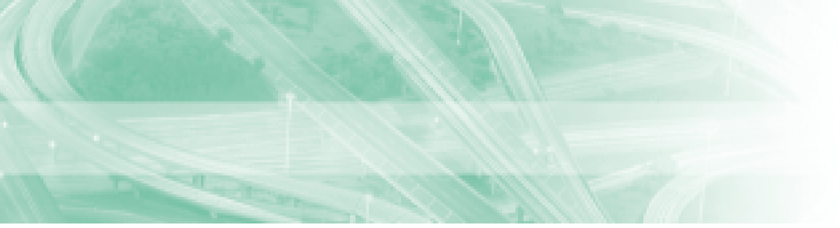

CONTENTS

IMPORTANT NOTICE

The Board of the Directors and the Directors of Anhui Expressway Company Limited ("the Company") hereby warrant that there are no false accounts, misleading statements or significant omissions of information contained in this report, and jointly and individually accept responsibility as to the truthfulness, accuracy and completeness of its contents.

Mr. Wang Shui, Chairman, Mr. Li Yungui, Director and General Manager and Ms. Liang Bing, manager of the Financial Department of the Company hereby confirm that the financial statements contained in the Interim Report are true and complete.

The financial statements contained in the Interim Report has not been audited.

I CORPORATE PROFILE

1.	Official Chinese name of the Company	:	安徽皖通高速公路股份有限公司
	English name of the Company	:	Anhui Expressway Company Limited
	Abbreviation (in Chinese)	:	皖通高速
	(in English)	:	Anhui Expressway
2.	Stock Exchange on which the Company's A Shares are listed	:	The Shanghai Stock Exchange
	Short name of the Company's A shares	:	Wantong Expressway
	Stock code of the Company's A shares	:	600012
	Stock Exchange on which the Company's H shares are listed	:	The Stock Exchange of Hong Kong Limited
	Short name of the Company's H Shares	:	Anhui Expressway
	Stock code of the Company's H Shares	:	0995
3.	Registered address and office address of the Company	:	669 Changjiang West Road, Hefei, Anhui, the PRC
	Postal code	:	230088
	Business address of the Company in Hong Kong	:	5th Floor, Jardine House, 1 Connaught Place, Hong Kong
	Website of the Company	:	http: // www.anhui-expressway.com.cn
	E-mail address of the Company	:	wtgs@anhui-expressway.com.cn
4.	Legal representative of the Company	:	Wang Shui

5.	Company Secretary	:	Xie Xinyu
	Telephone	:	0551- 5338681
	Representative of Securities Affairs	:	Han Rong and Ding Yu
	Telephone	:	0551-5338697 (direct) 0551-5338699 (general)
	Fax	:	0551-5338696
	E-mail address	:	wtgs@anhui-expressway.com.cn
	Contact address	:	669 Changjiang West Road, Hefei, Anhui, the PRC
6.	Newspapers designated for publishing reports	:	Shanghai Securities Post and China Securities Post in the PRC, The Wen Wei Po and South China Morning Post in Hong Kong
	Website designated for disclosure of reports	:	http//www.sse.com.cn
	Addresses designated for storage of the Interim Report	:	Shanghai Stock Exchange, 528 Pudong South Road, Shanghai Hong Kong Registrars Limited, 46th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong Company's head office: 669 Changjiang West Road, Hefei, Anhui, the PRC

II SUMMARY OF FINANCIAL STATISTICS

1. Key Financial Statistics and Indicators Prepared In Accordance With the Accounting Principles Generally Accepted in the PRC ("the PRC Accounting Standards") (Unaudited)

(1) Key Financial Statistics and Indicators

Unit: RMB

	As at 30 June 2005	As at 31 December 2004
Current assets	**642,694,881.47**	712,660,411.35
Current liabilities	**881,736,844.02**	1,024,966,527.16
Total assets	**6,509,946,199.67**	6,551,915,208.02
Shareholders' interests (Excluding minority interests)	**4,236,473,303.72**	4,142,747,546.26
Net asset per share	**2.55**	2.50
Adjusted net asset per share	**2.55**	2.50
	For the six months ended 30 June 2005	For the six months ended 30 June 2004
Net profit	**259,586,757.46**	179,695,431.41
Net profit after extraordinary items	**266,569,843.82**	179,822,337.04
Earnings per share	**0.1565**	0.1083
Returns on net assets (%)	**6.13**	4.59
Net cash flows from operating activities	**405,047,752.92**	371,040,839.67

(2) Extraordinary items deducted and amounts involved

Unit: RMB

Extraordinary items	**Amounts**
Investment income	-816,362.84
Non-operating income	-39,940.00
Non-operating expenses	11,636,160.84
Taxation of extraordinary items	-3,799,771.64
Total	6,983,086.36

(3) *The calculation of net asset income rate and earnings per share in accordance with the requirements promulgated by the CSRC under No. 9, the Content and Format Criteria of Information Disclosure of Companies That Make Initial Public Offering of Stocks:*

	Returns on net assets (%)		**Earnings per share**	
Profits during the reporting period	**Fully diluted**	**Weighted average**	**Fully diluted**	**Weighted average**
Profits from principal operations	10.15	10.06	0.259	0.259
Operating profits	8.21	8.15	0.210	0.210
Net profits	6.13	6.08	0.157	0.157
Net profits after extraordinary items	6.29	6.24	0.161	0.161

2. Key financial statistics and indicators prepared in accordance with the Accounting Principles Generally Accepted in Hong Kong ("the Hong Kong Accounting Standards") (Unaudited)

Summary of Results

	For the six months ended 30 June		
	2005	2004 *(Restated)*	**Change**
	Unit: RMB'000	*Unit: RMB'000*	
Turnover	**736,824**	545,158	35.16%
Operating profit before taxation	**354,255**	273,528	29.51%
Profit attributable to shareholders	**274,707**	211,637	29.80%
Basic earnings per share (RMB)	**0.1656**	0.1276	29.78%

Summary of assets

	As at 30 June 2005	As at 31 December 2004 *(Restated)*	**Change**
	Unit: RMB'000	*Unit: RMB'000*	
Total assets	7,348,002	7,358,964	-0.15%
Total liabilities	1,929,716	2,361,445	-18.28%
Total net assets	5,418,286	4,997,519	8.42%
Net assets per share (RMB)	3.27	3.01	8.64%

3. Major difference between financial statements prepared in accordance with different accounting standards

	Net profit as at 30 June		Shareholders' equities		
			30 June	**1 January**	31 December
	2005	2004	**2005**	**2005**	2004
		(Restated,		***(Restated,***	*(Restated,*
	(Unaudited)	*Unaudited)*	***(Unaudited)***	***Unaudited)***	*Unaudited)*
	RMB'000	*RMB'000*	***RMB'000***	***RMB'000***	*RMB'000*
Amount from statutory accounts	**259,587**	179,695	**4,236,475**	**4,142,749**	4,142,749
Adjusted under HKGAAP					
Valuation of expressways and buildings and their depreciation	**31,914**	41,524	**846,359**	**814,445**	814,445
Valuation of land use right	**(700)**	(700)	**(12,306)**	**(11,606)**	(11,606)
Difference from accounting for safety fund	**7,417**	—	**18,197**	**10,780**	10,780
Difference from accounting for long-term payables to minority shareholders of subsidiaries	**(21,593)**	—	**444,091**	**465,684**	—
Deferred taxation	**(1,918)**	(8,882)	**(315,573)**	**(313,655)**	(159,979)
Remaining amount as reported in HKGAAP	**274,707**	211,637	**5,217,243**	**5,108,397**	4,796,389

Explanation of adjustment:

1. Valuation of expressways and buildings and their depreciation

In order to issue and list H shares, the non-current assets of the Company, were revaluated by a Chinese asset valuation institution and an international asset valuation institution on 30th April 1996 and 15th August 1996 respectively and were incorporated into the related statutory financial statements and the financial statements prepared in accordance with the Hong Kong Accounting Standards. The value evaluated by the international institution was higher that evaluated by the Chinese institution by the amount of RMB278 million. Also, depreciation of expressways was calculated according to unit-of-usage method in the financial statements prepared in accordance with the Hong Kong Accounting Standards, but was calculated according to the straight-line method in the statutory financial statements. Such difference led to differences in the results of operations for both the group and the Company throughout their useful life and therefore was regarded as the adjustment item.

2. Valuation of land use right

In order to issue and list H shares, the land use rights of the Company, were revaluated by a Chinese asset valuation institution and an international asset valuation institution on 30th April 1996 and 15th August 1996 respectively and were incorporated into the related statutory financial statements and the financial statements prepared in accordance with the Hong Kong Accounting Standards. The value evaluated by the international institution was higher that evaluated by the Chinese institution by the amount of RMB41.4 million. Such difference led to differences in the results of operations for both the group and the Company throughout their useful life and therefore was regarded as the adjustment item.

