



Sichuan Expressway Company Limited

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

(Stock Code: 00107)

四川成渝高速公路

2014
 Interim Report



Contents

Definitions	2
Corporate Information	10
Company Profile	14
Interim Condensed Financial Information	16
Changes in Share Capital and Shareholding of Substantial Shareholders	78
Directors, Supervisors and Senior Management	80
Management Discussion and Analysis	82
Other Significant Events	121



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 Branch	Sichuan Expressway Company Limited Chengyu Branch
Chengyu Advertising Company	Sichuan Chengyu Expressway Advertising Company Limited
Chengyu Development Fund	Sichuan Chengyu Development Equity Investment Fund Centre (Limited Partnership)
Renshou Shunan Company	Renshou Shunan Investment Management Company Limited



2014 Interim Report

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
Shurui Company	Sichuan Shurui Construction Engineering Co. Ltd.
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
Zhongxin Company	Sichuan Zhongxin Assets Management Co., Ltd.

III. Others

2013 AGM	the 2013 annual general meeting of the Company convened on Wednesday, 28 May 2014, the resolutions of which were published on the website of the Stock Exchange on the same date
A Share (s)	ordinary share (s) denominated in RMB of the Company with a nominal value of RMB1.00 each, which is/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 as ascribed to it under the Listing Rules of the Stock Exchange
associated corporation (s)	has the meaning as ascribed to it under the SFO
Audit Committee	the Audit Committee of the Board
Baen Project	the construction and engineering project of Enyang Avenue and Enyang section of Baen fast channel
Board	the Board of Directors of the Company
BT Project	build-transfer project

2014 Interim Report

Chengren Expressway BOT Project	the project of Chengren Expressway in the form of BOT (build-operate-transfer)
Company	Sichuan Expressway Company Limited
CSRC	China Securities Regulatory Commission
Development Investment Company	Sichuan Development Equity Investment Fund Management Co., Ltd.
Director (s)	director (s) of the Company
Group	the Company and its subsidiaries
H Share (s)	overseas listed share (s) of the Company with a nominal value of RMB1.00 each, which is/are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the main board of the Stock Exchange
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Huajian Company	China Merchants Huajian Highway Investment Co., Ltd. (formerly 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 Directors and Supervisors of the Company
Nomination Committee	the Nomination Committee of the Board
PRC	the People's Republic of China, for the purpose of this interim report, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
Remuneration and Appraisal Committee	the Remuneration and Appraisal Committee of the Board
Renshou Land-linked Pilot BT Project	the land-linked pilot project in Renshou County, Meishan City in the form of BT (build-transfer)
RMB	Renmenbi, the lawful currency of the PRC
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 (build-transfer) Project” by the Transportation Bureau of Shuangliu County, Chengdu City, the tenderer 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 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 of 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	the supervisory committee of the Company
Period or Reporting Period	the 6 months ended 30 June 2014

In this interim 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 of the Interim
Report of the Company

<http://www.sse.com.cn>
<http://www.hkex.com.hk>
<http://www.cygs.com>


Place for Inspection of
the Interim 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

2014 Interim Report

International Auditor	Ernst & Young 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 Zhong Yin (Chengdu) Law Firm (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	Computershare Hong Kong Investors Services Limited 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong



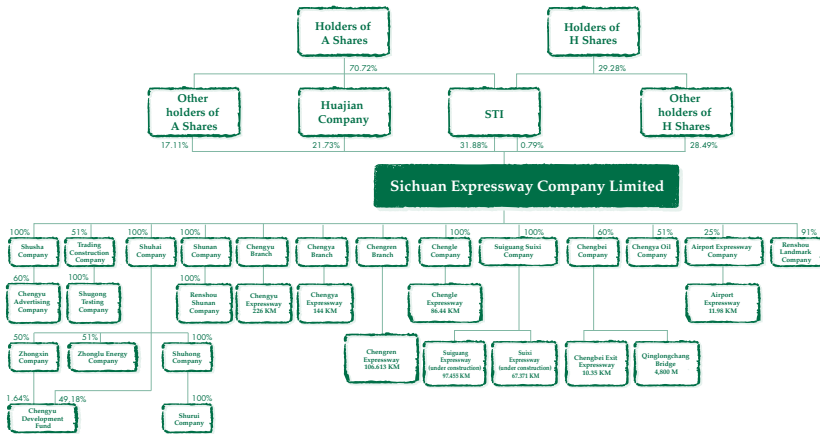
Principal Place of Business in Hong Kong	Rooms 2201-2203, 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong
Initial Registration Date and Place	19 August 1997 Chengdu, Sichuan Province, the PRC
Latest Date of Registration Update	19 December 2012
Registration Number of Business Licence	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 investments 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 30 June 2014, 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. Total assets and net assets of the Group amounted to RMB26,612,914,000 and RMB11,873,137,000, respectively.

As at 30 June 2014, 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 major asset structure of the Company were as follows:



INTERIM CONDENSED FINANCIAL INFORMATION

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		For the six months ended 30 June	
	Notes	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
REVENUE	4	4,296,953	3,472,360
Cost of sales and other direct operating costs		(3,308,124)	(2,659,158)
Gross profit		988,829	813,202
Other income and gains	4	54,635	91,105
Administrative expenses		(90,314)	(71,726)
Other expenses		(7,465)	(9,646)
Finance costs	5	(232,086)	(228,997)
Share of profits and losses of:			
A joint venture		(396)	—
Associates		6,561	5,620
PROFIT BEFORE TAX	6	719,764	599,558
Income tax expense	7	(111,364)	(102,426)
PROFIT FOR THE PERIOD		608,400	497,132

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

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
<i>Notes</i>	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
 OTHER COMPREHENSIVE INCOME		
 <i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	(2,003)	(2,728)
Reclassification adjustments for gains included in profit or loss	(17)	—
Income tax effect	372	506
	(1,648)	(2,222)
 OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		
	606,752	494,910
 TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		
	606,752	494,910
 Profit attributable to:		
Owners of the Company	554,296	478,087
Non-controlling interests	54,104	19,045
	608,400	497,132

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

For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014	2013
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Total comprehensive income attributable to:			
Owners of the Company		552,648	475,865
Non-controlling interests		54,104	19,045
		<u>606,752</u>	<u>494,910</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic and diluted	8	<u>RMB0.181</u>	<u>RMB0.156</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

		30 June	31 December
		2014	2013
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	598,751	612,204
Service concession arrangements	9	17,689,519	16,907,851
Prepaid land lease payments	9	426,690	442,717
Other intangible assets		2,079	2,329
Investment in a joint venture		4,604	—
Investments in associates		61,886	65,970
Available-for-sale investments	10	113,902	115,967
Long term compensation receivables		57,230	61,649
Payments in advance	11	182,870	30,051
Interests in land held for property development	12	708,703	708,703
Pledged deposits	16	112,150	112,150
Deferred tax assets		252	252
		<hr/>	<hr/>
Total non-current assets		19,958,636	19,059,843
CURRENT ASSETS			
Properties under development	13	1,003,975	982,356
Inventories		99,277	82,613
Due from customers for contract works	14	187,543	71,069
Trade and notes receivables, and other receivables	15	2,141,442	1,974,925
Pledged deposits	16	22,077	26,313
Cash and cash equivalents	16	3,199,964	1,791,963
		<hr/>	<hr/>
Total current assets		6,654,278	4,929,239

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(continued)**30 June 2014*

		30 June	31 December
		2014	2013
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
CURRENT LIABILITIES			
Tax payable		118,976	123,217
Trade and other payables	17	2,181,324	2,425,160
Interest-bearing bank and other loans	18	3,194,746	1,203,909
Dividend payable		7,967	—
		<u>5,503,013</u>	<u>3,752,286</u>
		1,151,265	1,176,953
NET CURRENT ASSETS			
		<u>21,109,901</u>	<u>20,236,796</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		9,198,959	8,685,504
Interest-bearing bank and other loans	18	6,307	6,682
Deferred tax liabilities		31,498	13,969
Deferred income	17	<u>9,236,764</u>	<u>8,706,155</u>
Total non-current liabilities		11,873,137	11,530,641
Net assets		<u>11,873,137</u>	<u>11,530,641</u>

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

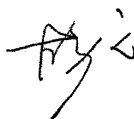
(continued)

30 June 2014

	30 June 2014	31 December 2013
Notes	RMB'000	RMB'000
	(Unaudited)	
EQUITY		
Equity attributable to owners of the Company		
Issued capital	3,058,060	3,058,060
Reserves	8,254,446	7,701,798
Proposed final dividend	—	244,645
	11,312,506	11,004,503
Non-controlling interests	560,631	526,138
Total equity	11,873,137	11,530,641



Director



Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company												
	Issued capital	Share premium account	Statutory reserve	Difference arising from changes in controlling interests	Available-for-sale non-investment valuation reserve	Merger difference	Safety fund reserve	Capital reserve	Retained profits	Proposed final dividend	Non-controlling Total	Total equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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 period	-	-	-	-	-	-	-	-	478,087	-	478,087	19,045	497,132
Other comprehensive income for the period:													
Changes in fair value of available-for-sale investments, net of tax	-	-	-	-	(2,222)	-	-	-	-	-	(2,222)	-	(2,222)
Total comprehensive income for the period	-	-	-	-	(2,222)	-	-	-	478,087	-	475,865	19,045	494,910
Establishment for safety fund surplus reserve	-	-	-	-	-	-	2,527	-	(2,527)	-	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	-	-	(738)	-	738	-	-	-	-
Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(234)	(234)
Disposal of equity interests in a subsidiary without loss of control	-	-	-	(13,564)	-	-	-	-	-	-	(13,564)	276,529	262,965
Capital injection by a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	7,200	7,200
Capital injection to a subsidiary by way of capitalisation of retained profits and statutory surplus reserve	-	-	(12,615)	-	-	-	-	32,820	(20,205)	-	-	-	-
Share of increase in capital reserve of an associate	-	-	-	-	-	-	-	721	-	-	721	-	721
Final 2012 dividend declared	-	-	-	-	-	-	-	-	-	(244,645)	(244,645)	-	(244,645)
At 30 June 2013 (Unaudited)	3,058,060	2,654,601	2,620,877	(262,034)	15,511	(533,123)	1,789	33,541	2,882,381	-	10,471,603	495,740	10,967,343

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(continued)

