



Anhui Expressway Company Limited

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

(H Share Stock Code : 0995, A Share Stock Code : 600012)

Interim Report

2010



CONTENTS

Section I	Important Notice	2
Section II	Corporate Profile	3
Section III	Summary of Financial Statistics	7
Section IV	Change of Share Capital and Shareholders	10
Section V	Directors, Supervisors and Senior Management	16
Section VI	Chairman's Statement	17
Section VII	Report of the Board of Directors	19
Section VIII	Major Events	29
Section IX	Accounts	38
Section X	Documents Available for Inspection	63
Section XI	Confirmation Opinion to 2010 Interim Report by Directors and Senior Management	64

SECTION I IMPORTANT NOTICE

The Board of the Directors, the Supervisory Committee and the Directors, Supervisors and the Senior Management of Anhui Expressway Company Limited 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.

All the directors attended the Board meetings.

The unaudited financial statements were prepared in accordance with the PRC and Hong Kong Accounting Standards and were reviewed by the Audit Committee of the Company.

Mr. Zhou Renqiang, 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 Audit Committee of the Company reviewed the financial accounts.

If there were extraordinary use of funds by the controlling shareholder and its related parties? No

If there was offering for security in violation of specified procedure? No

SECTION II CORPORATE PROFILE

General Information

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
Legal representative of the Company	:	Zhou Renqiang
Secretary to the Board of the Company	:	Xie Xinyu
Telephone	:	0551-5338681
Representative of Securities Affairs	:	Han Rong, Ding Yu
Telephone	:	0551-5338697 (direct) 0551-5338699 (general)
Fax	:	0551-5338696
E-mail address	:	wtgs@anhui-expressway.cn
Contact address	:	520 Wangjiang West Road, Hefei, Anhui, the PRC
Registered address of the Company	:	520 Wangjiang West Road, Hefei, Anhui, the PRC
Office address of the Company	:	520 Wangjiang 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.cn
E-mail address of the Company	:	wtgs@anhui-expressway.cn
Newspapers designated for publishing report	:	Domestic: Shanghai Securities Post and China Securities Post
Websites designated for disclosure of interim report	:	http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.cn

Addresses designated for keeping interim report	:	Shanghai Stock Exchange, 528 Pudong South Road, Shanghai Hong Kong Registrars Limited, 46th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong Company's head office at 520 Wangjiang West Road, Hefei, Anhui, the PRC
Stock Exchange on which the Company's shares are listed	:	A Shares: Shanghai Stock Exchange Stock code: 600012 Short name: Wantong Expressway H Shares: The Stock Exchange of Hong Kong Limited Stock code:0995 Short name: Anhui Expressway
PRC Accountant	:	PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co.,Ltd 11th Floor, PricewaterhouseCoopers Center, Hubin Road, Shanghai
Hong Kong Accountant	:	PricewaterhouseCoopers Certified Public Accountants 22nd Floor, Prince's Building, Central, Hong Kong
PRC Legal Adviser	:	Anhui Expressway Lawyer's Office 19th Floor, Wangcheng Mansion, 248 Changjiang West Road, Hefei, Anhui, the PRC
Hong Kong Legal Adviser	:	Gallant Y.T.Ho & Co 5th Floor, Jardine House, 1 Connaught Place, Hong Kong
Domestic share registrar	:	China Securities Central Clearing and Registration Corporation, Shanghai Branch, 36th Floor, China Insurance Mansion, 166 Lujiazui East Road, Shanghai
Overseas share registrar	:	Hong Kong Registrars Limited, 46th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

