-current portion	–	112,150	–	112,150
Long term compensation receivables, non-current portion	–	–	44,467	44,467
	–	112,150	44,467	156,617

Company

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)* *RMB'000*	**Significant observable inputs** *(Level 2)* *RMB'000*	**Significant unobservable inputs** *(Level 3)* *RMB'000*	**Total** *RMB'000*
Pledged deposits, non-current portion	–	112,150	–	112,150
Due from subsidiaries, non-current portion	–	–	3,494,865	3,494,865
	–	112,150	3,494,865	3,607,015

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Liabilities for which fair values are disclosed:

Group

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)* *RMB'000*	Significant observable inputs *(Level 2)* *RMB'000*	Significant unobservable inputs *(Level 3)* *RMB'000*	Total *RMB'000*
Interest-bearing bank and other loans	–	–	7,877,922	7,877,922
	–	–	7,877,922	7,877,922

Company

	Fair value measurement using			
	Quoted prices in active markets *(Level 1)* *RMB'000*	Significant observable inputs *(Level 2)* *RMB'000*	Significant unobservable inputs *(Level 3)* *RMB'000*	Total *RMB'000*
Interest-bearing bank and other loans	–	–	7,699,473	7,699,473
	–	–	7,699,473	7,699,473

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other loans, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. It is the Group's policy that no trading in financial instruments shall be undertaken.

Risk management is carried out by the finance department which is led by the Group's executive directors. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The interest rates and terms of repayment of interest-bearing bank and other loans are disclosed in note 29. The Group does not have any significant exposure to the risk of changes in market interest rates as the Group does not have any long term receivables and loans which are subject to floating interest rate.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other loans.

With regard to 2013 and thereafter, the liquidity of the Group is primarily dependent on its ability to maintain adequate cash flows from operations to meet its debt obligations as they fall due.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	2013					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Interest-bearing bank and other loans	**–**	**622,199**	**1,159,963**	**7,057,975**	**3,851,629**	**12,691,766**
Trade and other payables	**788,373**	**1,019,333**	**3,691**	**315,273**	**–**	**2,126,670**
	788,373	**1,641,532**	**1,163,654**	**7,373,248**	**3,851,629**	**14,818,436**

	2012					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other loans	–	654,093	480,110	3,999,318	4,338,422	9,471,943
Trade and other payables	1,243,329	138,904	9,063	282,456	–	1,673,752
	1,243,329	792,997	489,173	4,281,774	4,338,422	11,145,695

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Company

	2013					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Interest-bearing bank and other loans	**–**	**476,466**	**777,820**	**6,937,921**	**3,736,221**	**11,928,428**
Other payables	**320,667**	**75,413**	**3,691**	**342,919**	**–**	**742,690**
Due to subsidiaries	**128,465**	**–**	**–**	**–**	**–**	**128,465**
	449,132	**551,879**	**781,511**	**7,280,840**	**3,736,221**	**12,799,583**

	2012					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other loans	–	608,645	473,252	3,925,468	4,219,336	9,226,701
Other payables	883,758	46,345	9,063	247,268	–	1,186,434
Due to subsidiaries	57,117	–	–	–	–	57,117
	940,875	654,990	482,315	4,172,736	4,219,336	10,470,252

Credit risk

The long term compensation receivables from XDG do not expose the Group to any additional credit risk as the credit risk associated has been factored in the imputed interest rate used for discounting the value of the compensation receivables in future to their carrying amount. As the Group's major customers in the construction contracts segment are the PRC government agencies and other state-owned enterprises, the Group believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale financial assets and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is the Group's total liabilities over its total assets. The Group's policy is to keep the gearing ratio at a healthy capital level in order to support its businesses. The Group's gearing ratio as at 31 December 2013 was 51.93% (2012: 45.98%).

38. EVENT AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, the Group has no event after the reporting period that needs to be disclosed.

39. COMPARATIVE AMOUNTS

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

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 27 March 2014.