For the six months ended 30 June 2014

	Attributable to owners of the Company												
	Issued capital	Share premium account	Statutory surplus reserve	Difference arising from Available-changes in non-controlling interests	Investment valuation reserve	Merger difference	Safety fund reserve	Capital reserve	Retained profits	Proposed final dividend	Non-controlling Total	controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	3,058,060	2,654,601*	3,030,757*	(262,034)*	12,077*	(533,123)*	4,862*	32,820*	2,761,636*	244,645	11,004,503	526,138	11,530,641
Profit for the period	-	-	-	-	-	-	-	-	554,296	-	554,296	54,104	608,400
Other comprehensive income for the period:													
Changes in fair value of available-for-sale investments, net of tax	-	-	-	-	(1,648)	-	-	-	-	-	(1,648)	-	(1,648)
Total comprehensive income for the period	-	-	-	-	(1,648)	-	-	-	554,296	-	552,648	54,104	606,752
Establishment for safety fund surplus reserve	-	-	-	-	-	-	8,940	-	(8,940)	-	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	-	-	(8,145)	-	8,145	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(19,611)	(19,611)
Final 2013 dividend declared (note 19)	-	-	-	-	-	-	-	-	-	(244,645)	(244,645)	-	(244,645)
At 30 June 2014 (Unaudited)	3,058,060	2,654,601*	3,030,757*	(262,034)*	10,429*	(533,123)*	5,657*	32,820*	3,315,339*	-	11,312,506	560,631	11,873,137

* These reserve accounts comprise the consolidated reserves of RMB8,254,446,000 (31 December 2013: RMB7,701,798,000) in the consolidated statement of financial position.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014	2013
	<i>Notes</i>	RMB'000 (Unaudited)	<i>RMB'000 (Unaudited)</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		719,764	599,558
Adjustments for:			
Interest income	4	(45,981)	(76,826)
Dividend income from available-for-sale investments	4	(266)	(1,023)
Finance costs	5	232,086	228,997
Share of profits and losses of a joint venture and associates		(6,165)	(5,620)
Loss on disposal and write-off of items of property, plant and equipment	6	161	3,016
Gain on disposal of land use rights	6	—	(1,943)
Depreciation	9	33,182	33,397
Amortisation of service concession arrangements	9	222,334	207,747
Amortisation of prepaid land lease payments	9	16,027	16,029
Amortisation of other intangible assets	6	250	—
Loss on deemed disposal of available-for-sale investments	6	42	—
		1,171,434	1,003,332

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
Notes	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Additions to service concession arrangements	(902,655)	(1,064,058)
Additions to properties under development	(21,619)	—
Additions to interests in land held for property development	—	(864,066)
Increase in payments in advance	(157,819)	(55,165)
Increase in deferred income	17,529	14,432
Increase in construction contract	(116,474)	(79,370)
Increase in trade and notes and other receivables	(141,856)	(93,683)
Increase in inventories	(16,664)	(23,137)
Increase/(decrease) in trade and other payables	(249,984)	3,174
Cash used in operations	(418,108)	(1,158,541)
Income tax paid	(115,605)	(243,783)
Interest received	2,526	—
Net cash flows used in operating activities	(531,187)	(1,402,324)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS*(continued)**For the six months ended 30 June 2014*

	For the six months ended 30 June	
	2014	2013
<i>Notes</i>	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(20,083)	(15,879)
Purchase of available-for-sale investments	—	(45,000)
Proceeds from disposal of items of property, plant and equipment	193	64
Proceeds from disposal of land use rights	—	2,271
Interest received	23,213	13,438
Dividend received from an associate	10,645	14,950
Dividend received from available-for-sale investments	266	1,023
Proceeds from disposal of equity interests in a subsidiary without a loss of control	—	262,965
Decrease/(increase) of pledged deposit	4,236	(89,697)
Net cash flows from investing activities	18,470	144,135
Net cash outflows before financing activities	(512,717)	(1,258,189)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
Notes	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(327,285)	(234,017)
Bank charges paid	—	(240)
Proceeds from bank loans	3,146,110	2,467,790
Repayment of bank loans	(698,000)	(1,183,000)
Proceeds from medium term notes	—	600,000
Proceeds from other loans	63,000	293,026
Repayment of other loans	(6,818)	(6,819)
Dividends paid to owners of the Company	(244,645)	(244,645)
Dividends paid to non-controlling shareholders	(11,644)	—
Acquisition of non-controlling interests in a subsidiary	—	(234)
Capital injection by a non-controlling shareholder	—	7,200
	<hr/>	<hr/>
Net cash flows from financing activities	1,920,718	1,699,061
	<hr/>	<hr/>

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS*(continued)**For the six months ended 30 June 2014*

		For the six months ended 30 June 2014	2013
	<i>Notes</i>	RMB'000 (Unaudited)	<i>RMB'000</i> <i>(Unaudited)</i>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,408,001	440,872
Cash and cash equivalents at beginning of period		<u>1,791,963</u>	<u>1,820,676</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>3,199,964</u>	<u>2,261,548</u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		3,139,091	2,169,779
Non-pledged time deposits		<u>60,873</u>	<u>61,081</u>
Cash and cash equivalents as stated in the statement of financial position	16	<u>3,199,964</u>	2,230,860
Investments in debt instruments		<u>—</u>	<u>30,688</u>
Cash and cash equivalents as stated in the statement of cash flows		<u>3,199,964</u>	<u>2,261,548</u>

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

For the six months ended 30 June 2014

1. CORPORATE INFORMATION

The Company is a limited liability company established in the PRC. The registered office of the Company is located at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.

During the Period, the principal activities of the Group were investment holding, the construction, management and operation of expressways and a high-grade toll bridge, the operation of gas stations along expressways and property development.

In the opinion of the Directors of the Company, the parent and the ultimate holding company of the Company is STI, which is established in the PRC.

2.1 BASIS OF PREPARATION

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2013.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of new Hong Kong Financial Reporting Standards ("HKFRSs") and amendments to HKFRSs issued by the HKICPA that are mandatory for annual periods beginning on or after 1 January 2014. The adoption of these new standards and amendments has had no significant financial effect on the financial position or performance of the Group.

3. 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 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 reportable operating segments during the Period (six months ended 30 June 2013; five) 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;

3. OPERATING SEGMENT INFORMATION *(continued)*

- (c) the gas stations operation segment comprises the operation of gas stations along expressways and sale of petrochemical products;
- (d) the property development segment 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.

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 on bank deposits and investments in debt instruments, dividend income and unallocated gains, as well as head office, corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude pledged deposits, cash and cash equivalents, available-for-sale investments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate 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.

3. OPERATING SEGMENT INFORMATION *(continued)*

The following tables present the Group's consolidated revenue, consolidated results and other consolidated information by operating segment for each of the six months ended 30 June 2014 and 2013:

For the six months ended 30 June 2014

	Toll operation RMB'000 (Unaudited)	Construction contracts RMB'000 (Unaudited)	Gas stations operation RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
SEGMENT REVENUE	1,283,106	1,466,301	1,527,029	–	20,517	4,296,953
SEGMENT RESULTS	619,347	120,828	45,008	(10,054)	6,095	781,224
<i>Reconciliation:</i>						
Interest income on bank deposits						10,213
Dividend income and unallocated income and gains						8,613
Corporate and other unallocated expenses						<u>(80,286)</u>
Profit before tax						<u><u>719,764</u></u>
OTHER SEGMENT INFORMATION						
Share of loss of a joint venture	–	–	–	–	(396)	(396)
Share of profits and losses of associates	6,561	–	–	–	–	6,561
Depreciation and amortisation	263,138	5,449	2,075	209	922	271,793
Capital expenditure*	<u>1,001,315</u>	<u>11,455</u>	<u>10,371</u>	<u>514</u>	<u>430</u>	<u>1,024,085</u>

3. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2013

	Toll operation	Construction contracts	Gas stations operation	Property development	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SEGMENT REVENUE	1,160,331	1,264,079	1,034,388	—	13,562	3,472,360
SEGMENT RESULTS	518,630	95,318	25,051	—	5,383	644,382
<i>Reconciliation:</i>						
Interest income on bank deposits and investments in debt instruments						13,438
Dividend income and unallocated income and gains						14,279
Corporate and other unallocated expenses						<u>(72,541)</u>
Profit before tax						<u><u>599,558</u></u>
OTHER SEGMENT INFORMATION						
Share of profits and losses of associates	5,620	—	—	—	—	5,620
Depreciation and amortisation	250,601	4,416	1,562	-	594	257,173
Capital expenditure*	<u>1,078,808</u>	<u>19,294</u>	<u>5,915</u>	<u>36</u>	<u>245</u>	<u>1,104,298</u>

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

3. OPERATING SEGMENT INFORMATION *(continued)*

The following tables present the Group's consolidated assets, consolidated liabilities and other consolidated information by operating segment as at 30 June 2014 and 31 December 2013:

As at 30 June 2014

	Toll operation	Construction contracts	Gas stations operation	Property development	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SEGMENT ASSETS	18,959,535	1,874,459	587,090	1,711,210	32,275	23,164,569
<i>Reconciliation:</i>						
Available-for-sale investments						113,902
Deferred tax assets						252
Pledged deposits						134,227
Cash and cash equivalents						3,199,964
Total assets						<u>26,612,914</u>
SEGMENT LIABILITIES	11,965,147	2,017,258	452,820	152,256	27,013	14,614,494
<i>Reconciliation:</i>						
Tax payable						118,976
Deferred tax liabilities						6,307
Total liabilities						<u>14,739,777</u>
OTHER SEGMENT INFORMATION						
Investment in a joint venture	-	-	-	-	4,604	4,604
Investments in associates	57,436	-	-	-	4,450	61,886
	<u>57,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,450</u>	<u>61,886</u>

3. OPERATING SEGMENT INFORMATION *(continued)*

As at 31 December 2013

	Toll operation RMB'000	Construction contracts RMB'000	Gas stations operation RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
SEGMENT ASSETS	18,042,709	1,813,587	364,806	1,688,771	32,564	21,942,437
<i>Reconciliation:</i>						
Available-for-sale investments						115,967
Deferred tax assets						252
Pledged deposits						138,463
Cash and cash equivalents						<u>1,791,963</u>
Total assets						<u><u>23,989,082</u></u>
SEGMENT LIABILITIES	9,822,152	2,108,998	279,198	86,958	31,236	12,328,542
<i>Reconciliation:</i>						
Tax payable						123,217
Deferred tax liabilities						<u>6,682</u>
Total liabilities						<u><u>12,458,441</u></u>
OTHER SEGMENT INFORMATION						
Investments in associates	<u>61,520</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,450</u>	<u>65,970</u>

3. 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

Revenue from sales of petrochemical products to a third-party customer amounting to RMB708,754,000 (six months ended 30 June 2013: RMB357,822,000) accounted for more than 10% of the Group's revenue during the Period.