SECTION II CORPORATE PROFILE

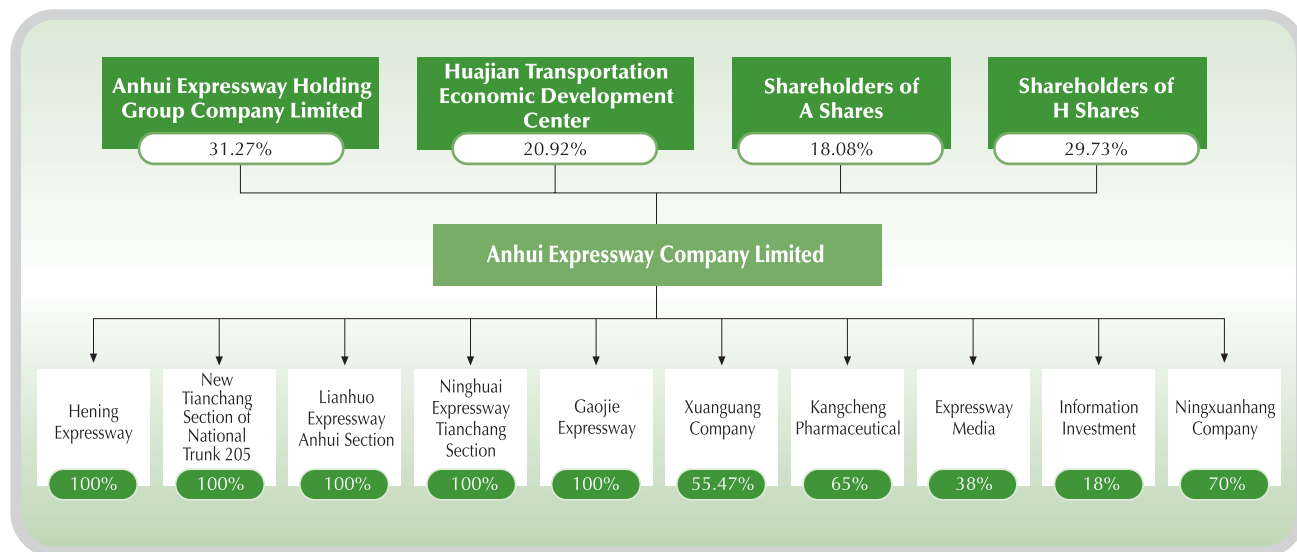
Anhui Expressway Company Limited (the "Company") was incorporated on 15 August 1996 as a joint stock limited company in Anhui Province, the People's Republic of China (the "PRC").

The Company is principally engaged in the operation and management of toll expressways and relevant business in Anhui Province, the PRC.

The Company is the first PRC highway company listed in Hong Kong. It is also the only listed highway company in Anhui Province. On 13th November 1996, H Shares issued by the Company were listed on The Stock Exchange of Hong Kong Limited (Stock code: 0995). On 7th January 2003, A Shares issued by the Company were listed on Shanghai Stock Exchange (Stock code: 600012).

The core business of the Company is the investment, construction, operation and management of toll roads. The Company owns total or partial equities of Hening Expressway (G40 Hushan Expressway Hening Section), New Tianchang Section of National Trunk 205, Gaojie Expressway (G50 Huyu Expressway Gaojie Section), Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section), Ninghuai Expressway Tianchang Section and Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section), which are toll highways in Anhui Province.

As of 30 June 2010, the structure of the Company, subsidiaries and associated companies (the "Group"):



Abbreviations of companies in the Interim Report are as follows:

"The Company"	Means	Anhui Expressway Company Limited
"The Group"	Means	The Company, its subsidiaries and associated companies
"AEHC", "Anhui Expressway Group"	Means	Anhui Expressway Holding Group Company Limited (formerly known as Anhui Expressway Holding Corporation), the two companies are the same enterprise legal person
"Huajian Center"	Means	Huajian Transportation Economic Development Center
"Xuanguang Company"	Means	Xuanguang Expressway Company Limited
"Kangcheng Pharmaceutical"	Means	Anhui Kangcheng Pharmaceutical Company Limited

"Expressway Media"	Means	Anhui Expressway Media Company Limited
"Information Investment"	Means	Hefei Information Investment Company Limited
"Xuancheng Highway Management"	Means	Xuancheng City Highway Construction and Management Company Limited
Ningxuanhang Company	Means	Anhui Ningxuanhang Expressway Investment Company Limited
"Yida Company"	Means	Anhui Provincial Yida Expressway Service Area Operating Management Company Limited
"Xiandai Transportation"	Means	Anhui Provincial Xiandai Transportation Facilities Project Company Limited
"Expressway Investment"		Anhui Expressway Investment Company Limited
"Inspection and Scientific Research Center"	Means	Anhui Provincial Expressway Experiment Inspection and Scientific Research Center

SECTION III 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)

	At the end of the reporting period	At the end of the last year	Increase/ decrease of the end of the reporting period as compared to the end of last year (%)
Total assets	8,811,321,041.31	9,573,685,600.93	-7.96
Equity holders (or shareholders’ equities)	5,331,939,026.68	5,294,541,121.09	0.71
Net asset per share attributable to shareholders of listed company (RMB)	3.21	3.19	0.63
	Reporting period (January-June)	Corresponding period last year	Increase/ decrease of the end of the reporting period as compared to the corresponding period of last year(%)
Operating profit	515,607,996.88	506,789,799.06	1.74
Total profit	530,786,008.27	509,168,254.20	4.25
Net profit attributable to shareholders of listed company	368,565,679.69	371,056,276.06	-0.67
Net profit after extraordinary items attributable to shareholders of listed company	357,108,776.51	369,373,246.73	-3.32
Basic earnings per share (RMB)	0.2222	0.2237	-0.67
Basic earnings per share after extraordinary items (RMB)	0.2153	0.2227	-3.32
Diluted earnings per share (RMB)	0.2222	0.2237	-0.67
Returns on net assets (weighted average) (%)	6.80	7.15	A decrease of 0.35 percent point
Net cash flows from operating activities	791,932,209.90	501,380,197.26	57.95
Net cash flows from operating activities per share	0.4775	0.3023	57.95