3. Difference from accounting for safety fund

According to the relevant rules and regulations as set out by the authorities, the Group has provided 1% enterprise safety fund based on the toll income for the reporting period. In accordance with the relevant accounting principles and financial regulations applicable to PRC enterprise, enterprise safety fund is classified as long term payable and will be offset during its utilisation. In the financial statements prepared in accordance with the Hong Kong Accounting Standards, such utilisation will be charged to expenses when actually incurred. Accordingly, such discrepancy will affect the operational results of the Group, hence the above adjustments were made.

4. Difference from accounting for long-term payables to minority shareholders of subsidiaries

In prior years, borrowings were recorded at the proceeds received. The adoption of HKASs 39 has resulted in a change in the accounting policy relating to the classification of available-for-sale financial assets. It has also resulted in a change in the accounting policy relating to the recognition and measurement of borrowings. Borrowings are initially recorded at fair value and subsequently stated at amortized costs with the difference between the proceeds and the redemption value being recognized in the income statement over the period of the borrowings using the effective interest methods. Such discrepancy will affect the operational results of the Group, hence the above adjustments were made.

5. As a result of the differences in valuations of land use rights, valuations and methods of provisions of depreciation of the non-current assets, accounting for enterprise safety fund and differences in accounting for long-term payables to minority shareholders of subsidiaries between the statutory financial statements and the financial statements prepared in accordance with the Hong Kong Accounting Standards as mentioned above, deferred taxation was adjusted accordingly.

III SHAREHOLDINGS AND CHANGE OF SHARE CAPITAL

1. Change of Share Capital

There was no change in the number of total shares and the share capital structure during the reporting period.

2. Number of total shareholders at the end the reporting period

As at 30 June 2005, there were 25,634 shareholders of the Company, which consist of one state-owned shareholder, one state-owned legal person shareholder, 25,555 A shareholders and 77 H shareholders.

3. Shareholdings of major shareholders

(1) The shareholding of the ten largest shareholders (as at 30 June 2005)

Rank	Names	Increases or Decreases during period	At the end of period (shares)	Percentage (%)	Type of shares	Number of shares pledged or locked-up	Nature of shareholders
1	Anhui Expressway Holding Corporation ("AEHC")	0	538,740,000	32.48%	Unlisted	None	State-owned shares
2	HKSCC NOMINEES LTD (agent)	+150,000	485,903,898	29.30%	Listed	Not known	H shares
3	Huajian Transportation Economic Development Center	0	376,860,000	22.72%	Unlisted	None	State-owned legal person shares
4	Jiashi Service Increase Industry Securities Investment Fund	+7,044,899	12,115,137	0.73%	Listed	Not known	A shares
5	Boshi carefully-chosen Stock Securities Investment Fund	-8,805,626	11,194,839	0.67%	Listed	Not known	A shares
6	National Social Insurance Fund-108 Composition	-538,682	10,100,410	0.61%	Listed	Not known	A shares
7	Xiangcaiheyin Industry Carefully-chosen Securities Investment Fund	+2,881,044	9,496,082	0.57%	Listed	Not known	A shares
8	HuabaoXingye Multi-strategy Increase Securities Investment Fund	-2,384,706	7,560,770	0.46%	Listed	Not known	A shares
9	Tongyi Securities Investment Fund	+3,668,202	7,079,838	0.43%	Listed	Not known	A shares
10	Jingshunchangcheng Carefully-chosen stock securities Investment Fund	Not known	5,900,648	0.36%	Listed	Not known	A Shares

Explanations of connected relationship between the ten largest shareholders and parties that are acting in concert:

There are no connected relationship between the non-listed shareholders, or between the non-listed shareholders and listed shareholders in the ten largest shareholders, or parties that are acting in concert.

The Company is not aware of any connected relationships between listed shareholders, or parties that are acting in concert as stipulated in "Information Disclosure Management Method for Change of Shareholding of Listed Company", nor aware of the pledge or lock-up of any of their shares.

485,903,898 H Shares are held by HKSCC NOMINEES LTD for many clients. The Company is not aware of any one of such client who is holding more than 5% of the total share capital.

(2) The shareholding of the ten largest shareholders with listed shares (as at 30 June 2005)

Rank	**Names**	**Number of listed shares at the end of the period** (Shares)	**Type**
1	HKSCC NOMINEES LTD (agent)	485,903,898	H Shares
2	Jiashi Service Increase Industry Securities Investment Fund	12,115,137	A Shares
3	Boshi carefully-chosen Stock Securities Investment Fund	11,194,839	A Shares
4	National Social Insurance Fund-108 Composition	10,100,410	A Shares
5	Xiangcaiheyin Industry Carefully-chosen Securities Investment Fund	9,496,082	A Shares
6	HuabaoXingye Multi-strategy Increase Securities Investment Fund	7,560,770	A Shares
7	Tongyi Securities Investment Fund	7,079,838	A Shares
8	Jingshunchangcheng carefully-chosen Stock Securities Investment Fund	5,900,648	A Shares
9	Hanxing Securities Investment Fund	5,377,586	A Shares
10	Zhaoshang Stock Securities Investment Fund	5,354,842	A Shares

Explanations of connected relationship between the ten largest shareholders with listed shares:

The Company is not aware of any connected relationships between listed shareholders, or parties that are acting in concert as stipulated in "Information Disclosure Management Method for Change of Shareholding of Listed Company", nor aware of the pledge or lock-up of any of their shares.

Explanations of connected relationship between the ten largest shareholders with listed shares and the ten largest shareholders:

There are no connected relationships between the non-listed shareholders, or between the non-listed shareholders and listed shareholders, or parties that are acting in concert.

(3) Major shareholdings and persons who have interests of short positions disclosable under divisions 2 and 3 of Part XV of the Securities and Futures Ordinance

During the reporting period, there was no change in the number of shares held by shareholders who hold 5% or more in the share capital of the Company.

As at 30 June 2005, so far is known to, or can be ascertained after reasonable enquiry by the Directors, the persons who were, directly or indirectly, interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities of Futures Ordinance or, was directly or indirectly, to be interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were set out as follows:

Names	**At the end of the reporting period** (shares)	**Change during the reporting period**	**Type of shares**	**% of total capital**	**Pledged or locked-up**
Anhui Expressway Holding Corporation	538,740,000	None	State-owned shares	32.48%	None
Huajian Transportation Economic Development Center	376,860,000	None	State-owned legal person shares	22.72%	None

Save as disclosed herein, the Directors are not aware of any person who was, directly or indirectly, interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or, was directly or indirectly, to be interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or any options in respect of such capital as at 30 June 2005.

4. Change of the controlling shareholders and real controller of the Company

During the reporting period, there was no change in the controlling shareholders and real controller of the Company.

5. Purchase, Sale and redemption of the Company's Shares

As of 30 June 2005, the Company did not repurchase any of its listed shares, nor purchased or re-sold any listed shares of the Company.

6. Pre-emptive Rights

Neither the Articles of Association of the Company nor the PRC laws require the Company to offer pre-emptive rights to its existing shareholders for subscription of new shares according to the proportion of their shareholders.

IV DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Shareholdings of Directors, Supervisors and Senior Management

During the reporting period, the Directors, Supervisors and Senior Management of the Company did not hold any shares of the Company and there is no change of the situation.

As at 30 June 2005, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in any shares, or underlying shares or debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests which he was taken or deemed to have under such provisions of the Securities and Futures Ordinance) or which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein or which were required to be disclosed herein pursuant to the Model Code for Securities Transactions by Directors of Listed Companies and the Takeovers Code.

2. Changes of Directors, Supervisors and Senior Management

The new directors and supervisors were elected at the Extraordinary General Meeting, held on 10 August 2005. Mr. Wang Shui, Mr. Li Yungui, Mr. Tu Xiaobei and Mr. Zhang Hui were elected as Executive Directors of the Fourth Board; Mr. Zhang Wensheng and Mr. Li Zhanglin were elected as Non-Executive Directors of the Fourth Board; Mr. Leung Man Kit, Ms. Li Mei and Ms. Guo Shan were elected as Independent Non-Executive Directors of the Fourth Board; Mr. Kan Zhaorong and Ms. He Kun were elected as Supervisors of the Fourth Supervisory Committee (Mr. Yang Yicong was elected as a member of the Fourth Supervisory Committee at a separate meeting held by the staff and workers of the Company). The term of the new directors and supervisors is for a period of three years commencing from 17 August 2005.

The First Meeting of the Fourth Board was held on 17 August 2005, at which Mr. Wang Shui was elected as the Chairman of the Company and Mr. Tu Xiaobei was elected as the Deputy Chairman of the Company; Mr. Li Yungui was appointed as the General Manager of the Company; Mr. Zhang Hui, Mr. Xie Xinyu and Mr.Wang Changyin were appointed as the Deputy General Manager of the Company; Mr. Xie Xinyu was appointed as Company Secretary of the Company.

The First Meeting of the Fourth Board was held on 17 August 2005, at which Mr. Kan Zhaorong was elected as the Chairman of the Supervisory Committee of the Company.

3. Staff

As at 30 June 2005, the Company had a total of 1081 full-time employees, of which 170 were in management, 165 in engineering, 626 in toll-collection and 120 in maintenance. Staff with professional title represented approximately 17.85% of the total staff. Staff in tertiary educated and above represented approximately 24.24% of the total staff.