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Toll income		
– Chengyu Expressway	419,544	474,766
– Chengya Expressway	371,650	289,632
– Chengren Expressway	274,402	207,444
– Chengle Expressway	219,156	190,013
– Chengbei Exit Expressway and Qinglongchang Bridge	43,637	39,492
	1,328,389	1,201,347
Less: Revenue taxes	(45,283)	(41,016)
Sub-total	1,283,106	1,160,331
Construction revenue in respect of		
– Service concession arrangements	1,004,002	1,083,308
– Construction and maintenance works performed for third parties	502,301	194,868
	1,506,303	1,278,176
Less: Revenue taxes	(40,002)	(14,097)
Sub-total	1,466,301	1,264,079
Revenue from operation of gas stations	1,527,029	1,034,388
Others (including income from rental of properties and advertising)	20,517	13,562
Total revenue	4,296,953	3,472,360

4. REVENUE, OTHER INCOME AND GAINS (continued)

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income from bank deposits and investments in debt instruments	10,213	13,438
Interest income from discounting of long term compensation receivables	9,121	9,595
Interest income from construction contracts	24,121	53,793
Interest income for overdue trade receivables	2,526	—
Gain on disposal of land use rights	—	1,943
Rental income	1,238	2,245
Dividend income from available-for-sale investments	266	1,023
Compensation	8,577	8,781
Government grants*	1,640	—
Miscellaneous	(3,067)	287
	54,635	91,105
Total revenue, other income and gains	4,351,588	3,563,465

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other loans wholly repayable within five years	169,605	214,621
Interest on other bank loans	132,389	4,150
Interest on medium term notes	31,439	29,236
Bank charges	—	240
	333,433	248,247
Less: Interest capitalised in service concession arrangements (<i>note 9(c)</i>)	(101,347)	(19,250)
	232,086	228,997
Interest rate of borrowing costs capitalised in the range of:	5.70% - 6.55%	5.48% - 6.43%

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction costs in respect of:		
— Service concession arrangements*	921,648	1,060,832
— Construction works performed for third parties*	447,364	161,326
Cost of sales of refined oil and chemical products	1,465,263	999,006
Depreciation and amortisation expenses (<i>note 9</i>)	271,543	257,173
Amortisation of other intangible assets	250	—
Employee costs	221,512	196,542
Repairs and maintenance expenses	25,728	14,254
Auditors' remuneration	497	581
Minimum lease payments under operating leases:		
Land and buildings	12,863	11,187
Gain on disposal of land use rights	—	(1,943)
Loss on disposal and write-off of items of property, plant and equipment	161	3,016
Loss on deemed disposal of available-for-sale investments	42	—
	<u>42</u>	<u>—</u>

* During the Period, employee costs of RMB27,928,000 (six months ended 30 June 2013: RMB20,814,000) and depreciation charge of RMB3,736,000 (six months ended 30 June 2013: RMB3,305,000) were included in the construction costs in respect of service concession arrangements and construction works performed for third parties.

7. INCOME TAX

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

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charged for the period	120,898	101,805
Underprovision/(overprovision) in prior years	(9,534)	621
Total tax charge for the period	<u>111,364</u>	<u>102,426</u>

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

Except for the companies mentioned below that are entitled to a preferential tax rate, the subsidiaries, associates and the joint venture of the Company are required to pay corporate income tax at the standard rate of 25%.

7. INCOME TAX *(continued)*

Pursuant to “Announcement of the State Administration of Taxation [2012] No. 12” dated 6 April 2012 issued by the 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 made reference to “Guiding Catalogue for Adjustment in the Industrial Structure (2011 version) (產業結構調整目錄 (2011年本))” (the “Catalogue”) issued by the National Development and Reform Commission of the People’s Republic of China. For entities within the scope of the transportation industry, i.e., the Company, Chengle Company, Chengbei Company and Airport Expressway Company, which have been approved before 2011 to enjoy the preferential tax rate of 15% and have no changes in their business operations, income tax expenses of these entities for the period ended 30 June 2014 continued to be calculated at a tax rate of 15%.

On 21 May 2014, Trading Construction Company obtained the approval from local tax bureau, which confirmed it was eligible to enjoy the preferential tax rate of 15% under the Western Development Policy by reference to the Catalogue as its eligible revenue has exceeded 70% of its total revenue during 2013. During the Period, the Directors of the Company considered there have been no changes in the business of Trading Construction Company, and the provision of income tax expenses of Trading Construction Company during the Period continue to be calculated at the rate of 15% (six months ended 30 June 2013: 25%).

7. INCOME TAX *(continued)*

The share of tax attributable to associates amounting to RMB1,182,000 (six months ended 30 June 2013: RMB999,000) is included in “Share of profits and losses of associates” on the face of the interim consolidated statement of profit or loss and other comprehensive income.

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

The calculation of basic earnings per Share is based on the profit for the Period attributable to equity holders of the Company of RMB554,296,000 (six months ended 30 June 2013: RMB478,087,000) and the number of ordinary Shares of 3,058,060,000 (six months ended 30 June 2013: 3,058,060,000) in issue during the Period.

No adjustment has been made to the basic earnings per Share amounts presented for each of the six months ended 30 June 2013 and 2014 in respect of a dilution as the Company had no potentially dilutive ordinary Shares in issue during these periods.

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

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

	Property, plant and equipment	Service concession arrangements	Prepaid land lease payments
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Carrying amounts at beginning of the Period	612,204	16,907,851	474,791
Additions	20,083	1,004,002	—
Disposals	(354)	—	—
Depreciation/amortisation charged for the Period	<u>(33,182)</u>	<u>(222,334)</u>	<u>(16,027)</u>
Carrying amounts at end of the Period	598,751	17,689,519	458,764
Portion classified as current assets	<u>—</u>	<u>—</u>	<u>(32,074)</u>
Non-current portion	<u><u>598,751</u></u>	<u><u>17,689,519</u></u>	<u><u>426,690</u></u>

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

(continued)

Notes:

- (a) At 30 June 2014 and 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 18(a)):

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Chengbei Exit Expressway*	—	138,793
Chengle Expressway	1,079,422	1,102,194
Chengren Expressway	7,392,665	7,453,127
Chengya Expressway	2,363,271	2,408,484
Suiguang-Suixi Expressways	4,227,075	—
	<u>15,062,433</u>	<u>11,102,598</u>

- * Bank loan secured by the service concession arrangements of Chengbei Exit Expressway has been repaid during the Period. As at 30 June 2014, the Group was still in the legal process of releasing the pledge.

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

(continued)

Notes: (continued)

- (b) During the Period, the Group was in the construction of Suining-Guang'an Expressway and Suining-Xichong Expressway in the Suiguang-Suixi Expressways BOT Project. Total construction costs of RMB903,030,000 (six months ended 30 June 2013: RMB1,040,905,000) were incurred, among which RMB332,128,000 (six months ended 30 June 2013: RMB808,133,000) was sub-contracted to third party subcontractors.

In addition, construction revenue of RMB984,686,000 (six months ended 30 June 2013: RMB1,063,050,000) was recognised in respect of the construction service provided by the Group for the Suiguang-Suixi Expressways BOT Project using the percentage of completion method during the Period. Construction revenue was included in the additions to service concession arrangements which will be amortised upon the commencement of operation of the Suiguang-Suixi Expressways.

- (c) Additions to service concession arrangements during the Period include interests capitalised in respect of bank loans amounting to RMB101,347,000 (six months ended 30 June 2013: RMB19,250,000).

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June	31 December
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	
Listed equity investments, at fair value:		
Mainland China	42,402	44,467
Unlisted equity investments, at cost	71,500	71,500
	113,902	115,967

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

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.

11. PAYMENTS IN ADVANCE

	30 June	31 December
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	
Payments in advance in respect of:		
– Suiguang-Suixi Expressways BOT Project	180,288	22,977
– Investment in a joint venture	–	5,000
– Upgrading projects along existing expressways	<u>2,582</u>	<u>2,074</u>
	<u>182,870</u>	<u>30,051</u>

12. 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 lease terms. As at 30 June 2014, the legal title of the land use rights with a carrying amount of approximately RMB700,740,000 (31 December 2013: RMB700,740,000) that the Group acquired 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 transfer of legal title of the above-mentioned land use rights to the Group.

13. PROPERTIES UNDER DEVELOPMENT

	30 June	31 December
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	
Land use right cost	967,808	966,630
Development cost	36,167	15,726
	<u>1,003,975</u>	<u>982,356</u>

The Group's properties under development are situated on leasehold land in Mainland China, which are held under the medium-term and long-term lease terms. As at 30 June 2014, properties under development were expected to be completed within normal operating cycle.

14. CONSTRUCTION CONTRACTS IN PROGRESS

	30 June	31 December
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	
Contract costs incurred plus recognised profits to date	597,612	222,653
Less: Progress billings	(410,069)	(151,584)
Construction contracts in progress	<u>187,543</u>	<u>71,069</u>
Amount due from customers for contract works	<u>187,543</u>	<u>71,069</u>

At 30 June 2014, retentions held by customers for contract works included in the Group's trade receivables amounted to approximately RMB37,396,000 (31 December 2013: RMB20,121,000).

15. TRADE AND NOTES RECEIVABLES, AND OTHER RECEIVABLES

		30 June	31 December
		2014	2013
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	
Trade receivables:			
Trade receivables		1,712,265	1,453,898
Impairment		<u>—</u>	<u>—</u>
Trade receivables, net	(a)	1,712,265	1,453,898
Notes receivable		<u>1,000</u>	<u>—</u>
Trade and notes receivables		<u>1,713,265</u>	<u>1,453,898</u>
Other receivables:			
Other receivables	(b)	276,099	490,418
Impairment		<u>(112,771)</u>	<u>(112,771)</u>
Other receivables, net		163,328	377,647
Deposits		137,331	57,805
Prepayments		<u>127,518</u>	<u>85,575</u>
Other receivables, net		<u>428,177</u>	<u>521,027</u>
Total trade and notes receivables, and other receivables		<u>2,141,442</u>	<u>1,974,925</u>

15. TRADE AND NOTES RECEIVABLES, AND OTHER RECEIVABLES*(continued)*

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 individual construction contract customers is considered on a case-by-case basis and is set out in the construction contracts, as appropriate. In addition, a credit period of one month from the invoice date is granted to certain customers that purchase petrochemical products from the Group.

According to the contracts governing the relevant construction works, as at 30 June 2014, trade receivables of RMB928,046,000 (31 December 2013: RMB765,587,000) 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% (31 December 2013: 6.00% 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, is as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Within 3 months	820,911	707,902
3 to 6 months	14,117	3,454
6 to 12 months	310,555	19,540
Over 1 year	566,682	723,002
	1,712,265	1,453,898

15. TRADE AND NOTES RECEIVABLES, AND OTHER RECEIVABLES

(continued)

Notes: (continued)

(a) (continued)

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

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Neither past due nor impaired	1,236,662	1,103,731
Past due but not impaired:		
Within 3 months	212,033	—
3 to 6 months	2,248	—
6 to 12 months	260,276	292,828
Over 1 year	1,046	57,339
	1,712,265	1,453,898

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.