2 *Extraordinary items deducted and amounts involved Unit:RMB*

Extraordinary items	Amount	Explanation
Gains and losses from disposals of non-current assets	11,856,657.12	Gains from disposals of fixed assets
Government subsidies charged to the current gains/losses	926,470.59	Received the first half of 2010 deferred income amount of construction funds subsidies of Ninghuai Expressway (Tianchang Section) provided by Jiangsu Provincial Expressway Construction Headquarter in 2007, which is under Jiangsu Province
Other non-operating income and expenses other than above-mentioned items	2,394,883.68	Mainly the net income from road damage compensation
Income tax effect amount	-3,794,502.84	
Minority interests effect amount (after taxation)	73,394.63	
Total	11,456,903.18	

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		Change (%)
	2010 (RMB'000)	2009 (RMB'000)	
Turnover	1,177,212	1,380,455	-14.72
Operating profit before income taxation	526,167	503,490	4.50
Profit attributable to equity holders of the Company	365,453	366,408	-0.26
Basic earnings per share attributable to equity holders of the Company (RMB)	0.2203	0.2209	-0.28

Summary of assets

	As at 30 June 2010 (RMB'000)	As at 31 December 2009 (RMB'000)	Change (%)
	Total assets	8,954,043	
Total liabilities	3,276,852	4,060,146	-19.29
Total net assets (Capital and reserve attributable to equity holders of the Company)	5,451,113	5,417,382	6.23
Net assets per share (RMB)	3.2866	3.2662	6.25

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

The disclosed financial statements of the Company's H shares listed on the Stock Exchange of Hong Kong Limited are prepared in accordance with the accounting principles of Hong Kong, the disclosure requirements under the Hong Kong Company Ordinance and the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited. These standards differ from the Accounting Standards of the PRC adopted by the Group's statutory financial statements and the relevant financial and accounting systems applicable to joint stock limited company. The impact of such differences on the unaudited shareholders' interests as at 30 June 2010 and the net profit in the first half of 2010 under the accounting principles of Hong Kong are summarized below:

	Consolidated net profit (attributable to shareholders of the Company)		Consolidated net assets (attributable to shareholders of the Company)	
	For 6 months ended 30 June 2010	2009	30 June 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amount presented in accordance with the CAS	368,566	371,056	5,331,939	5,294,541
Difference and amounts - Valuation and Depreciation/ amortization and deferred taxes	(3,113)	(4,648)	119,174	122,841
Reconciliation to HKAS	365,453	366,408	5,451,113	5,417,382

Reconciliation items

In order to issue "H" share in Hong Kong, the toll roads and related land use rights were valued by a PRC certified public valuer and an international certified public valuer on 30 April and 15 August 1996 respectively. The fair value valuated by the international certified public valuer is higher than the PRC certified public valuer's result by Rmb 319,000,000, which was included in the financial statements prepared in accordance with HKFRS. In addition, the depreciation of toll roads under HKFRS is provided based on the share of traffic volume for a particular period over the projected total traffic volume, which is different from the straight-line method adopted by CAS. These differences lead to the reconciliation items presented above.

SECTION IV CHANGE OF SHARE CAPITAL AND SHAREHOLDERS

1. The share capital structure changed during the reporting period.

During the reporting period, the total share capital of the Company was not changed.

II. Shareholders

Number of shareholders as at the end of the reporting period

As of 30 June 2010, the total number of shareholders, the ten largest shareholders and the ten largest shareholders of unrestricted circulating shares in accordance with the shareholders' register provided by the Hong Kong and domestic registrars of the Company were as follows:

The total number of shareholders

There were total of 84,173 shareholders of the Company (of which, 84,089 holders of domestic shares and 84 holders of H shares)

The ten largest shareholders of the Company

Name of shareholders	Nature of shareholders	Percentage	Total holding shares	Change during the reporting period	Number of restricted circulating shares	Number of shares pledged or locked-up
Anhui Expressway Holding Group Company Limited	State	31.27%	518,581,000	0	0	None
HKSCC NOMINEES LIMITED (agent)	Overseas legal person	29.55%	490,049,898	-590,000	0	Not known
Huajian Transportation Economic Development Center	State-owned legal person	20.92%	347,019,000	0	0	None
China Pacific Life Insurance Company Limited - Traditional - Ordinary Insurance Product	Others	0.46%	7,552,527	Newly added	0	Not known
Bank of China - Huaxia Large Cap Selective Securities Investment Fund	Others	0.42%	7,000,000	-11,006,801	0	Not known
Pictet Asset Management - Pictet Funds (LUX)	Others	0.24%	3,999,970	0	0	Not known
National Social Insurance Fund 602 Composition	Others	0.20%	3,361,084	Newly added	0	Not known
Qu Lirong	Domestic individual	0.11%	1,800,000	Newly added	0	Not known
Yang Hongmei	Domestic individual	0.07%	1,215,100	0	0	Not known
Industrial and Commercial Bank of China - GF CSI 500 Securities Investment Fund (LOF)	Others	0.07%	1,104,377	-353,300	0	Not known