As at 30 June 2005, the Company has borne the costs of 13 retired employees.

V MANAGEMENT DISCUSSION AND ANALYSIS

I Analysis on Business Operations (In accordance with the PRC Accounting Standards unless otherwise stated)

1. Results Summary

The Company is principally engaged in holding, operating and developing the toll expressways and highways in and outside of Anhui Province. During the reporting period, the Company is principally engaged in operating and managing Hening Expressway (134 km), Gaojie Expressway (110 km), Xuanguang Expressway (84 km), the Anhui Section of Lianhuo Expressway (54 km) and National Trunk 205 New Tianchang Section (30 km) with a total mileage of 412 km.

During the reporting period, in accordance with the PRC Accounting Standards, income from principal operations of RMB766,857,000 was achieved, representing an increase of 35.79% compared with that of the corresponding period of last year. Unaudited net profit of the Company reached RMB259,587,000, representing an increase of 44.45% compared with that of the corresponding period of last year. Earnings per share was RMB0.1565 representing an increase of 44.51% compared with that of the corresponding period of last year. In accordance with the Hong Kong Accounting Standards, a turnover of RMB736,824,000 was achieved, representing an increase of 35.16% compared with that of the corresponding period of last year. Unaudited profit attributable to shareholders of RMB274,707,000 was achieved, representing an increase of 29.80% compared with that of the corresponding period of last year. Earnings per share was RMB0.1656, representing an increase of 29.78% compared with that of the corresponding period of last year.

During the reporting period, the toll income of the Group increased 50.01% compared with that of the corresponding period of last year, main reasons are as follows:

(1) The national and regional economy maintained at a stable and fast pace of increase. In the first half of this year, the total GDP of the PRC achieved an increase of 9.5% compared with that of the corresponding period of last year and the GDP of Anhui Province increased by 11.4% compared with that of corresponding period of last year. The positive macro-economic environment has improved the development of passenger and goods transportation.

(2) The four expressways and National Trunk 205 New Tianchang Section operated by the Company implemented a change of toll rates on goods vehicles with reference to their weight with effect on 10 October 2004 and 1 June 2005 respectively. The change of method of toll collection is the main reason for the increase of toll income.

(3) Expressways in the region and Anhui Province are open to traffic in succession and link to highways controlled by the Company as the road network takes shape.

2. *Analysis on Operational Environment*

(1) Adjustment to toll rates

During the reporting period, the toll rates of highways controlled by the Company have undergone two adjustments. The first was the reduction of toll rates of expressways, controlled by the Company, with effect from 10 January 2005. The second time was the adjustment to the toll rates of National Trunk 205 New Tianchang Section with effect from 1 June 2005 and this adjustment has positive effect to its toll income.

Details for the two adjustments are as follows:

Adjustments to toll rates of expressways

According to the Notice of Opinions on Reducing the Toll Rates of Vehicles issued by Ministry of Communications and the State Development and Reform Commission (Jiao Gong Lu Fa [2004] No. 622), approved by Anhui Provincial Government Mi Han [2004] No. 218, the adjustment to the vehicles classification of expressways owned by the Company will take effect from 1st January 2005 whereas the adjustment to the toll rates on goods vehicles will be effective from 10th January 2005.

Adjustment to toll rate of vehicles classification:

Unit: vehicle km

	Classification		
Vehicles type	**Passenger vehicles**	**Goods vehicles**	**Toll rates**
Type 1	7 seats and below (including 7 seats)	2 tons and below (including 2 tons)	0.40RMB
Type 2	Between 8 seats and 19 seats	Between 2 tons and 5 seats (including 5 tons)	0.70RMB
Type 3	Between 20 seats and 39 seats	Between 5 tons and 10 tons (including 10 tons)	1.00RMB
Type 4	40 seats and above (including 40 seats)	Between 10 tons and 15 tons	1.20RMB (originally 1.40)RMB
		(including 15 tons) 20 feet container	1.20RMB
Type 5		Above 15 tons	1.40RMB (originally 1.60)RMB
		40 feet container	1.40RMB

Adjustment to the toll rate of goods vehicles with reference to their weight:

Gross weight of goods vehicle	≤ 10 tonnes	10 tonnes < Gross weight of goods vehicle ≤ 40 tonnes	> 40 tonnes
Basic toll rate	RMB0.08/tonnes for every km	RMB0.08/tonnes for every km and will be linearly reduced to RMB0.043/tonnes for every km (originally RMB0.05/tonnes for every km)	RMB0.043/tonnes for every km (originally RMB0.05/tonnes for every km)

Notes: 1. Vehicles, which weight less than 5 tonnes, shall be charged according to 5 tonnes scale

2. If the toll chargeable is less than RMB20, RMB20 shall be charged

3. The toll charges will be rounded up. For expressways, less than RMB2.5 will be rounded down to the nearest RMB10, for RMB2.51-RMB7.5 will be rounded down to the nearest RMB5, and for RMB7.51-RMB9.99 will be rounded up to the nearest RMB10.

Extra toll rate imposed on overloaded goods vehicles remains unchanged.

Adjustments to toll rates of National Trunk 205 new Tianchang Section

Original toll rates

Vehicles Classification	**Toll Rates**
Motor bicycles and tricycles	RMB3 per vehicle
Small tractors (including manual tractors) and other four-wheeled small and simple mechanical vehicles	RMB5 per vehicle
Trucks below 2 tons (including 2 tons) and passenger wagons below 20 seats	RMB10 per vehicle
Trucks between 2 and 5 tons (including 5 tons) and passenger wagons between 20 and 50 seats (including 50 seats)	RMB15 per vehicle
Trucks between 5 and 10 tons (including 10 tons) and passenger wagons over 50 seats	RMB25 per vehicle
Trucks over 10 tons	RMB3 per ton

Note: Vehicle under classification 6, which is over 40 tons entitles to a 50% discount on the part in excess of 40 tons.

Existing toll rates:

Basic toll rate is RMB1.5/ton per vehicle. According to the actual weight of the goods vehicle, for vehicles less than 10 tons (including 10 tons), the toll rate will be RM1.5/ton per vehicle; for vehicles between 10 and 40 tons (including 40 tons), the toll rate will be RMB1.5/ton per vehicle and will be linearly reduced to RMB1.1/ ton per vehicle; for vehicles more than 40 tons, the toll rate will be RMB1.1/ton per vehicle. If the toll chargeable is less than RMB10, RMB10 shall be charged. Extra tolls to be imposed on overloaded goods vehicles is as the same as that of expressways.

(2) Effect of change in payment method

After implementing the method of charging toll rate in proportion to weight, the diversified and small-scale transportation has become less profitable. This has become evident in long distance transportation as small trucks are being substituted by larger vehicles and container trucks.

(3) Effect of the formation and improvement of road networks on existing roads

According to the Plan for Anhui Expressway Network, the Anhui Province and Yangtze Delta Region will be interlinked in the next five years. In addition to the 7 expressways to Yangtze Delta Region, there will be 5 more expressways to be built in Anhui Province, making an aggregate of 12 expressways connecting to Yangtze Delta Region with a total span of more than 1,000 km. Meanwhile, 25,000-30,000 km of expressway was completed in accordance with the national expressway plan. By the end of the 11th Five-Year-Plan period, the length of expressways for the province and the country will be 50,000 km and 55,000 km respectively.

Once the road network is formed and improved to a certain extent, there will be an integration and diversion of road network. After the formation of expressway network in the province in the next few years, its dual impact on the road sections will gradually become apparent though the extent of such impact is yet to be shown.

3. Concrete analysis of toll expressways

During the reporting period, the Group had a gross toll income of RMB766,857,000, representing 100% of the total income and about 50.01% more than the corresponding period of last year. At the same time, the Group realized a profit of RMB259,587,000, representing an increase of 44.45% as compared with the corresponding period (see table 2 and 3).

During the reporting period, due to the implementation of toll rate of goods vehicles with reference to their weight, the road sections recorded a different traffic flow changes: National Trunk 205 New Tianchang Section connected to the highways within Jiangsu Province had already implemented the toll by weight method in its early stage. Thus, the implementation of such payment method did not create an adverse impact on the traffic flow in the section. Since the proportion of passenger cars in Hening Expressway is relatively high, the impact of such payment method is insignificant. On the contrary, as there are lots of trucks using Gaojie Expressway, which the impact of such payment method is more significant. Due to the opening of Guangci Expressway in July 2004, connects Xuanguang Expressway and the highways within Zhejiang Province, the Xuanguang Expressway, with a passenger car traffic flow structure similar to that of Gaojie Expressway, has a traffic flow sufficient to offset the impact of toll by weight payment method. Similarly, Anhui Section of Lianhuo Expressway has experienced a high growth period as it is newly opened. The impact of the toll by weight method is only reflected in the reduced growth of traffic flow compared to last year.