As at 30 June 2014, the Group has pledged trade receivables of approximately RMB327,526,000 (31 December 2013: RMB208,384,000) to secure bank loans granted to the Group (note 18(a)).

15. TRADE AND NOTES RECEIVABLES, AND OTHER RECEIVABLES*(continued)*Notes: *(continued)*

- (b) The Group's other receivables as at the end of the reporting period are analysed as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Temporary advances	—	227,496
Interest receivables on temporary advances	15,580	63,002
Long term compensation receivables to be received within one year	4,419	3,878
Miscellaneous	256,100	196,042
	276,099	490,418

The aged analysis of the other receivables (net of impairment) as at the end of the reporting period that were not considered to be impaired is as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Neither past due nor impaired	163,328	138,798
Past due but not impaired:		
Within 3 months	—	63,496
6 to 12 months	—	11,353
Over 1 year	—	164,000
	163,328	377,647

15. TRADE AND NOTES RECEIVABLES, AND OTHER RECEIVABLES

(continued)

Notes: (continued)

- (c) Amounts due from related parties, which are repayable on similar credit terms to those offered to the major customers of the Group, included in trade and other receivables as at the end of the reporting period are as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Fellow subsidiaries under common control of STI		
— Trade receivables	246,508	85,739
— Other receivables	4,859	7,454
	251,367	93,193
PetroChina and its fellow subsidiaries*		
— Other receivables	7,129	13,803
	7,129	13,803
	258,496	106,996

- * PetroChina Company Limited ("PetroChina") is the non-controlling shareholder holding 49% of equity interests in Zhonglu Energy Company, the Group's major subsidiary.

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June	31 December
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	
Cash and bank balances	3,139,091	1,740,963
Time deposits	195,100	189,463
	3,334,191	1,930,426
Less: Pledged time deposits for:		
– Bidding of Chengren Expressway BOT Project	(11,289)	(11,144)
– Performance guarantee under Suiguang-Suixi Expressways BOT Project	(10,788)	(10,639)
– BT Projects	–	(4,530)
– Bank loans (<i>note 18(a)(ii)</i>)	(112,150)	(112,150)
Cash and cash equivalents	3,199,964	1,791,963

17. TRADE AND OTHER PAYABLES

		30 June	31 December
		2014	2013
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
<i>Current portion:</i>			
Trade payables	(a)	662,008	377,987
Other payables	(b)	1,433,049	1,968,117
Accruals	(c)	81,755	75,607
Deferred income		4,512	3,449
		<u>2,181,324</u>	<u>2,425,160</u>
<i>Non-current portion:</i>			
Deferred income		31,498	13,969
		<u>2,212,822</u>	<u>2,439,129</u>

17. TRADE AND OTHER PAYABLES (continued)

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:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Within 3 months	267,776	279,645
3 to 6 months	224,043	9,048
6 to 12 months	134,638	17,273
Over 1 year	35,551	72,021
	<u>662,008</u>	<u>377,987</u>

The trade payables are non-interest-bearing and are normally settled within one to twelve months, except for retention payables from construction projects of RMB66,194,000 (31 December 2013: RMB18,603,000) which are normally settled within two years.

17. TRADE AND OTHER PAYABLES (continued)

Notes: (Continued)

(b) Other payables at 30 June 2014 mainly included the following balances:

		30 June	31 December
		2014	2013
	Notes	RMB'000	RMB'000
		(Unaudited)	
Advances		33,389	22,836
Salary and welfare payable		17,490	66,042
Taxes and surcharge payables		107,381	150,440
Progress billing payables	(i)	855,881	1,241,279
Retention payables	(ii)	140,896	185,731
Deposits	(ii)	95,388	131,755
Others		182,624	170,034
		<u>1,433,049</u>	<u>1,968,117</u>

(i) Balances mainly represented progress billing payables of RMB836,141,000 (31 December 2013: RMB929,026,000) in connection with the construction of the Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project.

(ii) Balances mainly consisted of retention payables and deposits of RMB153,616,000 (31 December 2013: RMB192,641,000) in respect of the construction of the Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project, among which performance guarantee deposits of approximately RMB15,101,000 (31 December 2013: RMB11,526,000) was received from subcontractors bearing interest at a rate of 0.35% (31 December 2013: 0.35%) per annum.

17. TRADE AND OTHER PAYABLES (continued)

Notes: (Continued)

- (c) The balance as at 30 June 2014 consisted of interest accrued in respect of medium term notes of RMB26,503,000 (31 December 2013: RMB31,467,000) and interest-bearing bank loans of RMB55,252,000 (31 December 2013: RMB44,140,000) respectively.
- (d) Amounts due to related parties included in trade and other payables as at the end of the reporting period, which are on credit terms similar to those offered by the fellow subsidiaries to their major customers, are as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Fellow subsidiaries under common control of STI		
— Trade payables	44,830	22,434
— Other payables	18,008	3,054
	62,838	25,488
PetroChina and its fellow subsidiaries		
— Trade payables	169,344	622
— Other payables	920	90
	170,264	712
	233,102	26,200

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

18. INTEREST-BEARING BANK AND OTHER LOANS

		30 June	31 December
		2014	2013
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	
Bank loans:			
Secured and guaranteed	(a)	2,106,400	2,106,400
Secured	(a)	6,787,012	5,219,012
Unsecured		2,039,110	1,159,000
Medium term notes	(b)	1,300,000	1,300,000
Other loans, unsecured	(c)	161,183	105,001
		12,393,705	9,889,413
Portion classified as current liabilities		(3,194,746)	(1,203,909)
Non-current portion		9,198,959	8,685,504

At 30 June 2014, all interest-bearing bank and other loans of the Group were denominated in RMB.

18. INTEREST-BEARING BANK AND OTHER LOANS (continued)

Notes:

- (a) Bank loans were secured and/or guaranteed by:

		30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
	<i>Notes</i>	<i>(Bank loan amount)</i>	
Secured by concession rights of:			
Chengbei Exit Expressway	9(a)	—	48,000
Chengle Expressway	(i)	106,400	106,400
Chengren Expressway		3,911,012	3,911,012
Chengya Expressway		1,000,000	1,000,000
Suiguang-Suixi Expressways		1,611,000	—
		6,628,412	5,065,412
Secured by trade receivables	15(a)	265,000	260,000
Secured by pledged time deposits (note 16)	(ii)	2,000,000	2,000,000
		8,893,412	7,325,412

- (i) The bank loan was also guaranteed by Sichuan Highway Development for nil consideration (note 21(c)).

18. INTEREST-BEARING BANK AND OTHER LOANS *(continued)*

Notes: (continued)

(a) *(continued)*

- (ii) As at 30 June 2014, time deposits of RMB112,150,000 (31 December 2013: RMB112,150,000) were pledged to China Construction Bank Chengdu Xinhua Branch to counter guarantee the Group's bank loans of RMB2,000,000,000 (31 December 2013: RMB2,000,000,000) granted by China Construction Bank (Asia) and China Construction Bank (Tokyo).

The bank loans bear interest at the respective fixed rates ranging from 5.24% to 6.55% (31 December 2013: 5.24% to 7.05%) per annum.

- (b) In June 2012 and November 2012, the Company issued medium term notes totaled to 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 in June 2017 and 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, with 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 RMB13,636,000 (31 December 2013: RMB20,454,000) bearing interest at rates ranging from 3.30% to 5.00% (31 December 2013: 3.3% to 5.0%) per annum (note 21(a)); and (ii) unsecured shareholder loans of RMB147,547,000 (31 December 2013: RMB84,547,000) granted to the Group by a non-controlling shareholder and bearing interest at rates ranging from 6.15% to 6.51% (31 December 2013: 6.15% to 6.51%) per annum (note 21(f)).

19. DIVIDENDS

At a meeting of the Board of Directors held on 28 August 2014, the Directors of the Company resolved not to pay an interim dividend to shareholders (six months ended 30 June 2013: Nil).

The proposed final dividend of RMB0.080 per ordinary share for the year ended 31 December 2013 (2012: RMB0.080) was declared and paid during the Period.

20. COMMITMENTS

(a) Capital commitments

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Contracted, but not provided for	5,097,844	4,755,839
Authorised, but not contracted for	3,269,471	4,774,176
	<u>8,367,315</u>	<u>9,530,015</u>

20. COMMITMENTS (continued)

(a) Capital commitments (continued)

Further details of the capital commitments of the Group as of 30 June 2014 and 31 December 2013 are analysed as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
In respect of:		
Service concession arrangements	7,826,369	9,261,385
Property, plant and equipment	240,946	268,630
Investment in a partnership	300,000	—
	<u>8,367,315</u>	<u>9,530,015</u>

(b) Operating lease arrangements – the Group as lessee

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Within one year	23,913	24,777
In the second to fifth years, inclusive	71,800	76,536
After five years	159,096	168,700
	<u>254,809</u>	<u>270,013</u>

21. RELATED PARTY TRANSACTIONS

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

- (a) In previous years, the Group obtained state loans amounting to RMB250,000,000 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. The state loans were originally made to the Sichuan Provincial Government through the Ministry of Finance for infrastructure development of the Sichuan Province. For the purpose of financing the construction of the Chengya Expressway, Sichuan Highway Development had initially obtained the state loans, and pursuant to the Loan Repayment Agreements, the state loans were then transferred to the Group. During the Period, the Group repaid part of the state loans amounting to RMB6,818,000 (six months ended 30 June 2013: RMB6,819,000).
- (b) During the Period, the aggregate service fee payable to Sichuan Zhineng Transportation System Management Company Limited, a subsidiary of Sichuan Highway Development, in relation to the provision of a computer system for highway network toll fee collection and supportive technological services to the Group amounted to approximately RMB5,294,000 (six months ended 30 June 2013: RMB4,784,000).

21. RELATED PARTY TRANSACTIONS *(continued)*

- (c) As at 30 June 2014, bank loans of Chengle Company aggregating RMB106,400,000 (31 December 2013: RMB106,400,000) were guaranteed by Sichuan Highway Development (note 18(a)(i)) for nil consideration.

- (d) During the Period, the Company leased out a certain part of its office buildings to STI. During the Period, the rental received from STI amounted to RMB610,000 (six months ended 30 June 2013: RMB1,221,000). The Directors consider that the office rental income received by the Group from STI as determined under the tenancy agreement are based on the market rate for similar premises in similar location.