The ten largest shareholders of unrestricted circulating shares

Name of shareholders	Number of unrestricted circulating shares	Type of shares
Anhui Expressway Holding Group Company Limited	518,581,000	Renminbi-denominated ordinary shares
HKSCC NOMINEES LIMITED (agent)	490,049,898	Overseas-listed foreign shares
Huajian Transportation Economic Development Center	347,019,000	Renminbi-denominated ordinary shares
China Pacific Life Insurance Company Limited - Traditional - Ordinary Insurance Product	7,552,527	Renminbi-denominated ordinary shares
Bank of China - Huaxia Large Cap Selective Securities Investment Fund	7,000,000	Renminbi-denominated ordinary shares
Pictet Asset Management - Pictet Funds (LUX)	3,999,970	Renminbi-denominated ordinary shares
National Social Insurance Fund 602 Composition	3,361,084	Renminbi-denominated ordinary shares
Qu Lirong	1,800,000	Renminbi-denominated ordinary shares
Yang Hongmei	1,215,100	Renminbi-denominated ordinary shares
Industrial and Commercial Bank of China - GF CSI 500 Securities Investment Fund (LOF)	1,104,377	Renminbi-denominated ordinary shares
Explanations of connected relationship between the above-mentioned shareholders and consistent action	There are no connected relationship between the State-owned Shareholders and the State-owned legal person Shareholders in the above chart. The connected relationship amongst other shareholders cannot be ascertained, nor be known whether they belong to the consistent action stipulated in "Provisions on Information disclosure Management of Shareholders' Shareholding changes of Listed Companies".	

Notes: H Shares held by HKSCC NOMINEES LIMITED represented the holding of many clients.

Persons who have interests of short positions disclosable under divisions 2 and 3 of Part XV of the Securities and Futures Ordinance

As at 30 June 2010 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 end of period (shares)	Increase or decrease during the reporting period	Type of shares	As a percentage of total capital (%)	Pledged or locked-up
Anhui Expressway Holding Group Company Limited	518,581,000 (Long Position)	—	State-owned shares	31.27	No
Huajian Transportation Economic Development Center	347,019,000 (Long Position)	—	State-owned legal person shares	20.92	No

Names	At end of period (shares)	Increase or decrease during period	Type of shares	As a % of total H Shares	Pledged or locked-up
Commonwealth Bank of Australia	58,218,000 (Long Position)	-15,278,000	H Shares	11.81%	Not known
Colonial First State Group Ltd	33,358,000 (Long Position)	—	H Shares	6.77%	Not known
Colonial Holding Company (No.2) Pty Limited	33,358,000 (Long Position)	—	H Shares	6.77%	Not known
Colonial Holding Company Pty Ltd.	33,358,000 (Long Position)	—	H Shares	6.77%	Not known
Colonial Ltd	33,358,000 (Long Position)	—	H Shares	6.77%	Not known
First State Investment Managers (Asia) Ltd	33,358,000 (Long Position)	—	H Shares	6.77%	Not known
First State Investments (Bermuda) Ltd	33,358,000 (Long Position)	—	H Shares	6.77%	Not known
The Colonial Mutual Life Assurance Society Ltd	33,358,000 (Long Position)	—	H Shares	6.77%	Not known
First State (Hong Kong) LLC	32,166,000 (Long Position)	—	H Shares	6.52%	Not known
First State Investments (Hong Kong) Limited	30,712,000 (Long Position)	—	H Shares	6.23%	Not known
First State Investments (Singapore)	30,608,000 (Long Position)	—	H Shares	6.21%	Not known
First State Investments Holdings (Singapore) Limited	30,608,000 (Long Position)	—	H Shares	6.21%	Not known
JPMorgan Chase & Co.	28,683,985 (Long Position)	-7,778,000	H Shares	5.82%	Not known
	27,537,985 (Shares attributable to lend)	-8,134,000		5.59%	
Prudential plc	24,750,000 (Long Position)	+24,750,000	H Shares	5.02%	Not known
The Real Return Group Limited	24,694,000 (Long Position)	+24,694,000	H Shares	5.01%	Not known

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 2010.