Details of highways controlled by the Company (table 1)

	Location	**Mileage** *(km)*	**Number of carriageways**	**Number of toll gates**	**Number of service areas**
Hening Expressway	National Trunk 312, Hurong Expressway	134	4	8	3
National Trunk 205 New Tianchang Section	National Trunk 205	30	4	1	0
Gaojie Expressway	Hurong Expressway	110	4	3	4
Xuanguang Expressway	National Trunk 318	84	4	3	1
The Anhui Section of Lianhuo Expressway	Lianyungang-Huo'erguosi Road	54	4	5	1

Average daily traffic volumes and toll income of highways controlled by the Company (table 2)

Item	**Converted average daily traffic volumes for entire journey** *(vehicle)*	**Change** *(%)*	**Toll income** *(RMB'000)*	**Change** *(%)*
Hening Expressway	12,732	-5.00%	289,962	34.77%
National Trunk 205 New Tianchang Section	14,442	13.66%	44,934	43.44%
Gaojie Expressway	7,279	-13.86%	179,469	68.40%
Xuanguang Expressway	8,586	3.10%	151,415	43.05%
The Anhui Section of Lianhuo Expressway	7,115	1.02%	101,077	93.30%

Operations of highways controlled by the Company (table 3)

Unit: RMB'000

	Costs of principal operations	Change (%)	Period expenses	Change (%)	Net profit	Change (%)	Gross interest rate	Net interest rate
Hening Expressway	87,259	17.98%	42,272	46.24%	125,094	44.95%	65.09%	43.14%
National Trunk 205 New Tianchang Section	19,973	71.66%	6,804	50.33%	13,841	18.66%	50.83%	30.80%
Gaojie Expressway	81,519	53.49%	12,799	168.83%	45,027	48.32%	49.42%	25.09%
Xuanguang Expressway	52,875	42.11%	8,090	27.02%	54,889	45.50%	59.83%	36.25%
The Anhui Section of Lianhuo Expressway	57,388	106.10%	14,674	106.12%	20,897	52.62%	38.51%	20.67%

4. *Operating results of major companies with capital injection (In accordance with the PRC Accounting Standards)*

Unit: RMB'000

	Income from principal operations	Costs of principal operations	Operating profit	Net profit
Anhui Gaojie Expressway Company Limited	179,469	81,519	78,425	45,027
Xuanguang Expressway Company Limited	151,415	52,875	82,688	54,889

II Major investment transaction other than the use of proceeds from A shares issue

(1) The reconstruction of Hening Expressway

The reconstruction of Hening Expressway was commenced from year 2003 and the majority of it has been completed by the end of 2004 with a total investment amount of RMB762,091,000. During the reporting period, the amount of RMB11,770,000 was invested to the reconstruction.

(2) Investment in the construction of the Anhui Section of Maba-Liuhe Expressway

Maba-Liuhe Expressway is an important section of Ninghuai expressway. Its Anhui Section, with a total length of 13.989 km, starts from the neighbourhood of Baoying Village at the border of Jiangsu and Anhui Provinces, passing through Tianchang in eastern Anhui and ending in the neighborhood of Shiwan Village at the border of Jiangsu and Anhui Provinces. Its southern end connects to Liuhe Section of Ninghuai Expressway and its northern end connects to Xuyu Section of Ninghuai Expressway. There will be an intersecting flyover and two blocks of bridges. The whole section will adopt the standard of a six-lane dual carriageway expressway. There will be comprehensive safety and protection facilities, administration facilities and service facilities. The investment cost budget amounts to about RMB559 million spanning a period of four years. The Company will be in charge of operating management and relevant operating work after its completion.

During the reporting period, the investment in the Anhui Section of Maba-Liuhe Expressway amounted to RMB142,155,000, and the total investment till the end of reporting period amounted to RMB172,667,000.

(3) The reconstruction of Xuanguang Expressway

The reconstruction of 61.45 km of Xuanguang Expressway has been approved and initiated by the Communications of Anhui Province with a planned investment of RMB380,000,000. The carriageways and road width will remain unchanged, and the existing cement concrete road surface will be changed to modified asphalt.

During the reporting period, total amount of RMB2,530,000 was invested in the experimental segment of Xuanguang Expressway. The main project started from 15 August 2005 and the whole reconstruction is expected to be finished in 16 months. It was planned to complete 16 km of reconstruction in 2005.

III Analysis on the Financial Position and Operation Results of the Company (in accordance with the PRC Accounting Standards)

(1) Analysis on operation results of the Group

Unit: RMB'000

Items	For the six months ended 30 June **2005**	2004	change *(%)*
Income from principal operations	**766,857**	564,752	35.79%
Costs from principal operations	**299,014**	253,616	17.90%
Profits from principal operations	**429,799**	283,815	51.44%
Period expense	**84,886**	54,602	55.46%
Operating profits	**348,000**	232,912	49.41%
Net profit	**259,587**	179,695	44.46%
Net increase amount of cash and cash equivalent	**-85,904**	-54,522	57.55%

Major reasons of changes:

(1) The substantial increase of costs from principal operations was mainly attributed to the serious damage of road surface of Xuanguang Expressway and Gaojie Expressway which resulting in the substantial increase of road maintenance expenses.

(2) The increase of profits from principal operations was because of the increase of toll income, which was higher than the costs from principal operations.

(3) The increase of period expenses was mainly attributed to the substantial increase of administration expenses from adding relevant administrative staff, and to the increase of interest expenses during the reporting period.

(2) Analysis on Assets of the Group

Assets of the Group as at 30 June 2005

Unit: RMB'000

Items	**As at 30 June 2005**	As at 31 December 2004	change *(%)*
Total assets	**6,509,946**	6,551,915	-0.64%
Total liabilities	**2,072,431**	2,208,039	-6.14%
Shareholders' equities (Excluding minority interests)	**4,236,473**	4,142,748	2.26%

The total assets decreases by RMB41,969,000 was mainly attributed to the depreciation of assets.

The total liabilities decreases by RMB135,608,000 was mainly attributed to the repayment of short-term loans.

Shareholder's equities increased by RMB93,725,000 was mainly because the Company achieved a profit of RMB259,586,000 and paid dividends of RMB165,861,000 during the reporting period.

(3) Capital Structure

The capital structure of the Group comprises of shareholders' equities and liabilities. Shareholders' equities amounted to RMB4,236,473,000, minority interests amounted to RMB201,042,000, liabilities amounted to RMB2,072,431,000, total assets amounted to RMB6,509,946,000 and gearing ratio (Liabilities/Total assets) was 31.83% (33.70% on 31 December 2004).

	As at 30 June 2005		As at 31 December 2004	
	Amount ***(RMB'000)***	**Percentage**	Amount *(RMB'000)*	Percentage
Current liabilities	**881,737**	**13.54%**	1,024,966	15.64%
Long-term liabilities	**1,190,694**	**18.29%**	1,183,072	18.06%
Shareholders' equities	**4,236,473**	**65.08%**	4,142,748	63.23%
Minority interests	**201,042**	**3.09%**	201,129	3.07%
Total	**6,509,946**	**100%**	6,551,915	100%

The structure of shareholders' equities and liabilities of the Group was reasonable. The proportion of current liabilities and long-term liabilities in total liabilities was balanced. As at 30 June 2005, the Group held total cash and cash equivalent of RMB592,138,000 and bank loans of RMB150,000,000. The Group's current ratio and quick ratio are RMB0.7289 and RMB0.7260 respectively.

(4) Cash flows and capital expenditures

During the reporting period, net cash inflows from operating activities of the Group reached RMB405,048,000, representing an increase of 9.17% compared with that of last year, which was mainly attributed to the substantial increase of toll income.

During the reporting period, net cash outflows from investment of the Group reached RMB134,654,000, which was mainly used for the construction of Maba-Liuhe Expressway and reconstruction of Hening Expressway.

During the reporting period, net cash outflows from financing activities of the Group reached RMB358,877,000, representing an increase of 114.37% compared with that of last year,which was mainly attributed to the repayment of borrowings from bank and the payout of 2004 annual dividends.

During the reporting period, the bank loans of the Group totaled RMB150,000,000. As at the end of the reporting period, the balance of bank loans of the Group was RMB150,000,000. Interest rate for the bank loans above was 4.698%.

During the reporting period, the Group's capital expenditures mainly include the construction of the Anhui Section of Maba-Liuhe Expressway, third stage of the reconstruction of Hening Expressway and ongoing construction of projects in New and Hi-tech Industry Park, with a total amount of RMB168,924,000.

As at the end of 30 June 2005, outstanding capital commitments of the Group were as follows:

(1) The Company intended to invest in the construction of the Anhui Section of Maba-Liuhe Expressway, with RMB386,604,000 authorised but not contracted for;

(2) Xuanguang Company intended to reconstruct Xuanguang Expressway, with RMB380,000,000 authorised but not contracted for;

(3) The Company intended to acquire 49% interests in Gaojie Company from Anhui Expressway Holding Corporation, with RMB1,350,000,000 contracted but not yet paid.

(5) Taxation Policies

The Company was registered in the Hefei High Technology Industry Development Zone and certified as a high-tech company. Pursuant to relevant tax laws and regulations, the applicable EIT rate for the Company is at a reduced rate of 15%. The other subsidiaries and associated companies of the Company are subject to EIT levied at a rate of 33% of taxable income.