- (e) During the Period, Sichuan Highway Development leased out certain part of its office buildings to Chengle Company. During the Period, the rental payable to Sichuan Highway Development amounted to RMB399,000 (six months ended 30 June 2013: RMB484,000). 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.

21. RELATED PARTY TRANSACTIONS *(continued)*

- (f) During the Period, Renshou Landmark Company obtained interest-bearing loans from Sichuan Trading Landmark Co., Ltd. (“Trading Landmark”) with an aggregate amount of RMB63,000,000 (six months ended 30 June 2013: Nil) for its future property development activities. Trading Landmark is ultimately controlled by STI. The loans from Trading Landmark have a maturity period of 3 years, and bear interest at rate of 6.51% 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. During the Period, the accumulated interest paid to Trading Landmark amounted to RMB4,414,000 (six months ended 30 June 2013: Nil).
- (g) During the Period, Trading Construction Company was engaged by STI to provided construction works including daily maintenance works and emergency or rescue works of expressways and ancillary facilities. Construction revenue recognised by Trading Construction Company from providing such services amounted to RMB314,452,000 (six months ended 30 June 2013: Nil). The Directors consider that the consideration for construction works were made according to the published prices and conditions offered to the major customers of the Group.

21. RELATED PARTY TRANSACTIONS *(continued)*

- (h) During the Period, Trading Construction Company purchased raw materials, machinery and electronic equipment for various infrastructure construction projects from subsidiaries of the STI with an aggregate amount of RMB71,131,000 (six months ended 30 June 2013: Nil). The Directors consider that the purchases of raw materials were made according to the published prices and conditions similar to those offered to the major customers of STI.

- (i) During the Period, the Group entered into four agreements respectively with PetroChina (Sichuan Oil Sales Branch), PetroChina (Southwest Sales Branch), PetroChina (Sichuan Sales Branch), and China National Petroleum Corporation Transportation Co., Ltd. (Sichuan Branch), regarding the purchase of heavy oil and fuel, asphalt, refined oil and transportation services. PetroChina is a substantial non-controlling shareholder of a major subsidiary of the Group. During the Period, aggregate purchase costs in respect of goods and transportation services amounted to RMB1,266,790,000 (six months ended 30 June 2013: RMB1,157,025,000).

21. RELATED PARTY TRANSACTIONS (continued)

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

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	<u>160</u>	<u>140</u>
Other emoluments:		
Salaries, allowances and benefits in kind	1,367	1,336
Pension scheme contributions	125	116
Supplementary pension scheme contributions	<u>62</u>	<u>147</u>
	<u>1,554</u>	<u>1,599</u>
Total compensation paid to key management personnel	<u>1,714</u>	<u>1,739</u>

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



21. RELATED PARTY TRANSACTIONS *(continued)*

As at the date of this report, the executive and non-executive Directors of the Company are:

Mr. Zhou Liming

Mr. Gan Yongyi

Mr. He Zhuqing

Mr. Wu Xinhua

Mr. Tang Yong

Mr. Huang Bin

Mr. Wang Shuanming

And the independent non-executive Directors are:

Mr. Sun Huiyi

Mr. Guo Yuanxi

Mr. Chen Weizheng

Mr. Yu Haizong

22. FAIR VALUE AND FAIR VALUE HIERACHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
Financial assets				
Pledged deposits,				
non-current portion	112,150	112,150	112,150	112,150
Long-term compensation				
receivables, non-current				
portion	57,230	61,649	57,230	61,649
Available-for-sale				
investments, listed				
equity investments	42,402	44,467	42,402	44,467
	<u>211,782</u>	<u>218,266</u>	<u>211,782</u>	<u>218,266</u>
Financial liabilities				
Interest-bearing bank				
and other loans,				
non-current portion:				
– Bank loans	7,751,412	7,296,412	7,248,289	6,616,196
– Medium term notes	1,300,000	1,300,000	1,186,702	1,173,107
– Other loans	147,547	89,092	139,669	88,619
	<u>9,198,959</u>	<u>8,685,504</u>	<u>8,574,660</u>	<u>7,877,922</u>

22. FAIR VALUE AND FAIR VALUE HIERACHY OF FINANCIAL INSTRUMENTS *(continued)*

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade and notes receivables, trade payables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in other payables and accruals 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 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 own non-performance risk where appropriate.

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

22. FAIR VALUE AND FAIR VALUE HIERACHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

Assets measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Available-for-sale investments, listed equity investments	42,402	–	–	42,402

During the Period, 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 (six months ended 30 June 2013: Nil).

22. FAIR VALUE AND FAIR VALUE HIERACHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Assets for which fair values are disclosed:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)	
Pledged deposits, non-current portion	—	112,150	—	112,150
Long term compensation receivables, non-current portion	—	—	57,230	57,230
	<u>—</u>	<u>112,150</u>	<u>57,230</u>	<u>169,380</u>

22. FAIR VALUE AND FAIR VALUE HIERACHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Liabilities for which fair values are disclosed:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Unaudited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited)	
Interest-bearing bank and other loans	—	—	8,574,660	8,574,660

23. EVENTS AFTER THE REPORTING PERIOD

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

24. COMPARATIVE AMOUNTS

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

25. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Board of Directors on 28 August 2014.

CHANGES IN SHARE CAPITAL AND SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

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

- II. As at 30 June 2014, the Company had 92,213 Shareholders, including 91,906 holders of A Shares and 307 holders of H Shares.**

- III. Substantial Shareholders' and other persons' interests in Shares and underlying Shares**

So far as the Company was aware, as at 30 June 2014, the following persons (other than the Directors, Supervisors and chief executive of the Company) held 5% or more interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long/short positions in the ordinary Shares of the Company:

Name	Type of Shares	Long position/ short position	Number of the Company's Shares held	Approximate percentage in the total share capital of the Company	Approximate percentage in A/H Shares	Capacity
STI	A Shares (state-owned shares)	Long position	975,060,078	31.88%	45.08%	Beneficial owner
Huajian Company	A Shares (legal person shares)	Long position	664,487,376	21.73%	30.72%	Beneficial owner

Save as disclosed above, as at 30 June 2014, no persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares of the Company which were required to be notified to the Company and the Stock Exchange in accordance with Section 336 of the SFO.

IV. Change in the controlling Shareholder of the Company

During the Reporting Period, there was no change in the controlling Shareholder of the Company, which remained as STI.

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

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Shareholding of Directors, Supervisors and chief executive

So far as the Company was aware, as at 30 June 2014, none of the Directors, Supervisors or chief executive of the Company or their respective associates had any interests or short positions in Shares, underlying Shares or debentures (as the case may be) of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or which were required to be registered pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

II. Changes of Directors, Supervisors and Senior Management

On 18 March 2014, Mr. Fang Guijin resigned as the independent non-executive Director, Chairman of Remuneration and Appraisal Committee, members of Audit Committee and Strategic Committee of the Company due to 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.

Mr. Lu Ning resigned as a supervisor of the Company with effect from 19 March 2014 due to adjustment of his personal career commitments.

At the 2013 AGM held on 28 May 2014, Mr. Chen Weizheng was appointed as the independent non-executive Director of the fifth session of the Board of the Company, and was elected as members of Audit Committee, Strategic Committee and Chairman of Remuneration and Appraisal Committee at the meeting of the Board and its special committees held on the same day. As mentioned above, Mr. Fang Guijin's resignation will be effective upon the appointment of Mr. Chen Weizheng; Ms. He Kun was appointed as a supervisor of the fifth session of the Supervisory Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW AND ANALYSIS

(I) RESULTS OVERVIEW

The Group is principally engaged in the investments, construction, operation and management of road infrastructure projects in Sichuan Province, the PRC, and proactively explores and tries the industries and businesses related to road infrastructure industry and core business capacity of the Company. It also engages in energy sales along expressways and advertising media release, operation of service zones, investment and development of real estate, and investment in other financial and industrial aspects. Its business covers five major segments, namely the “toll roads and bridges”, “city operation”, “construction”, “energy and cultural media” and “financial investments”. During the Reporting Period, despite the adverse impacts of the toll-free travel for small passenger vehicles on major festivals and holidays, governance of over-limit and overload and toll-by-weight preferential policy for freight trucks, competition and traffic diversion of surrounding expressway networks and other factors, the Group’s overall toll income showed a restorative growth benefiting from the natural growth of traffic flow brought about by the economic development in the regions along expressways, the gradual elimination of the adverse impact of “4.20 Lushan Violent Earthquake”, the effective measures taken by the Company to increase revenue and reduce expenditure, and other comprehensive factors, which consolidated the foundational status of the segment of toll roads and bridges in the diversified development strategy of enterprise. In addition, aiming at the long-term sustainable development of the Group, the cultivation

of the Group's new business growth points accelerated, the entire business layout of the highly related diversified strategy stably progressed, and the scale of engineering construction and energy sales rapidly expanded during the Reporting Period, which resulted in a substantial increase in the Group's total operation income, effectively promoted the Group's overall profitability and strengthened the Group's overall anti-risk capability.


During the Reporting Period, the revenue of the Group amounted to approximately RMB4,296,953,000, representing an increase of approximately 23.75% year-on-year, among which the net toll income amounted to approximately RMB1,283,106,000, up approximately 10.58% year-on-year, the net revenue from construction contracts amounted to approximately RMB1,466,301,000, up approximately 16.00% year-on-year (including the construction contracts revenue of approximately RMB984,686,000 from Suiguang-Suixi Expressways BOT Project, which was recognized according to the HKFRSs, down approximately 7.37% year-on-year), the revenue from operation of gas stations along the expressways amounted to approximately RMB1,527,029,000, representing an increase of approximately 47.63% year-on-year, and revenue from other income and gains amounted to approximately RMB54,635,000, down approximately 40.03% year-on-year. The profit attributable to the owners of the Company was approximately RMB554,296,000, representing an increase of approximately 15.94% year-on-year. Basic earnings per Share were approximately RMB0.181 (the same period of 2013: approximately RMB0.156). As at 30 June 2014, the Group's total assets amounted to approximately RMB26,612,914,000 and net assets amounted to approximately RMB11,873,137,000.