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

According to "The Reply on Corporate Reform Implementation Scheme of Anhui Expressway Holding Corporation" issued by Anhui Provincial State-owned Assets Supervision and Administration Commission, Anhui Expressway Holding Corporation implemented corporate reform. After the reform, the name of Anhui Expressway Holding Corporation changed to Anhui Expressway Holding Group Company Limited in January 2010, still wholly state-owned company. After change, apart from the change of name and governance structure, AEHC and Anhui Expressway Group are the same enterprise legal person and Anhui Provincial State-owned Assets Supervision and Administration Commission is the only legal shareholder.

IV. *Purchase, sale and redemption of the Company's Shares*

As of 30 June 2010, the Company did not repurchase any of its listed shares, nor purchased or re-sell any listed shares of the Company.

V. *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 shareholdings.

SECTION V 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 was no change of the situation.

2. Appointment and dismissal of Directors, Supervisors and Senior Management

Mr. Wang Shui, Chairman of the Company and Mr. Li Huaijie, Chairman of the Supervisory Committee of the Company applied for resignation for retirement, the resign application was approved at the 13th meeting of the 5th Board of the Directors and 7th meeting of 5th Supervisory Committee held on 29 January 2010 and became effective from the date of electing new director and supervisor at the Extraordinary General Meeting held on 26 March 2010.

The Board of Directors of the Company pays high value for his performance during his terms and expresses great thanks for his diligent work.

Mr. Zhou Renqiang and Mr. Wang Weisheng were elected as the new director and supervisor respectively at the 2010 First Extraordinary General Meeting held on 26 March 2010. Mr. Zhou Renqiang was elected as the Chairman of the Company at the 14th meeting of 5th Board of Directors and appointed as the Chairman of Strategic Development and Investment Committee of the Company; Mr. Wang Weisheng was elected as the Chairman of the Supervisory Committee of the Company at the 8th meeting of 5th Supervisory Committee.

3. Interests to be disclosed of Directors, Supervisors and Senior Management

As at 30 June 2010, none of the Directors, Supervisors or their associates 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 Hong Kong Stock Exchange 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.

SECTION VI CHAIRMAN'S STATEMENT

During the reporting period, in accordance with the PRC Accounting Standards, the Group recorded a revenue of RMB1,024,697 thousand for the whole year. The unaudited net profit attributable to shareholders of the parent company was RMB368,566 thousand, basic earnings per share was RMB0.2222. In accordance with Hong Kong Accounting Standards, the Group achieved a turnover of RMB1,177,212 thousand, the unaudited net profit attributable to equity holders of the Company was RMB365,453 thousand, basic earnings per share was RMB0.2203.

Review

In the first half of 2010, China continued to implement a basket of plans to cope with the global financial crisis and speeded up the transformation of the mode of and structural adjustment on the economic development. The overall national economy presented a favorable development momentum and moved in the expected direction of macro-economic control. According to the preliminary estimates, GDP reached RMB 17.284 trillion in the first half of the year, representing an increase of 11.1% over the same period last year based on comparable prices.

In the first half of 2010, Anhui Province's economy continued the favorable recovery momentum starting from the second half of 2009 and maintained its stable and healthy development. According to the preliminary estimates, the Province's GDP reached RMB 553.72 billion in the first half of the year, representing an increase of 15.4% over the same period last year based on comparable prices. The total investment of RMB 6.344 billion was made in the such traffic construction as highway and waterway construction in Anhui Province in the first half of the year, of which the investment of RMB 3.84 billion was made in highway construction, representing an increase of 16.48% over the same period last year, which helped the accelerated highway construction. In the Province, the transportation volume of passengers, the turnover volume of passengers, the transportation volume of goods and the turnover volume of goods by highways and waterways was 749.93 million persons, 49,903.2 million person-kilometers, 862.3 million tons and 234,357.03 million ton-kilometers, representing an increase of 11.3%, 14.6%, 13.5% and 15.4% over the same period last year respectively.

Under the stable and healthy development of the macro-economy, the traffic volume of all expressways managed by the Group also increased correspondingly. In the first half of the year, the toll income of the Group was RMB988,931 thousand, representing an increase of 20.48% over the same period last year.

In the first half of 2010, Ningxuanhang Expressway Xuancheng-to-Ningguo Section project invested and constructed by the Group was in smooth progress. This project is situated in the southern part of Anhui Province and is a major traffic route connecting the Anhui Province and economically advanced Yangtze River Delta region and has a positive enhancement effect on the completeness of the traffic network in Anhui Province, Yangtze River Delta and even the country. In addition to meeting the needs of the region's economic developments, the implementation of this project also has a positive effect on the profitability and long-term development of the Company.