The Company recently received a joint notice issued by the Ministry of Finance and the State Administration of Taxation on Business Tax policy of Toll Income of Road Enterprise, Cai Shui [2005] No. 77. According to the notice, business tax rate on toll income of expressways imposed on road enterprises will be reduced to 3%, effective from 1 June 2005.

(6) Contingent Liabilities

During the reporting period, the Group does not have any contingent liabilities.

(7) Contingent Assets Pledge

During the reporting period, the Group does not have any arrangement of pledged assets.

IV Business Outlook

Although we are faced with a potential high oil price era, uncertainty of business development policies, dispute on the charge of fuel tax and competition from other means of transportation led by express railways, the need for highway transportation driven by the sustained rapid growth of the Chinese economy and the expansion of its total economic volume has established a solid foundation for the development of industry. Coupled with the accelerated urbanization and industrialization, and also the further improved business structure, the government has introduced continual development strategies with a view of providing highway transportation that tends to be energy-efficient and environmental, high quality and safe. These are the special features and advantages of the expressway. Hence, the Company is highly confident with its future development.

VI MAJOR EVENTS

1. Corporate Governance

Since its corporation, the Company has been in strict compliance with the Company law, Securities Law, Listing Rules and the rules and regulations promulgated by the China Securities Regulatory Committee ("CSRC"). The Company strived to improve its operation on corporate governance to establish a modern enterprise system with an objective to perfect its corporate legal person's governance system.

During the reporting period, the Company amended and supplemented relevant Articles and provisions of the Articles of Association of the Company according to the requirements of the Notice on Urging the Listed Company to Amend the Articles of Association, issued by CSRC, and the revised listing rules of The Stock Exchange of Hong Kong Limited. 18 Articles and provisions of the Articles of Association of the Company were being amended. The Company has examined and reported the approval in accordance with legal procedures.

The Specific Committees of the Board convened 4 meetings during the reporting period, which examined the selection of new directors and supervisors, appointment of senior management and regular financial reports of the Company. The independent directors expressed their objective and fair opinions on major acquisitions of the Company.

The Company disclosed its information according to the relevant listing rules of The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange. The Company is committed to a strong investor relationship management through press conference and roadshow both domestically and overseas, releasing operating statistics on the Company's website and welcoming investor's visits and queries.

2. Profit appropriation for 2005 interim

The Board of Directors of the Company recommends that the Company will neither pay the dividends for six months as at 30 June 2005 nor transfer the capital surplus to share capital.

3. Implementation of the profit appropriation for the year 2004

2004 profit appropriation plan of the Company was approved by the 2004 Annual General Meeting held on 20 May 2005, details are as follows: To pay a final dividend of RMB165,861,000 on the basis of RMB1.0 for every 10 shares (tax inclusive) based on the total number of shares outstanding at the end of 2004 of 1,658,610,000 shares.

According to the authorization given by the General Meeting, the Board of Directors of the Company published the resolutions of 2004 General Meeting on 21 May 2005 in the Shanghai Securities Post, China Securities Post, the Wen Wei Po and South China Morning Post in Hong Kong and determined a dividend of HK$0.094, which was priced in RMB and paid in HK$. The registration date of the H Shareholders was 18 April 2005 and the dividend payout date was 30 June 2005. On 11 July 2005, the Company published the 2004 profit appropriation implement announcement in the Shanghai Securities Post and the China Securities Post and determined that the A Shareholders' registration date was 14 July 2005 the ex-dividend date was 15 July 2005 and the dividend payout date of 20 July 2005.

The 2004 profit allotment proposal has been implemented.

4. Material Litigation and Arbitration

The Company was not involved in any material litigation or arbitration during the reporting period.

5. Material Acquisition and Disposals of Assets and Mergers

Acquisition of 49% interests in Anhui Gaojie Expressway Company Limited ("Gaojie Company")

On 4 March 2005, the Company and Anhui Expressway Holding Corporation ("AEHC") entered into an equities transfer/acquisition contract of acquiring interests in Gaojie Company. According to the contract, the Company acquired 49% interests in Gaojie Company from AEHC for a consideration of RMB616.01 million and took up RMB733.99 million of shareholder's loan from AEHC. The total consideration of the transaction was 1,350 million. The acquisition has been approved by the 14th session of the 3rd board meeting and the 2004 Annual General Meeting. The Company is handling the relevant government procedures for the acquisition.

Through the acquisition, the Company will hold 100% interests in Gaojie Company, which will be beneficial to the Company to enlarge its assets base and improve core competitiveness and facilitate the growth of profitability.

6. Connected Transactions

During the reporting period, the Company was not involved in any connected transactions.

7. Material Contracts and their Implementation

(1) Material custody, subcontracting and leasing items

During the reporting period, the Company was not involved in any material custody, subcontracting and leasing.

(2) Material guarantee

During the reporting period, the Company did not provide guarantee for shareholders, connected persons and other companies.

(3) Financial entrustment

During the reporting period, the Company was not involved in any financial entrustment business.

(4) Entrusted deposit and overdue fixed deposit

During the reporting period, the Company did not have any entrusted deposit with financial institutions in the PRC, neither has the Company experienced any incident of not being able to withdraw fixed deposits when they became matured.

8. Movement of fund between related parties and external guarantee

During the reporting period, pursuant to the provisions of the Notice in respect of the problem of Movement of Fund between Listed Company and Related party and external guarantee, the controlling shareholder and other related parties did not misappropriate fund of the Company. The Company did not provide guarantee for the controlling shareholder or any related party. Subsidiaries combined into the consolidated financial statement of the Company were not involved in any above cases.

The independent directors of the Company have expressed independent opinions on the above cases.

9. Commitments

(1) Pursuant to the Reorganization Agreement signed by the Company and AEHC on 12th October 1996, AEHC has undertaken that it will not participate in any businesses or activities which will compete against the Company either directly or indirectly.

(2) The Company intended to invest in the construction of the Anhui Section of Maba-Liuhe Expressway, with RMB386,604,000 authorised but not contracted for;

(3) Xuanguang Company intended to reconstruct Xuanguang Expressway, with RMB380,000,000 authorised but not contracted for;

(4) The Company intended to acquire 49% interests in Gaojie Company from Anhui Expressway Holding Corporation, with RMB1,350,000,000 contracted but not yet paid.

10. Appointment and dismissal of accountants

PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd and PricewaterhouseCoopers Certified Public Accountants were appointed as the Company's 2005 PRC and Hong Kong accountants at the 2004 Annual General Meeting.

11. Punishment and reconstruction of the Company, the Board of Directors and the directors

During the reporting period, the Company, the Board of Directors and its directors have not been involved in any inspection, administrative punishment and circulation of notice of criticism by CRSC, nor any public condemn by Stock Exchange.

12. Other Major Events

1. Basic Medical Insurance

During the reporting period, the enterprises and institutions in Hefei City should contribute 8% of the basic wages of its staff for medical insurance in accordance with No.82 Hefei People's Government Order issued in November 2000 by Hefei City, Anhui, where the Company is located. The Company plans to contribute the said medical insurance starting from 2005, the insurance fees will be provided from the welfare funds of the staff and this will not exercise significant influence on the operating results of the Company. The Company will not be required to contribute medical insurance prior to 2005.

Anhui Gaojie Expressway Company Limited and Xuanguang Expressway Company Limited, subsidiaries of the Company, contributed 6.5% of the basic wages of its staff to the medical insurance commencing from February 2002.

2. Staff Quarters

The Company does not own any staff quarters and does not plan to provide any staff quarters. The staff quarters of the Company are all provided by AEHC, for which the Company is not required to pay any fee. The Company does not encounter any financial problems arising from the reform on the enterprise housing system. Accordingly, the relevant policies do not have any material effect on the Company.

During the reporting period under review, the Company has contributed 20% of the basic wages of its staff (approximately RMB2,187,000) to the Housing Fund in accordance with the society insurance scheme implemented by Anhui Provincial Government. There is no further obligation of the Company apart from contributions to the Housing Fund.

3. Adjustment of business tax

Business tax rate on toll income of expressways controlled by the Company, Xuanguang Company and Gaojie Company was 5% originally. According to a joint notice issued by the Ministry of Finance and the State Administration of Taxation on Business Tax policy of Toll Income of Road Enterprise, Cai Shui [2005] No. 77. According to the notice, business tax rate on toll income of expressways controlled by the Company, Xuanguang Company and Gaojie Company imposed on road enterprises will be reduced to 3%, effective from 1 June 2005. This taxation policy increased the total profits of RMB2,304,000 during the reporting period.

4. Changes in accounting policies

The financial statements of the Group prepared in accordance with the Hong Kong Accounting standards was accepted of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRs") which are effective from 1 January 2005, and the effect of adopting new HKFRs:

(1) HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures.