(II) Operating conditions of the “toll roads and bridges” segment of the Group

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

Item	Shareholding percentage	Converted average daily traffic flow			Toll income (RMB'000)		
		(vehicles)			For the		
		For the	For the	Increase	For the	same period	Increase/
		Period	same period in 2013	(%)	Period	in 2013	(decrease)
	(%)			(%)		(%)	
Chengyu Expressway	100	22,763	19,993	13.85	419,544	474,766	(11.63)
Chengya Expressway	100	28,254	19,283	46.52	371,650	289,632	28.32
Chengle Expressway	100	24,474	20,782	17.77	219,156	190,013	15.34
Chengren Expressway	100	28,762	19,993	43.86	274,402	207,444	32.28
Chengbei Exit Expressway (including Qinglongchang Bridge)	60	38,241	34,422	11.09	43,637	39,492	10.50


During the Reporting Period, the toll income of the Group was approximately RMB1,283,106,000, representing an increase of approximately 10.58% as compared with the same period last year. The percentage of the toll income to the Group's total revenue for the Period was approximately 29.86%, representing a year-on-year decrease of approximately 3.56 percentage points. During the Reporting Period, the following factors constituted combined effects on the overall operating performance of the Group's business of toll roads and bridges:

- 
1. In this year, Sichuan insisted on placing focus on development as the top priority and practically implemented various measures for “stabilizing growth, promoting reform, regulating structure and benefiting people” as proposed by the Central Government. Though the province’s economy continued the down trend of last year, the growth of major economic indicators, e.g. industry, investment, consumption, import and export, etc. for the second quarter gradually picked up after the economic growth of 8.1% of the province in the first quarter. The economic growth for the first half year was a year-on-year increase of 8.5%¹. The province’s overall economic operation was stable and showed the trend of slow stabilization and progress in stabilization, which drove the restorative growth of the operating results of the Group’s expressways to a certain extent.

 2. In the same period last year, Sichuan Province was continuously hit by natural disasters such as earthquake and rainstorm, and 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 disaster relief emergency mechanism of government was executed and toll free policy was implemented for certain expressways of the Company after the earthquake, which affected the operating efficiency of the Group’s expressways for the corresponding period last year.

1. Source: preliminary accounting results published by Sichuan Statistics Bureau.

3. In the first half of 2014, the toll free disaster-relief vehicles substantially decreased and the subsequent post-disaster reconstruction project stimulated the demand for highway traffic in Sichuan. As the major traffic arteries in Sichuan, the Group's expressways played an important role in post-disaster reconstruction in Sichuan Province, which also promoted the Group's highway operation.
4. 2014 is the "year for comprehensive improvement of and assaulting fortified position in road traffic safety" for Sichuan Province. The governance of over-limit and overload of expressways was carried out throughout the province in full swing since 21 December 2013. The abnormal loading freight trucks were advised to return, which rendered some freight trucks choose normal roads, resulting in a decrease in the traffic volume of freight trucks on highways.
5. Since 15 January 2014, 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. The implementation of this preferential policy further reduced the income form an individual freight truck.

- 
6. The operating performance of the expressways of the Group 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-Zigong section, Zigong-Luzhou section and Luzhou-Chishui section of ChengZiLuChi (Chengdu-Zigong-Luzhou-Chishui) Expressway were completed and open to traffic in September 2012, September 2013 and June 2014 respectively, and the 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 led to corresponding changes in the traffic distribution and composition in the region and had impact on the Group's expressways to various extents, of which the impact of the diversion of ChengZiLuChi Expressway on Chengyu Expressway was the most obvious. The growth of traffic volume of Chengren Expressway, as the Group's new section open to traffic, was obvious due to the completion of extensions in succession and the continuous improvement of supporting facilities of expressway.

Local parallel highways opening to traffic — On 28 January 2014, Chengdu-Jianyang Fast Line was open to traffic. Interchange overpasses and intersections were set along the fast line to allow vehicles to go to nearby townships and towns. Since it is a convenient, rapid and toll free highway, many large freight trucks chose this fast line as the driving line, which had certain impact on Chengyu Expressway.

Renovation construction works on circumjacent roads — From May 2013 to end of May 2014, 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, 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.

7. During the Reporting Period, the toll-free travel for small passenger vehicles on major festivals and holidays policy was continually implemented. Thirteen days of toll free days including the Chinese New Year, Ching Ming Festival and May Day had an impact on the Group's toll roads and bridges business.

(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 Suiguang Suixi Company 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 30 June 2014, a total of approximately RMB4,275 million has been invested, accounting for approximately 35.96% 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, Sichuan Province which involves a land area of approximately 4,848 mu. The investment includes relocation of farmers' houses, settlement of "San Tong Yi Ping" ("三通一平", 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 30 June 2014, a total of approximately RMB168 million has been invested in Renshou Land-linked Pilot BT Project, accounting for approximately 52.83% 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 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 30 June 2014, a total of approximately RMB289 million has been invested in Shuangliu West Airport Phase VI BT Project, accounting for approximately 46.92% 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, 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 30 June 2014, a total of approximately RMB177 million has been invested in Shuangliu Zongbao BT Project, accounting for approximately 63.21% of the estimated total investment of the project.

5. Real Estate Projects in Chengbei New Town of Renshou County

On 30 January 2013, resolution in relation to 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 22 February 2013, the Company won the bid for 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. In May 2013, Renshou Landmark Company was established to take full charge of the development and construction of the real estate project in Chengbei New Town, Renshou County. During the Reporting Period, Renshou Landmark Company proactively launched the rules and progress reporting, constantly improved the the planning and design and explored marketing capacity and comprehensively promote the project series of the “Times in North Town” (「北城時代」) on one hand; and paid positive attention to the land market development in Renshou County and seized proper opportunities to increase land reserves. On 15 May 2014, the Company won the bid for the land use rights of five state-owned construction land parcels (with a total site area of 194,810.52 sq.m.) in Chengbei New Town at a price of RMB787,100,000.

6. Gaotan Water Park in Renshou County, Tianfu Renshou Avenue construction projects, 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, etc.. 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 relation to the engineering construction projects including Gaotan Water Park, roads 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 million (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 tenderer.) At present, the business registration of Renshou Shunan Company, the company that is fully responsible for the project has been completed, the financial review of certain sub-projects have been finished and the tender work is under orderly progress.

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 relation 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). At present, the project is in the charge of Renshou Shunan Company, financial review of certain sub-projects have been finished and the tender work of the construction is under orderly progress.

(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. Medium-term notes

On 23 May 2014, the Company completed the registration for its RMB1.5 billion medium-term notes, and on 17 July 2014, successfully issued the 2014 first tranche of medium term notes of RMB300 million at a par value of RMB100 for a term of “5+5” years, together with an option for the issuer to increase the coupon rate at the end of the fifth year and a sell-back option for investors, at issuance interest rates of 6.30%. The notes created the longest record for financing terms of Sichuan enterprises in the inter-bank bonds market, and the issue price for the 5+5-year-term notes was lower than the interest rate of 10-year-term notes. Moreover, the enterprise could choose whether to extend the financing term at the end of the fifth year based on the availability of proceeds and the consequent financing costs, which will retain a great degree of flexibility in funding arrangement.

2. Offshore bank loans

In the first half of 2014, the Company successively entered into offshore loan contracts with Singapore Branch of Bank of China for an offshore loan of RMB300 million and Singapore Branch of Agricultural Bank of China for an offshore loan of RMB194 million respectively. As at 30 June 2014, the two aforesaid RMB-denominated offshore loans had been fully drawn down by the Company.

3. 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 RMB8,330 million. The lending banks included China Development Bank, China Construction Bank, Industrial and Commercial Bank of China and Postal Savings Bank of China. As at 30 June 2014, an aggregate of RMB1,611 million of the loan has been drawn down by the Company.

4. Industrial investment funds

On 24 December 2013, the Company considered and approved the resolution in relation to the cooperation with Development Investment Company in carrying out industrial investment funds related business, pursuant to which, Shuhai Company, a wholly-owned subsidiary of the Company, and Development Investment Company made joint contribution to establish Zhongxin Company with the registered capital of RMB10 million. Each party contributed RMB5 million and held 50% equity interest in the company, respectively. Zhongxin Company had completed industry and commerce registration on 6 January 2014 and its business scope includes assets management, project investment and investment consultation. On 19 June 2014, the Company and Development Investment Company and Zhongxin Company entered into a partnership agreement in relation to the joint contribution to establish of Chengyu Development Fund (成渝發展基金). The total contribution is RMB610,000,000, of which the Company, Development Investment Company and Zhongxin Company should contribute RMB300,000,000, RMB300,000,000 and RMB10,000,000 respectively. Business registration of Chengyu Development Fund has been completed on the same date with its business scope being equity investment and relevant advisory service in relation to non-public transactions involving equity of listed enterprises, non-public offering of equity of listed enterprises, etc.. Currently, the team of Chengyu Development Fund has been basically established, and the commencement work of the project is under progress in a proactive manner.

(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 of the Group 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 Reporting Period, the Group recorded a revenue of approximately RMB1,527,029,000 (same period of 2013: RMB1,034,388,000) from operation of gas stations along the expressways, representing an increase of approximately 47.63% over the same period last year; and a revenue of RMB20,517,000 (same period of 2013: RMB13,562,000) from advertising and assets leasing services along the expressways, representing an increase of approximately 51.28% over the same period last year.

II. ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Summary of the Group's Operating Results

	For the six months ended 30 June	
	2014 <i>RMB'000</i> (Unaudited)	2013 <i>RMB'000</i> (Unaudited)
Revenue	4,296,953	3,472,360
Including: Net toll income	1,283,106	1,160,331
Net construction contract revenue	1,466,301	1,264,079
Profit before tax	719,764	599,558
Profit attributable to owners of the Company	554,296	478,087
Earnings per share attributable to owners of the Company (<i>RMB</i>)	0.181	0.156

Summary of the Group's Financial Position

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000
Total assets	26,612,914	23,989,082
Total liabilities	14,739,777	12,458,441
Non-controlling interests	560,631	526,138
Equity attributable to owners of the Company	11,312,506	11,004,503
Equity per share attributable to owners of the Company (RMB)	<u>3.699</u>	<u>3.599</u>

Analysis of Operating Results

Revenue

The Group's revenue for the Reporting Period amounted to RMB4,296,953,000 (the same period in 2013: RMB3,472,360,000), representing a year-on-year increase of 23.75%, of which:

- (1) The net toll income was RMB1,283,106,000 (the same period in 2013: RMB1,160,331,000), representing a year-on-year increase of 10.58%, which was mainly due to the increase in the net toll income of Chengya Expressway, Chengle Expressway, Chengren Expressway and Chengbei Exit Expressway. Please refer to the "Operating conditions of the toll roads and bridges segment of the Group" of this interim report for details of the main factors affecting the toll income of the Group during the Reporting Period;

- (2) Construction revenue (before revenue taxes) in respect of service concession arrangements was RMB1,004,002,000 (the same period in 2013: RMB1,083,308,000), representing a year-on-year decrease of 7.32%. This mainly included RMB984,686,000 of construction revenue (before revenue taxes) (the same period in 2013: RMB1,063,050,000) from the Suiguang-Suixi Expressways BOT Project and an aggregate of RMB19,316,000 of construction revenue (before revenue taxes) (the same period in 2013: RMB20,258,000) from technical renovation projects of Chengyu Expressway, Chengya Expressway, Chengren Expressway and Chengle Expressway and reconstruction projects of gas stations and service zones along the expressways during the Reporting Period in accordance with the percentage of completion method;
- (3) Construction revenue (before revenue taxes) in respect of construction works performed for third parties amounted to RMB502,301,000 (the same period in 2013: RMB194,868,000), representing a year-on-year increase of 157.76%. During the Reporting Period, construction revenue (before revenue taxes) recognized under the percentage-of-completion method in respect of construction works performed mainly comprised Baen Project amounted to RMB245,290,000 (the same period in 2013: Nil); Renshou Connection Line BT Project which had been completed in 2013 without construction contract revenue occurred during the Period (the same period in 2013: RMB56,474,000) and other construction revenue (before revenue taxes) of approximately RMB257,011,000 (the same period in 2013: RMB138,394,000).