In the first half of 2010, the Company continued with the comprehensive and in-depth implementation of "smiling" campaign. The service quality has been raised significantly. The Company received extensive recognition from all circles in the society and the corporate image of the Company was improved significantly.

In the first half of 2010, the Company was well deployed and various preparatory work was done proactively to salute the major inspection on arterial highways maintenance throughout the country and took the opportunity of this to improve the maintenance and management level continuously.

Outlook

In the second half of the year, it's expected that China's economy will maintain its stable and rapid growth with its continuous implementation of aggressive financial policy and flexible monetary policy and great efforts to promote the adjustment on the economic structure and the transformation of development method. This stable and rapid growth will create a favorable external environment for the economic development of Anhui Province. It is believed that the profitability of the Company will increase stably under the continuous economic development of the region.

All of the road assets of the Group are located in Anhui Province. Benefited from the stable and healthy economic development of Anhui Province, the gradual improvement of the expressway network in Anhui Province, the implementation of the policy to speed up the construction of traffic transportation infrastructures by the county and "Plan for Succeeding Industrial Transfer Demonstration Zone in Wanjiang City Group", it is expected that highway traffic volume will remain to increase in the second half of the year.

The Group will continue to focus on the investment on construction of and the operation management on toll roads. In addition to enhancing the management on road assets, the Group will expand the size of road assets to further increase its market share in the toll road market of Anhui Province, enhance its overall strengths and core competitiveness and build the Company into a large toll road listed company featuring significant core business, healthy operation, sound governance structure and high management level.

Chairman

Zhou Renqiang

Hefei, Anhui, the PRC

13 August 2010

SECTION VII REPORT OF THE BOARD OF DIRECTORS

During the reporting period, in accordance with the PRC Accounting Standards, the Group achieved a revenue of RMB1,024,697 thousand (Corresponding period in 2009: RMB856,715 thousand), representing an increase of 19.61% compared with that of the corresponding period of last year. The total profit was RMB530,786 thousand (Corresponding period in 2009: RMB509,168 thousand), representing an increase of 4.25% compared with that of the corresponding period of last year. Unaudited net profit attributable to shareholders of the parent company reached RMB368,566 thousand (Corresponding period in 2009: RMB371,056 thousand), representing a decrease of 0.67% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2222 (Corresponding period in 2009: RMB0.2237), representing a decrease of 0.67% compared with that of the corresponding period of last year.

In accordance with the Hong Kong Accounting Standards, the Group achieved a turnover of RMB1,177,212 thousand representing a decrease of 14.72% compared with that of the corresponding period of last year. Profit before taxation was RMB526,167 thousand, representing an increase of 4.50% compared with that of the corresponding period of last year. Unaudited profit attributable to equity holders of the Company was RMB365,453 thousand, representing a decrease of 0.26% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2203, representing a decrease of 0.26% compared with that of the corresponding period of last year.

I. Business Review (In accordance with the PRC Accounting Standards)

1. Toll Expressways

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 (G40 Hushan Expressway Hening Section), Gaojie Expressway (G50 Huyu Expressway Gaojie Section), Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section), Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section), Ninghuai Expressway Tianchang Section and New Tianchang Section of National Trunk 205 with a total mileage of 426km.

Items	Length (km)	Number of lanes	Number of toll stations	Number of service areas	Terms of operation
Hening Expressway (G40 Hushan Expressway Hening Section)	134	4 (part of 8 Lanes)	8	3	Commencing from 16 August 1996 to 15 August 2026
New Tianchang Section of National Trunk 205	30	4	1	—	Commencing from 1 January 1997 to 31 December 2026
Gaojie Expressway (G50 Huyu Expressway Gaojie Section)	110	4	3	4	Commencing from 1 October 1999 to 30 September 2029
Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section)	84	4	4	2	Commencing from 1 January 1999 to 31 December 2028 (South Ring Road: Commencing from 1 September 2003 to 31 December 2028)
Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section)	54	4	5	1	Commencing from 1 January 2003 to 30 June 2032
Ninghuai Expressway Tianchang Section	14	6	1	1	Commencing from 18 December 2006 to 17 June 2032

Operations of Each Road

Items	Share of interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		First half of 2010	First half of 2009	Change (%)	First half of 2010	First half of 2009	Change (%)
		Hening Expressway	100%	19,691	14,937	31.83	401,240
New Tianchang Section of National Trunk 205	100%	6,418	5,277	21.62	27,981	18,734	49.36
Gaojie Expressway	100%	11,695	10,185	14.83	250,730	211,989	18.28
Xuanguang Expressway	55.47%	14,884	11,952	24.53	196,659	159,207	23.52
Lianhuo Expressway Anhui Section	100%	7,550	6,531	15.60	82,558	83,445	-1.06
Ninghuai Expressway Tianchang Section	100%	15,159	13,303	13.95	29,763	26,676	11.57