(2) The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of land use rights from fixed assets to operating leases. The up-front prepayments made for the land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the Group accounted for the land use rights in relation to toll roads at cost less accumulated depreciation calculated to write off their costs on a units-of-usage basis whereby depreciation is provided based on the share of traffic volume for a particular period over the projected total traffic volume throughout the period of the lease, and accumulated impairment.

(3) The adoption of HKASs 39 has resulted in a change in the accounting policy relating to the classification of available-for-sale financial assets. It has also resulted in a change in the accounting policy relating to the recognition and measurement of borrowings. Borrowings are initially recorded at fair value and subsequently stated at amortized costs with the difference between the proceeds and the redemption value being recognized in the income statement over the period of the borrowings using the effective interest methods. In prior years, borrowings were recorded at the proceeds received.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application except for HKAS 39 which does not permit the recognition, derecognition and measurement of financial assets and liabilities in accordance with this standard on a retrospective basis. The adjustments required for the adoption of HKAS 39 are determined and recognized at 1 January 2005.

5. Compliance with "Code on Corporate Governance Practices" in Appendix 14 and "Model Code for Securities Transactions by Directors" in Appendix 10 of the Hong Kong Listing Rules

The Company has complied with the "Code on Corporate Governance Practices" as set out in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited ("Hong Kong Listing Rules") for the six months ended 30 June 2005.

For the six months ended 30 June 2005, the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code For Securities Transactions by Directors. The Company have made specific enquiry of all directors and supervisors that its directors and supervisors have complied with the required standard set out in the Model Code For Securities Transactions by Directors of Appendix 10 of the Hong Kong Listing Rules and its code of conduct regarding directors' securities transactions.

6. The Audit Committee

During the reporting period, three meetings of the Audit Committee were held by the Company to examine and approve the 2004 results report, 2004 financial report and 2005 first quarterly financial report as well as the 2005 Interim Results and 2005 Unaudited Interim Accounts, which were prepared in accordance with the PRC and Hong Kong Accounting Standards.

13. Other Information Index

The following announcements were all published in the Shanghai Securities Post, China Securities Post, and The Wen Wei Po in Hong Kong and South China Morning Post in Hong Kong.

1. The announcement in relation to adjustment to the toll rates of expressway was published on 6 January 2005;
2. The announcement in respect of waiver from compliance with Rule 3.24 of Listing Rules was published on 12 January 2005;
3. The announcement for resolution approved at 14th session of 3rd Board and connected transaction announcement for the acquisition of 49% interests in Anhui Gaojie Expressway Company limited were published on 10 March 2005;
4. The announcements for resolutions approved at 15th session of 3rd Board and 9th session of 3rd Supervisory Committee were published on 18 March 2005;
5. The notice of 2004 Annual General Meeting was published on 1 April 2005;
6. The announcement for resolution passed at the 2004 Annual General Meeting was published on 21 May 2005;
7. The announcement in relation to the reduction of business tax rate on toll income of expressways was published on 24 May 2005;
8. The announcement in relation to implementation of toll rates on goods vehicles with reference to their weight on National Trunk 205 New Tianchang Section was published on 31 May 2005;
9. The announcements for resolution passed at 17th session of 3rd Board and notification of convening Extraordinary General Meeting were published on 24 June 2005;
10. The announcement for 2004 dividend payment was published on 11 July 2005;
11. The announcement for resolutions passed at the Extraordinary General Meeting was published on 11 August 2005;
12. The announcements for resolutions passed at 4th session of 1st Board and 4th session of 1st Supervisory Committee were published on 18 August 2005.

VII ACCOUNTS

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2005

(All amounts in Renminbi thousands unless otherwise stated)

		As at	
		30 June	31 December
	Note	**2005**	2004
		(Unaudited)	*(Restated)*
ASSETS			
Non-current assets			
Fixed assets	6	**6,194,077**	6,124,461
Land use rights	6	**487,668**	498,368
Intangible assets	6	**3,145**	2,973
Interest in associates		**2,416**	2,500
Available-for-sale financial assets	7	**18,000**	—
Investment securities	8	**—**	18,000
		6,705,306	6,646,302
Current assets			
Inventories		**2,552**	1,484
Trade and other receivables	9	**48,006**	33,136
Cash and cash equivalents		**592,138**	678,042
		642,696	712,662
Total assets		**7,348,002**	7,358,964
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	10	**3,106,069**	3,106,069
Other reserves	11	**434,611**	427,193
Retained earnings		**1,676,563**	1,097,266
Proposed final dividend	20	**—**	165,861
		5,217,243	4,796,389
Minority interest		**201,043**	201,130
Total equity		**5,418,286**	4,997,519

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2005

(All amounts in Renminbi thousands unless otherwise stated)

		As at	
		30 June	31 December
	Note	**2005**	2004
		(Unaudited)	*(Restated)*
LIABILITIES			
Non-current liabilities			
Long-term payables to minority shareholders of subsidiaries	14	**732,407**	1,176,499
Deferred income tax liabilities		**315,573**	159,979
		1,047,980	1,336,478
Current liabilities			
Trade and other payables	12	**584,657**	517,851
Dividend payable		**116,560**	—
Current income tax liabilities		**30,519**	57,116
Borrowings	13	**150,000**	450,000
		881,736	1,024,967
Total liabilities		**1,929,716**	2,361,445
Total equity and liabilities		**7,348,002**	7,358,964
Net current liabilities		**239,040**	312,305
Total assets less current liabilities		**6,466,266**	6,333,997

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2005

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	**2005**	2004
			(Restated)
Turnover		**736,824**	545,158
Cost of sales	16	**(263,483)**	(216,111)
Gross profit		**473,341**	329,047
Other losses - net	15	**(10,699)**	(148)
Selling and marketing costs	16	**—**	(612)
Administrative expenses	16	**(77,134)**	(51,967)
Operating profit		**385,508**	276,320
Finance costs	17	**(31,169)**	(2,994)
Share of (loss)/profit of associates		**(84)**	202
Profit before income tax		**354,255**	273,528
Income tax expense	18	**(79,635)**	(61,908)
Profit for the period		**274,620**	211,620
Attributable to:			
Equity holders of the Company		**274,707**	211,637
Minority interest		**(87)**	(17)
		274,620	211,620
Basic earnings per share (expressed in RMB per share)	19	**0.1656**	0.1276
Dividends	20	**—**	—

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited				
		Attributable to equity holders of the Company				
	Note	**Share capital**	**Other reserves**	**Retained earnings**	**Minority Interest**	**Total**
Balance at 1 January 2004 (as previously reported as equity)		3,106,069	314,963	1,038,927	—	4,459,959
Balance at 1 January 2004 (as previously separately reported as minority interest)		—	—	—	208,602	208,602
Adjustment for amortization of land use right	2(a)(i)	—	—	(43,853)	—	(43,853)
Balance at 1 January 2004 as restated		3,106,069	314,963	995,074	208,602	4,624,708
Profit/total recognized income of the period		—	—	211,637	(17)	211,620
Dividend relating to 2003		—	—	(99,517)	—	(99,517)
Balance at 30 June 2004		3,106,069	314,963	1,107,194	208,585	4,736,811
Balance at 31 December 2004 as previously reported as equity		3,106,069	427,193	1,314,178	—	4,847,440
Balance at 31 December 2004 as previously separately reported as minority interest		—	—	—	201,130	201,130
Adjustment for amortization of land use right	2(a)(i)	—	—	(51,051)	—	(51,051)
Balance at 31 December 2004 as restated		3,106,069	427,193	1,263,127	201,130	4,997,519
Opening adjustment for adoption of HKAS 39	2(a)(ii)	—	—	312,008	—	312,008
Balance at 1 January 2005 as restated		3,106,069	427,193	1,575,135	201,130	5,309,527
Appropriation to Enterprise Safety fund		—	7,621	(7,621)	—	—
Utilization of Enterprise Safty Fund			(203)	203		
Profit/total recognized income for the period		—	—	274,707	(87)	274,620
Dividend relating to 2004		—	—	(165,861)	—	(165,861)
Balance at 30 June 2005		3,106,069	434,611	1,676,563	201,043	5,418,286

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2005

(All amounts in Renminbi thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2005	2004
Net cash generated from operating activities	**406,879**	367,047
Net cash used in investing activities	**(133,906)**	(270,052)
Net cash used in financing activities	**(358,877)**	(151,517)
Net decrease in cash	**(85,904)**	(54,522)
Cash at 1 January	**678,042**	500,639
Cash at 30 June	**592,138**	446,117
Analysis of balances of cash		
Cash at bank and in hand	**592,138**	446,117

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2005

1. Basis of preparation and accounting policies

These unaudited condensed consolidated financial information 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.

These condensed consolidated financial information should be read in conjunction with the 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRS") which are effective for accounting periods commencing on or after 1 January 2005.

These interim financial information have been prepared in accordance with those HKFRS standards and interpretations issued and effective as at the time of preparing these information (August 2005). The HKFRS standards and interpretations that will be applicable at 31 December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial information.

2. Changes in accounting policies

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in note 2 below.