- (4) Revenue from operation of gas stations along expressways amounted to RMB1,527,029,000 (the same period in 2013: RMB1,034,388,000), representing a year-on-year increase of 47.63%. This was mainly attributable to the increase in sales volume of petrochemical products during the Reporting Period, revenue generated from which amounted to RMB803,633,000 (the same period in 2013: RMB536,632,000); and the increase in sales volume of refined oil, revenue generated from which amounted to RMB723,396,000 (the same period in 2013: RMB497,756,000).

Other Income and Gains

The Group's other income and gains for the Reporting Period amounted to RMB54,635,000 (the same period in 2013: RMB91,105,000), representing a decline of 40.03% as compared with the same period last year. This was mainly attributable to the interest income of RMB24,121,000 (the same period in 2013: RMB53,793,000) from the advance payment in respect of the BT projects of the Group recognized pursuant to relevant agreements, and RMB11,451,000 (the same period in 2013: RMB15,683,000) of the rental income and interest income from bank deposits.

Operating Expenses

The Group's operating expenses for the Reporting Period amounted to RMB3,405,903,000 (the same period in 2013: RMB2,740,530,000), representing a year-on-year increase of 24.28%, of which:

- (1) Construction contract costs recognized under the percentage-of-completion method in respect of service concession arrangements were RMB921,648,000 (the same period in 2013: RMB1,060,832,000), representing a year-on-year decrease of 13.12%. This mainly included construction contract costs of RMB903,030,000 (the same period in 2013: RMB1,040,905,000) from Suiguang-Suixi Expressways BOT Project and aggregate construction contract costs of RMB18,618,000 (the same period in 2013: RMB19,927,000) from technical renovation projects of Chengyu Expressway, Chengya Expressway, Chengle Expressway and Chengren Expressway and construction projects of gas stations and service zones along the expressways during the Reporting Period.

- (2) The construction costs recognized under the percentage-of-completion method in respect of construction contracts amounted to RMB447,364,000 (the same period in 2013: RMB161,326,000) during the Reporting Period. This mainly included the construction costs of Baen Project during the Period amounted to RMB219,412,000 (the same period in 2013: Nil); the construction costs of RMB136,856,000 (the same period in 2013: RMB87,465,000) in respect of BT projects such as Shuangliu West Airport Phase VI BT Project, etc. undertaken by the Group in the Period; and other construction costs amounted to approximately RMB91,096,000 (the same period in 2013: RMB73,861,000).
- (3) Depreciation and amortization expenses increased by 5.68% from RMB257,173,000 in the corresponding period of last year to RMB271,793,000 during the Reporting Period, which was mainly attributable to the increase in amortization for service concession arrangements from RMB207,747,000 in the corresponding period of last year to RMB222,334,000 during the Reporting Period.
- (4) The cost of sales of refined oil and petrochemical products was RMB1,465,263,000 (the same period in 2013: RMB999,006,000), which represented a 46.67% year-on-year increase and was mainly attributable to the increase in the sales of refined oil and petrochemical products during the Reporting Period.

- (5) Staff costs increased by 12.70% from RMB196,542,000 in the corresponding period of last year to RMB221,512,000 during the Reporting Period. This was principally due to the increases in total salary, various social insurances and housing accommodation fund paid in the Reporting Period to certain extent given the Group's business expansion, the addition of subsidiaries as well as the increase in staff of the Group and increased average salary for the employees in Chengdu.

Finance Costs

The Group's finance costs for the Reporting Period amounted to RMB232,086,000, representing a year-on-year increase of 1.35%, principally attributable to the increase in the total interest-bearing liabilities caused by increased bank loans to satisfy business development and project funding requirements compared with the same period of last year.


Income Tax

The income tax expense of the Group for the Reporting Period amounted to RMB111,364,000, representing an increase of approximately 8.73% as compared with the same period of 2013, principally attributable to the increase in the total profit before tax of the Group during the Period over the same period of last year.

Profit

The Group's profit for the Reporting Period amounted to RMB608,400,000 (the same period in 2013: RMB497,132,000), representing a year-on-year increase of 22.38%, of which the profit attributable to the owners of the Company was RMB554,296,000, representing a year-on-year increase of 15.94%. This was mainly due to:

- (1) In the same period of last year, the toll-free policy implemented for the Group's expressways under the impact of earthquake affected the operating benefits of the Group's expressways for such period. During the Reporting Period, toll-free disaster-relief vehicles substantially decreased and the subsequent post-disaster reconstruction project also stimulated the demand for highway traffic in Sichuan Province, resulting in an increase in toll income which contributed to profit of toll income segment of approximately RMB100,717,000.
- (2) Construction contract revenue in respect of construction works performed for third parties increased by approximately 157.76% over the same period of last year and the profit of construction contract segment increased by approximately RMB25,510,000.
- (3) Revenue from operation of gas stations along expressways during the Period increased by 47.63% over the same period of last year and the profit from operation of gas stations segment increased by approximately RMB19,957,000.

- 
- (4) The increase in finance costs of Renshou Landmark Company, a subsidiary of the Company which engaged in real estate development business during the Period, due to that the project was still in the incubation period gave rise to a loss of approximately RMB10,054,000.

ANALYSIS OF FINANCIAL POSITION

Non-current Assets

As at 30 June 2014, the Group's non-current assets amounted to RMB19,958,636,000, representing an increase of 4.72% as compared with the end of 2013. The increase was mainly due to:


- (1) Property, plant and equipment increased by RMB20,083,000 during the Reporting Period.
- (2) Service concession arrangements increased by RMB1,004,002,000, including RMB19,316,000 from the technical renovation projects on road surface of Chengyu Expressway, Chengya Expressway and Chengren Expressway and reconstruction projects of gas stations and service zones along the expressways, and RMB984,686,000 from Suiguang-Suixi Expressways BOT Project.
- (3) A total of RMB271,793,000 in provision of depreciation and amortization.

- (4) An increase of RMB152,819,000 in prepayment related to purchase and construction of non-current asset, among which an increase of RMB157,311,000 was related to Suiguang-Suixi Expressways BOT Project.

Current Assets and Current Liabilities

As at 30 June 2014, the current assets of the Group amounted to RMB6,654,278,000, representing an increase of 35.00% as compared with the end of 2013, mainly attributable to:

- (1) An increase of RMB1,408,001,000 in the closing balance of cash and cash equivalents as compared with the end of 2013, mainly due to the additional cash and cash equivalents generated from operating and financing activities.
- (2) An increase of approximately RMB16,664,000 in inventories as compared with the end of 2013 mainly due to the increase in the reserve of refined oil and construction materials.
- (3) The sales of oil and chemical products increased during the Period, which led to the increase of trade receivables of oil and chemical products by RMB184,395,000 as compared with the end of 2013.
- (4) With the increase of construction contracts, amounts due from customers for construction works increased by RMB116,474,000 as compared with the end of 2013.



As at 30 June 2014, the Group's current liabilities amounted to RMB5,503,013,000, representing an increase of 46.66% as compared with the end of 2013, mainly attributable to an increase of approximately RMB1,990,837,000 in bank loans repayable within one year and a decrease of RMB243,836,000 in trade and other payables as a result of decrease in progress billing payables for construction works.

Non-current Liabilities

As at 30 June 2014, the non-current liabilities of the Group amounted to RMB9,236,764,000, representing an increase of 6.09% as compared with the end of 2013, which was principally attributable to increase in offshore loans of RMB494,000,000, increase in domestic loans of RMB100,000,000 and increase in syndicated loans of RMB1,611,000,000 for Suiguang-Suixi Expressways BOT Project and offset by decrease of long-term loans of RMB1,691,545,000 which were due within one year.

Equity

As at 30 June 2014, the Group's equity amounted to RMB11,873,137,000, representing an increase of 2.97% as compared with the end of 2013, mainly attributable to: (1) profit for the Reporting Period of RMB608,400,000 which increased the equity; (2) dividend distribution of RMB264,256,000 in the Reporting Period which decreased the equity.

Capital Structure

As at 30 June 2014, the Group had total assets of RMB26,612,914,000 and total liabilities of RMB14,739,777,000. The gearing ratio, which was calculated as the Group's total liabilities divided by its total assets, was 55.39% (31 December 2013: 51.93%).

Cash Flow

As at 30 June 2014, the closing balance of the cash and bank balance of the Group amounted to RMB3,199,964,000, including approximately HKD71,000 (equivalent to approximately RMB56,000) deposits in Hong Kong dollars, and RMB3,199,908,000 cash and deposits in RMB, and representing a net increase of approximately RMB1,408,001,000 over the end of 2013.

During the Reporting Period, net cash out flows used in operating activities amounted to RMB531,187,000 (same period of 2013: RMB1,402,324,000), representing a decrease of RMB871,137,000 over the same period of 2013, which was mainly due to the decrease of RMB842,447,000 in cash outflows as compared with corresponding period in 2013 as a result of properties development activities during the Reporting Period.

Net cash inflows from investing activities amounted to RMB18,470,000 (same period of 2013: RMB144,135,000), representing a decrease of RMB125,665,000 over the same period of 2013, which was mainly due to proceeds received from disposal of 49% equity interests in Trading Construction Company of RMB262,965,000 during the same period of 2013. Such cash inflow was partially offset by cash outflow of RMB45,000,000 for acquisition of available-for-sale investments and by the increase of RMB89,697,000 for pledged time deposits during the same period in 2013.

Net cash inflows from financing activities was RMB1,920,718,000 (same period of 2013: RMB1,699,061,000), representing an increase of RMB221,657,000 over the same period last year which was mainly attributable to net increase in bank and other loans in this year.

Capital Commitments

Details of the Group's capital commitments as at 30 June 2014 are set out in note 20 to the financial statements.