Items	Share of interests	Proportion of passenger vehicles to goods vehicles		Toll income per vehicle (RMB)		Change (%)
		First half of 2010	First half of 2009	First half of 2010	First half of 2009	
		Hening Expressway	100%	60:40	65:35	
New Tianchang Section of National Trunk 205	100%	37:63	47:53	24.09	19.61	22.85
Gaojie Expressway	100%	44:56	45:55	118.45	114.99	3.01
Xuanguang Expressway	55.47%	57:43	58:42	73.00	73.60	-0.82
Lianhuo Expressway Anhui Section	100%	47:53	44:56	60.41	70.59	-14.42
Ninghuai Expressway Tianchang Section	100%	78:22	73:27	10.85	11.08	-2.08

During the reporting period, resulted from the recovery of the macro-economy, traffic volumes of each road operated by the Group presented an increase in degree. In the first half of 2010, the toll income of the Group achieved RMB 988,931 thousand, representing an increase of 20.48% compared with the corresponding period of last year.

During the reporting period, toll income and traffic volumes of Hening expressway and Gaojie Expressway both achieved a substantial increase resulted from the recovery of the macro-economy and completion of reconstruction.

Because of the increase of toll rates on goods vehicles with reference to their weight on Ninghuai Expressway Tianchang Section, New Tianchang Section of National Trunk 205 achieved a faster increase compared with Ninghuai Expressway Tianchang Section.

The increase of toll income of Xuanguang Expressway of Ninghuai Expressway Tianchang Section resulted from the natural increase of traffic volumes.

During the reporting period, traffic volumes of Lianhuo Expressway Anhui Section achieved an increase compared with the corresponding period of last year, however, the toll income decreased, which was mainly due to the decrease the proportion of goods vehicles resulting to the decrease the toll income per vehicle.

2. *Project Investment*

Investment of fund-raising

According to the approval document (Zheng Jian Xu Ke No. [2009] 1074) issued by China Securities Regulatory Commission (“CSRC”), the Company successfully issued Corporate Bonds of RMB2 billion on 17 -22 December 2009 through the internet and other ways. The proceeds of RMB 1.5 billion after deducting expenses was used to replace commercial bank loans and adjust the Company’s financial structure, the remainings were used to supplement current funds.

During the reporting period, the proceeds has been fully used in accordance with the undertakings in the Prospectus.

Investments of non-fund-raising

(1) *Widening of four-lane to eight-lane of Hening Expressway*

The widening of four-lane to eight-lane of Hening Expressway with the section of Dashushan to inter-connected interchange of Longxi commenced in August 2006. The widening works is to be completed within 3 years with a total length of 42.64 km. The total investment of the widening works is expected to be approximately RMB1,964 million. The project was completed in September 2009.

During the reporting period, RMB43 million was invested in the widening works, as at the end of the reporting period, the accumulated investment was RMB1,903 million.

(2) *Reconstruction of Gaojie Expressway*

The reconstruction of Gaojie Expressway was commenced at the end of 2007 with the budgetary estimate of RMB970 million within two years. The total investment of the reconstruction works is expected to be approximately RMB830 million. The project was completed in June 2009.

During the reporting period, RMB3 million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB820 million.

(3) *The construction of Wantong Expressway Hi-tech Industrial Park*

The budgetary estimate for the main project and follow-up project of Wantong Expressway Hi-tech Industrial Park was of approximately RMB298 million. The main project was commenced at the beginning of 2007 and completed at the end of 2009. The follow-up project is expected to be completed at the end of 2011 with budgetary estimate of RMB152 million.

During the reporting period, RMB16 million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB159 million.

(4) Construction of Ningxuanhang Expressway Xuancheng-Ningguo Section

Ningxuanhang Expressway Xuancheng-Ningguo Section is a part of Ningxuanhang Expressway Anhui Section with a total mileage of 44km and investment of RMB2,679 million, which began to be constructed in September 2009.

During the reporting period, RMB111 million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB236 million.

II. Operation Results Analysis (in accordance with the PRC Accounting Standards)

	January-June 2010 (RMB'000)	January-June 2009 (RMB'000)	Change (%)
Key financial index			
Revenue	1,024,697	856,715	19.61
Operating costs	321,475	238,899	34.57
Administrative expenses	82,997	63,430	30.85
Finance costs	71,182	20,320	250.31
Operating profit	515,608	506,790	1.74
Net profit attributable to shareholders of parent company	<u>368,566</u>	<u>371,056</u>	<u>-0.67</u>

Revenue

During the reporting period, the Group achieved a revenue of RMB1,024,697 thousand, representing an increase of 19.61% compared with that of the corresponding period of last year. The increase of revenue was mainly due to the increase of toll income. The change of toll income of each road was due to the change of traffic volumes. For traffic volumes' analysis, please refer to previous "Business Operation Analysis".