(a) Effect of adopting new HKFRS

In 2005, the Group adopted the new/revised standards of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKAS-Int 12	Scope of HKAS-Int 12 Consolidation - Special Purpose Entities
HKAS Int 15	Operating Leases - Incentives
HKAS-Int 21	Income Taxes - Recovery of Revalued Non-Depreciated Assets
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28, 31, 32, 33, 36, 38, 40 and HKAS-Ints 12, 15, 21 and HKFRS 2, 3 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures.

- HKASs 2, 7, 8, 10, 16, 23, 24, 27, 28, 31, 32, 33, 36, 38, 40 and HKAS-Ints 12, 15, 21 and HKFRS 2 , 3 had no material effect on the Group's policies.

- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group have the same functional currency as the presentation currency for respective entity financial statements.

2. Changes in accounting policies (continued)

(a) *Effect of adopting new HKFRS (continued)*

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of land use rights from fixed assets to operating leases. The up-front prepayments made for the land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the Group accounted for the land use rights in relation to toll roads at cost less accumulated depreciation calculated to write off their costs on a units-of-usage basis whereby depreciation is provided based on the share of traffic volume for a particular period over the projected total traffic volume throughout the period of the lease, and accumulated impairment.

The adoption of HKASs 39 has resulted in a change in the accounting policy relating to the classification of available-for-sale financial assets. It has also resulted in a change in the accounting policy relating to the recognition and measurement of borrowings. Borrowings are initially recorded at fair value and subsequently stated at amortized costs with the difference between the proceeds and the redemption value being recognized in the income statement over the period of the borrowings using the effective interest methods. In prior years, borrowings were recorded at the proceeds received.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application except for HKAS 39 which does not permit the recognition, derecognition and measurement of financial assets and liabilities in accordance with this standard on a retrospective basis. The adjustments required for the adoption of HKAS 39 are determined and recognized at 1 January 2005.

(i) The adoption of revised HKAS 17 resulted in a decrease in opening retained earnings at 1 January 2004 by RMB43,853,485.

	As at 30 June 2005	AS at 31 December 2004
	RMB'000	*RMB'000*
Decrease in fixed assets	**555,190**	562,404
Increase in land use rights	**487,668**	498,368
Decrease in deferred income tax liabilities	**13,837**	12,985

	For the year ended	**For the six months ended**	
	31 December 2004	**30 June 2005**	30 June 2004
	RMB'000	***RMB'000***	*RMB'000*
Increase in cost of sales	9,344	**3,486**	4,672
Decrease in income tax expenses	2,146	**852**	1,073
Decrease in basic earnings per share	0.0043	**0.0016**	0.0022

2. Changes in accounting policies (continued)

(a) *Effect of adopting new HKFRS (continued)*

(ii) The adoption of HKAS 39 resulted in an increase in opening reserves at 1 January 2005 by RMB312,008,349 and the details of the adjustments to the balance sheet at 30 June 2005 and profit and loss for the six months ended 30 June 2005 are as follows:

	As at 30 June 2005 *RMB'000*
Decrease in long-term payables to minority shareholders of subsidiaries	**444,092**
Increase in deferred income tax liabilities	**146,550**

	For the six months ended 30 June 2005 *RMB'000*
Increase the finance costs	**21,593**
Decrease in income tax expenses	**7,127**
Decrease in basic earnings per share	**0.009**

(b) *New Accounting Policies*

The accounting policies used for the condensed consolidated financial information for the six months ended 30 June 2005 are the same as those set out in note 2 to the 2004 annual financial statements except for the following:

2.1 Acquisition of subsidiaries and associates

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

An investment in an associate is accounted for using the equity method from the date on which it becomes an associate. On acquisition of the investment, the measurement and recognition of goodwill is same as that of goodwill arising from the acquisition of subsidiaries. Goodwill relating to an associate is included in the carrying amount of the investment. Appropriate adjustments to the investor's share of the profits or losses after acquisition are made to account based on their fair values at the date of acquisition.

2. Changes in accounting policies (continued)

(b) New Accounting Policies (continued)

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional and presentation currency of the Company and its subsidiaries.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

2.3 Fixed assets

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2.4 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2. Changes in accounting policies (continued)

(b) New Accounting Policies (continued)

2.5 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.6 Investments

From 1 January 2004 to 31 December 2004:

The Group classified its investments in securities, other than subsidiaries and associates, as investment securities and trading securities.

(a) Investment securities

Investment securities are stated at cost less any provision for impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account. This impairment loss is written back to profit and loss when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(b) Trading securities

Trading securities were carried at fair value. At each balance sheet date, the net unrealized gains or losses arising from the changes in fair value of trading securities were recognized in the income statement. Profits or losses on disposal of trading securities, representing the difference between the net sales proceeds and the carrying amounts, were recognized in the income statement as they arised.

2. Changes in accounting policies (continued)

(b) New Accounting Policies (continued)

2.6 Investments (continued)

From 1 January 2005 onwards:

The Group classifies its investments into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. During the six months ended 30 June 2005, the Group did not hold any investments in this category.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (note 2.7).

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the six months ended 30 June 2005, the Group did not hold any investments in this category.

2. Changes in accounting policies (continued)

(b) New Accounting Policies (continued)

2.6 Investments (continued)

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognized on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities. Investments in equity instruments that do not have a quoted market and whose fair value cannot be reliably measured are measured at cost.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the income statement - is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment losses on available for sales investments whose fair value cannot be reliably measured are charged to income statement.

2. Changes in accounting policies (continued)

(b) New Accounting Policies (continued)

2.7 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

2.8 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.9 Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized either when cash is collected or on a cost-recovery basis as conditions warrant.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC and is not exposed to material foreign exchange risks.

(ii) Price risk

The Group is not exposed to commodity price risk.

(b) Credit risk

Most of the Group's sales are cash sales and therefore the Group has minimum credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets and interest-bearing long-term borrowings, the Group's income, expenses and operating cash flows are substantially independent of changes in market interest rates.

3. Financial risk management (continued)

3.2 Fair value estimation

All financial instruments of the Group are not traded in an active market. The fair value of financial instruments is determined by using valuation techniques. The Group makes assumptions that are based on market conditions existing at each balance sheet date. Estimated discounted cash flows are used to determine fair value for the financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors are not aware of any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Segment information

Apart from operating and managing toll roads, the Group does not conduct other businesses which have significant impact on the Group's results. No segment income statement has been prepared by the Group. The Group also operates within one geographical segment because its revenues are primarily generated in the Anhui Province, PRC and its assets are mainly located in the Anhui Province, PRC. Accordingly, no geographical segment data is presented.

6. Capital Expenditure

	Technology knowhow	Software costs	Total intangible assets	Fixed assets	Land use rights
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Opening net book amount as at 1 January 2005, as restated	2,742	231	2,973	6,124,461	498,368
Other additions	—	365	365	193,505	—
Disposals	—	—	—	(20,802)	—
Depreciation/amortization (Note 2(a)(i), Note 16)	(175)	(18)	(193)	(103,087)	(10,700)
Closing net book amount as at 30 June 2005	2,567	578	3,145	6,194,077	487,668
Opening net book amount as at 1 January 2004, as restated	3,092	615	3,707	5,834,873	501,865
Additions	—	—	—	233,806	—
Disposals	—	—	—	(855)	—
Depreciation/amortization, as restated (Note 2(a)(i), Note 16)	(175)	(158)	(333)	(94,157)	(10,700)
Closing net book amount as at 30 June 2004, as restated	2,917	457	3,374	5,973,667	491,165
Additions	—	233	233	291,864	—
Transfers	—	—	—	(17,623)	17,623
Disposals	—	(379)	(379)	(17,664)	—
Depreciation/amortization, as restated (Note 2(a)(i))	(175)	(80)	(255)	(105,783)	(10,420)
Closing net book amount as at 31 December 2004, as restated	2,742	231	2,973	6,214,461	498,368

7. Available-for-sale financial assets

	30 June 2005 *(unaudited)* *RMB'000*
Beginning of the period	—
Reclassification generated from adoption of revised HKAS17	**18,000**
End of the period	**18,000**

There were no disposals or impairment provisions on available-for-sale financial assets in the period ended 30 June 2005.

Available-for-sale financial assets include the following:

	30 June 2005 *(unaudited)* *RMB'000*
Unlisted equity securities, at cost	**18,000**

The unlisted equity securities represent the Company's 18% equity interest in an un-listed company located in Anhui Province, the PRC, which is measured at cost less provision for impairment. Since there is no active market for similar equity instruments, the fair value of such equity securities cannot be measured reliably.

8. Investment securities

	As at 30 June 2005 *(unaudited)* *RMB'000*	As at 31 December 2004 *(audited)* *RMB'000*
Unlisted equity securities, at cost	**—**	18,000

9. Trade and other receivables - Group

	30 June 2005 *(unaudited)* *RMB'000*	31 December 2004 *(audited)* *RMB'000*
Prepayments	**18,390**	2,759
Receivables from related parties (Note 22)	**22**	4,401
Others	**29,594**	25,976
	48,006	33,136

The carrying amounts of the trade and other receivables approximate their fair value.