Exchange Fluctuation and its Risk

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 RMB 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 30 June 2014, the Group's interest-bearing bank and other loans amounted to RMB12,393,705,000, all of which bore fixed interest rates. In particular, the balance of domestic bank loans was RMB6,909,522,000, with annual interest rates ranging from 5.60% to 6.55%; the balance of overseas bank loans was RMB4,023,000,000, with annual interest rates ranging from 4.89% to 5.85%; the balance of other loans amounted to RMB161,183,000, with annual interest rates ranging from 3.30% to 6.51%; 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	1 year or within 1 year	Over 1 year to 5 years	Over 5 years
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loans from domestic commercial banks	6,909,522	1,181,110	1,516,875	4,211,537
Loans from overseas commercial banks	4,023,000	2,000,000	2,023,000	—
Other loans	161,183	13,636	147,547	—
Medium-term notes	1,300,000	—	1,300,000	—
Total (as at 30 June 2014)	<u>12,393,705</u>	<u>3,194,746</u>	<u>4,987,422</u>	<u>4,211,537</u>
Total (as at 31 December 2013)	<u>9,889,413</u>	<u>1,203,909</u>	<u>5,764,976</u>	<u>2,920,537</u>




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 RMB15.583 billion 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 30 June 2014, the balance of syndicated loan for the project amounted to RMB3,911 million.

At the end of 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 is specially used for Suiguang-Suixi Expressways BOT Project. As at 30 June 2014, RMB1,611 million of the loan has been drawn-down by the Group.

Contingent Liabilities and Pledge of Assets

As at 30 June 2014, the Group's time deposits of RMB11,289,000 and RMB10,788,000, respectively (31 December 2013: RMB11,144,000 and RMB10,639,000 respectively) were pledged to secure Chengren Expressway BOT Project and Suiguang-Suixi Expressways BOT Project respectively; time deposits of RMB112,150,000 (31 December 2013: RMB112,150,000) were pledged to secure bank loans; time deposits of RMB4,530,000 (31 December 2013: RMB4,530,000) pledged for Shuangliu West Airport Phase VI BT Project was released upon maturity in the Reporting Period; the concession rights to collect toll income pertaining to Chengren Expressway and Chengle Expressway with the net book values of RMB7,392,665,000 and RMB1,079,422,000, respectively (31 December 2013: RMB7,453,127,000 and RMB1,102,194,000 respectively) were pledged to secure bank loans amounting to RMB3,911,012,000 and RMB106,400,000, respectively (31 December 2013: RMB3,911,012,000 and RMB106,400,000, respectively); the concession rights to collect toll income pertaining to Chengya Expressway with net book value of RMB2,363,271,000 (31 December 2013: RMB2,408,484,000) was pledged to secure the overseas syndicated loan amounting to RMB1,000,000,000 (31 December 2013: RMB1,000,000,000); the future concession rights to collect toll income pertaining to Suiguang-Suixi Expressway



with net book value of RMB4,227,075,000 (31 December 2013: Nil) was pledged to secure the syndicated loan amounting to RMB1,611,000,000 (31 December 2013: Nil); the loans obtained by pledging the concession rights to collect toll income pertaining to Chengbei Exit Expressway was released due to the maturity of the loans in the Reporting Period, and by the end of the Reporting Period, the legal procedures of releasing the pledge is still under process (31 December 2013: the net book value of the concession rights to collect toll income pertaining to Chengbei Exit Expressway: RMB138,793,000, loan: RMB48,000,000); and trade receivables of RMB327,526,000 (31 December 2013: RMB208,384,000) was pledged by the Group to secure bank loans of RMB265,000,000 (31 December 2013: RMB260,000,000).

Save as disclosed above, the Group did not have any other contingent liabilities, pledge of assets or guarantees as at 30 June 2014.

III. BUSINESS DEVELOPMENT PROSPECTS AND PLANS

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

1. Further implement the transformation of development mode and realize new ideas and new measures concerning the chain development of the industry as a whole. The Company will improve and optimize the modern enterprise system, seize the opportunity, and vigorously promote the Group's strategic and structural adjustment, carry out diversified development strategy that is highly related to its principal business. Following the basic working keynote of "seeking progress and achievement in stable development", we will strive to build up the five major segments and promote the development of the segments of city operation, construction, energy and cultural media and financial investments in a proactive and steady manner while keeping to refine and strengthen toll roads and bridges, the principal business of the Company.

- 
2. Well perform daily operation, management and achieve the fixed operation targets of the Group. The Company will strengthen the effort to fee collection and inspection to guarantee there is no evasion of toll receivables and enhance the service level of road operation and service image to achieve tapping potential and increasing efficiency in respect of toll income; better the sale of refined oil, expand the sale business of petrochemical products and fuel to extend the scale and length of up- and down-stream industry chain in a moderate manner. We will innovate the operation mode of service zones and advertising media, develop the operating business of special industries to enhance the overall revenue capacity; increase the our support to projects of land development and building construction to gradually expand our shares in the construction market.
 3. Efficiently and orderly carry forward the projects under construction and ensure that the project is fully under control. The Company will keep to focus on the construction of Suiguang-Suixi Expressways BOT Project, Renshou Land-linked Pilot BT Project, Shuangliu West Airport Phase VI BT Project and Shuangliu Zongbao BT Project, strengthening the management and inspection and ensuring high-quality and sound management of such projects; making orderly progress in the engineering and marketing planning of Real Estate Projects in Chengbei New Town of Renshou County, obtaining real estate pre-sale permit as soon as practicable and speeding up the recovery of capitals; steadily carry forward relevant works of the engineering construction projects including Gaotan Water Park and Tianfu Renshou Avenue and road engineering project of Renshou Shigao Economic Development Zone in Tianfu New District, so as to enhance the sustainable development potential of the Group.

4. Strengthen risk prevention and control and reserve a number of high-quality projects with good economic effectiveness and development potential. The Company will seize market opportunities to integrate advantageous resources, deepen internal and external collaboration and achieve the expansion of business segments. At the same time, the Company will stress on the implementation of project operation and research and analysis of industrial policies and market risks, and establish and improve the system of risk warning, control and transfer as well as the accountability mechanism, so as to reduce market risks and develop and consolidate new profit growth points of the Company.

5. Conduct reform and innovation, strengthen management, and further stimulate motive force of development. The Company will improve the Group's mechanism of innovation-driven 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, shareholding diversification innovation, innovation of project investment mode and way of cooperation, promoting development with reform and securing benefits relying on management.

OTHER SIGNIFICANT EVENTS

I. Profit Distribution

1. 2014 interim dividend

The Board of the Company resolved not to pay an interim dividend for the six months ended 30 June 2014 or transfer capital reserve into share capital.

2. Profit distribution plan for the Year 2013 and its implementation

With the approval by the 2013 AGM, the Company paid a cash dividend of RMB0.08 per Share (tax inclusive) calculated based on the total share capital of 3,058,060,000 shares as at the end of 2013, amounting to an aggregate of approximately RMB244,644,800 (tax inclusive), on 24 June and 25 June 2014 to holders of A Shares and holders of H Shares respectively, representing approximately 43.38% of the distributable profit earned by the parent company for 2013, and 24.22% of the net profit attributable to the owners of the parent company for 2013.

II. Material Acquisition and Disposal

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

III. Employees and Their Remuneration and Training

As at 30 June 2014, details of the Group's employees were as follows:

Number of in-service employees of the Company (including its branches)	2,671
Number of in-service employees of major subsidiaries	1,678
Total number of in-service employees	4,349
Number of retired employees for which the Company (including its branches) and its major subsidiaries are liable to bear costs	95

Composition of Expertise

Type of Expertise	Number of people
Production	3,085
Sales	16
Technical	423
Financial	130
Administrative	695
	<hr/>
Total	4,349
	<hr/> <hr/>

Educational Level

Type of Education Level	Number of people <i>(headcount)</i>
Postgraduate	126
University graduate	896
Junior college graduate	1,774
Technical secondary school and below	<u>1,553</u>
Total	<u><u>4,349</u></u>

1. Employee's Remuneration

The total remuneration of the Group's employees is correlated with the operating results of the Group. The wages of the Group's employees are comprised of fixed wages (including basic salary, and salaries determined by the position and period of service) and performance incentive bonus. Employee's salary is determined with reference to his position (i.e. the salary changes in accordance with the position of service) and performance. During the Reporting Period, the employees' salary of the Group totaled approximately RMB132,962,000 (of which approximately RMB76,050,000 was 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 management knowledge training for middle and senior level management, continuing education for professional technical staff and skill training for operating staff. The attendance reached 4,500 person-time.

IV. Corporate Governance Report

1. Corporate Governance

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, authorities and model of conduct. 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 and counter-balance each other effectively, and continuously enhance corporate governance standards, thereby laying a solid foundation for driving the Company's development and maximising value for the Shareholders.

2. Corporate Governance Code

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 as set out in Appendix 14 to the Listing Rules and the Code of Corporate Governance for Listed Companies of the CSRC regarding the practice of corporate governance. As of the date of this report, Corporate Governance of the Company in practice was of no material difference with the Code of Corporate Governance for Listed Companies, and the Company has fully adopted and complied with the requirements of each provision in the Corporate Governance Code.

3. Amendments to and improvements in the corporate governance system

During the Reporting Period, the Company further supplemented and completed the corporate governance system of the Company in accordance with relevant requirements of regulatory authorities. On 27 March 2014, the Board of the Company amended the Articles of Association to specify the priority of cash dividend against share dividend in profit distribution. The said amendment was approved at the 2013 annual general meeting of the Company held on 28 May 2014. Details of the amendment to the said rules and regulations are available for Shareholders and investors on the websites of the Shanghai Stock Exchange, the Stock Exchange and the Company.

4. Audit Committee

The Audit Committee of the Company comprises three independent non-executive Directors including Mr. Yu Haizong, Mr. Guo Yuanxi and Mr. Chen Weizheng who are all professionals experienced in finance and economy. The Audit Committee has reviewed and confirmed the unaudited interim condensed financial information and interim results report of the Group for the half year ended 30 June 2014.

5. Model Code for Securities Transactions by Directors and Supervisors

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

V. Members of the Board

As at the date of this interim report, the Board comprises Mr. Zhou Liming (Chairman), Mr. Gan Yongyi (Vice Chairman) and Mr. He Zhuqing as executive Directors, Mr. Wu Xinhua (Vice Chairman), Mr. Tang Yong, Mr. Huang Bin, Mr. Wang Shuanming as non-executive Directors, and Mr. Sun Huibi, Mr. Guo Yuanxi, Mr. Chen Weizheng and Mr. Yu Haizong as independent non-executive Directors.

By order of the Board

Sichuan Expressway Company Limited

Zhou Liming

Chairman

Chengdu, Sichuan Province, the PRC

28 August 2014