10. Share capital

	Number of shares *(thousands)*	**Ordinary shares** *RMB'000*	**Share premium** *RMB'000*	**Total** *RMB'000*
At 1 January 2004 and 2005	1,658,610	1,658,610	1,447,459	3,106,069
Changes in the period	—	—	—	—
At 30 June 2004 and 2005	1,658,610	1,658,610	1,447,459	3,106,069

The total authorised number of ordinary shares is 1,658,610,000 shares with a par value of RMB1 per share. All issued shares are fully paid.

11. Other reserves

	Capital Surplus	Statutory Surplus Reserve Fund	Statutory Public Welfare Fund	Discretionary Surplus Reserve Fund	Enterprise Safety Fund	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2004	2,397	164,422	147,486	658	—	314,963
Changes in the period	—	—	—	—	—	—
Balance at 30 June 2004	2,397	164,422	147,486	658	—	314,963
Profit appropriations	—	54,153	47,297	—	—	101,450
Appropriation to Enterprise Safety Fund	—	—	—	—	11,777	11,777
Release of Enterprise Safety Fund	—	—	—	—	(997)	(997)
Balance at 31 December 2004	2,397	218,575	194,783	658	10,780	427,193
Appropriation to Enterprise Safety Fund	—	—	—	—	7,621	7,621
Release of Enterprise Safety Fund	—	—	—	—	(203)	(203)
Balance at 30 June 2005	2,397	218,575	194,783	658	18,198	434,611

12. Trade and other payables

	30 June 2005	31 December 2004
	(unaudited)	*(audited)*
	RMB'000	*RMB'000*
Trade payables	**291,229**	244,554
Amounts due to related parties (Note 22)	**2,453**	13,602
Social security and other taxes	**66,275**	42,880
Accrued expenses	**54,920**	3,027
Other payables	**169,780**	213,788
	584,657	517,851

At 30 June 2005, all the trade and other payables were aged within one year.

13. Borrowings

	As at 30 June 2005		As at 31 December 2004	
	Interest rate per annum	***RMB'000***	Interest rate per annum	*RMB'000*
	(unaudited)		*(audited)*	
Current unsecured short-term bank borrowings	**4.698%**	**150,000**	4.698%	450,000

As at 30 June 2005, the carrying amounts of short-term borrowings approximate their fair value.

As at 30 June 2005, the Group has unutilized banking facilities of RMB1,760,000,000 (31 December 2004: RMB560,000,000).

14. Long-term payables to minority shareholders of subsidiaries

The carrying amounts and fair values of long-term payables to minority shareholders of subsidiaries are as follows:

	Carrying Amounts		**Fair values**	
	30 June 2005	1 January 2005	**30 June 2005**	1 January 2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Long-term payables to minority shareholders of subsidiaries				
Xuancheng Highway Management Company ("XHMC")	**252,752**	245,300	**250,685**	243,187
Anhui Expressway Holding Company ("AEHC")	**479,655**	465,514	**476,817**	462,555
	732,407	710,814	**727,502**	705,742

Long-term payables to minority shareholders of subsidiaries comprised of payables to the minority shareholders of Xuan Guang and Gao Jie, representing their share of total investment in Xuan Guang and Gao Jie in excess of their respective equity contribution in Xuan Guang and Gao Jie. Details of repayment terms of such long-term payables are set out in Note 12(a) of 2004 annual financial statements.

The fair values of long-term payables to minority shareholders are based on cash flows discounted using a rate based on the borrowings rate of 6.12% (1 January 2005: 6.12%).

15. Other losses - net

	Six months ended 30 June 2005 (unaudited) RMB'000	30 June 2004 (unaudited) RMB'000
Dividend income	**900**	—
Investment income	**—**	69
Loss from disposal on fixed assets	**(11,599)**	(217)
	(10,699)	(148)

16. Expenses by nature

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analyzed as follows:

	Six months ended 30 June 2005 (unaudited) RMB'000	30 June 2004 (restated and unaudited) RMB'000
Depreciation and amortization expenses (Note 6)	**113,980**	105,190
Repair and maintenance expenses	**147,566**	57,970
Employee benefit expense	**49,234**	38,424
Others	**29,837**	67,106
	340,617	268,690

17. Finance costs

	Six months ended 30 June 2005 (unaudited) RMB'000	30 June 2004 (unaudited) RMB'000
Interest expense:		
- bank borrowings	**9,576**	2,994
- long-term payables to minority shareholders of subsidiaries	**21,593**	—
	31,169	2,994

18. Income tax expense

(a) *Hong Kong profits tax*

There were no Hong Kong profits tax liabilities as the Group did not earn any income assessable to Hong Kong profits tax.

(b) *PRC Enterprise Income Tax ("EIT")*

The Company and its subsidiary, Anhui Wantong Technology Development Company Limited ("AWTD"), were registered in the Hefei High Technology Industry Development Zone and certified as a high-tech company. Pursuant to the relevant tax laws and regulations, the applicable EIT rate for the Company and AWTD is at a reduced rate of 15%. The applicable EIT rate for other subsidiaries and associated companies of the Company are 33%.

	For the six months ended	
	30 June	30 June
	2005	2004
	(unaudited)	*(unaudited)*
	RMB'000	*RMB'000*
Current income tax	**77,717**	53,086
Deferred income tax	**1,918**	8,882
	79,635	61,908

19. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. No diluted earnings per share is presented, as the Company has no dilutive potential shares.

	For the six months ended	
	30 June	30 June
	2005	2004
		(restated and
	(unaudited)	*unaudited)*
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**274,707**	211,637
Weighted average number of ordinary shares in issue (thousands)	**1,658,610**	1,658,610
Basic earnings per share (expressed in RMB per share)	**0.1656**	0.1276

20. Dividends

At a meeting held on 17 March 2005 the directors proposed a final dividend of RMB 0.1 per ordinary share for the year ended 31 December 2004, which was approved by the Annual General Meeting on 20 May 2005 and has been reflected as an appropriation of retained earnings for the six months ended 30 June 2005.

The directors did not recommend the payment of a dividend in respect of the six months ended 30 June 2005 (2004: none).

21. Commitments

Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	30 June 2005	31 December 2004
	(unaudited)	
	RMB'000	*RMB'000*
Property, plant and equipment		
- authorized but not contracted for	**766,604**	423,000
Acquisition of equity interest in Gaojie and Gaojie's long-term payable to AEHC		
- contracted but not provided for	**1,350,000**	—
	2,116,604	423,000

Pursuant to a resolution of the Board of Directors dated 4 March 2005, the Company signed an agreement with AEHC to acquire the 49% equity interest in Gao Jie and Gaojie's long-term payable to AEHC for a total consideration of RMB 1,350,000,000. The Company is in the process of obtaining the relevant government approval for the transaction.

22. Related-party transactions

The following transactions were carried out with related parties:

i) *Sales of services*

	Six months ended 30 June	
	2005	2004
	(unaudited)	*(unaudited)*
	RMB'000	*RMB'000*
- Toll system management fee from AEHC	**—**	1,490
- Toll system management fee from Anlian Expressway Co., Ltd. ("ALEC")	**—**	750
	—	2,240

ii) *Purchases of services*

	Six months ended 30 June	
	2005	2004
	(unaudited)	*(unaudited)*
	RMB'000	*RMB'000*
Purchases of services:		
- Agent fee paid to Beijing Anlian Investment Co., Ltd. ("BAIC")	**—**	47

iii) *Period-end balances*

	As at 30 June 2005	As at 31 December 2004
	(unaudited)	*(unaudited)*
	RMB'000	*RMB'000*
Receivables from related parties (Note 9):		
AEHC	**22**	538
ALEC	**—**	3,863
	22	4,401
Payables to related parties (Note 12):		
AEHC	**—**	1,786
BAIC	**2,453**	11,816
	2,453	13,602

22. Related-party transactions (cont'd)

iii) Period-end balances (cont'd)

	As at 30 June 2005 *(unaudited)* *RMB'000*	As at 31 December 2004 *(unaudited)* *RMB'000*
Long-term payables to minority shareholders of subsidiaries (Note 14)		
AEHC	**479,655**	728,582
XHMC	**252,752**	447,917
	732,407	1,176,499

As at 30 June 2005, amounts due from and due to the related parties, except for long term payables to minority shareholders of subsidiaries as disclosed in Note 14, mainly arose from the above transactions and payments made by the Company and related parties on behalf of each other. These amounts are unsecured, interest-free and are repayable within 1 year.

23. Reclassification of comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

VIII DOCUMENTS AVAILABLE FOR INSPECTION

1. The original copy of the Interim Report signed by the Chairman;
2. The accounts, signed by the legal representative, accountant director in charge of accounting, and accounting director and stamped with corporate seal;
3. The original copies of corporate documents and announcements published in the Shanghai Securities Post, China Securities Post, the South China Morning Post in Hong Kong and the Wen Wei Po in Hong Kong;
4. The copy of the Articles of Association;
5. The copy of the Interim Report disclosed in other securities market;
6. Other relevant materials.

By Order of the Board

Wang Shui
Chairman

26 August 2005