Composition and percentage of revenue (Including toll income and other business income) are as follows:

Name of the roads	January-June 2010			January-June 2009		
	Principal business income (RMB'000)	Other business income (RMB'000)	As a percentage of the total income (%)	Principal business income (RMB'000)	Other business income (RMB'000)	As a percentage of the total income (%)
Hening Expressway	418,400	1,693	40.99	330,613	5,200	37.69
New Tianchang Section of National Trunk 205	27,981	57	2.74	18,734	149	2.88
Gaojie Expressway	261,687	726	25.61	220,107	4,147	27.46
Xuanguang Expressway	196,659	110	19.20	159,207	103	17.39
Lianhuo Expressway Anhui Section	84,711	230	8.29	85,732	4,144	12.10
Ninghuai Expressway Tianchang Section	32,370	73	3.17	28,385	194	2.48
Total	1,021,808	2,889	100.00	842,778	13,937	100.00

(Note: principal business income includes toll income and service area operation income.)

Operating costs

During the reporting period, the operating costs of the Group was RMB321,475 thousand, representing an increase of 34.57%. The increase of operating costs was mainly due to the completion of main project of widening of four-lane to eight-lane of Hening Expressway and reconstruction of Gaojie Expressway, the depreciation and amortization amount increased.

Percentage of specific operating costs (%)

Project of Costs	Depreciation and amortization (RMB'000)	Road maintenance expenses (RMB'000)	Other costs (RMB'000)	Total (RMB'000)
	First half of 2010	241,987	34,965	44,523
First half of 2009	170,035	28,743	40,121	238,899
Change	71,952	6,222	4,402	82,576

Administrative expenses

During the reporting period, the Group's administrative expenses were RMB82,997 thousand, representing an increase of 30.85% compared with that of the corresponding period of last year, which was mainly due to the increase of staff wages and other management expenses.

Finance costs

During the reporting period, the Group's finance costs were RMB71,182 thousand, representing an increase of 250.31% compared with that of the corresponding period of last year, which was mainly because that the borrowings were not capitalized after the completion of the widening of Hening Expressway and reconstruction of Gaojie Expressway, when the interest capitalized amount of the above two projects was RMB45,490,800 at the corresponding period of last year.

Operating profit

Owing to the above composite factors, the operating profit of the Group during the reporting period increased by 1.74% to RMB515,608 thousand. The operating profit margin of the Group during the reporting period was 50.32% (Corresponding period of 2009: 59.15%).

During the reporting period, revenue and operating profit margin of the Group are as follows:

Unit: RMB'000

Name of roads	Revenue	Operating costs	Operating profit margin (%)	Change in revenues (%)	Change in costs (%)	Change in operating profit margin (%)
Hening Expressway	420,094	141,590	48.39	25.10	82.78	A decrease of 17.50 percent point
New Tianchang Section of National Trunk 205	28,037	12,215	34.83	48.48	13.42	An increase of 8.15 percent point
Gaojie Expressway	262,413	67,470	57.90	17.02	32.13	A decrease of 10.48 percent point
Xuanguang Expressway	196,769	48,274	55.35	23.51	17.29	An increase of 4.28 percent point
Lianhuo Expressway Anhui Section	84,941	38,640	33.58	-5.49	-14.35	A decrease of 3.96 percent point
Ninghuai Expressway Tianchang Section	32,443	13,286	41.22	13.52	-0.32	A decrease of 1.64 percent point
Total	1,024,697	321,475	50.32	19.61	34.57	A decrease of 8.83 percent point

Net profit

During the reporting period, the net profit of the Group was RMB404,623 thousand, net profit attributable to shareholders of the parent company was RMB368,566 thousand, representing an increase of 1.60% and -0.67% respectively compared with that of the corresponding period of last year. The basic earnings per share was RMB 0.2222 for the reporting period.

III. Analysis of Financial Condition (in accordance with the PRC Accounting Standards)

Total assets

As at the end of the reporting period, the total assets of the Group was RMB8,811,321 thousand, representing a decrease of 7.96% compared with that at the end of last year, which was mainly due to the decrease of monetary fund and decrease of net value of fixed assets and intangible assets after making depreciation and amortization.

Current liabilities and short-term debt paying ability

As at 30 June 2010, the Group's current liabilities was RMB899,895 thousand (As at 31 December 2009: RMB1,704,613 thousand), of which RMB265,000 thousand was short term borrowings, RMB278,918 thousand was accounts payables, RMB50,672 thousand was interests payables, RMB58,768 thousand was staff wages payables, RMB95,462 thousand was tax payables, RMB122,905 thousand was other payables, (including RMB41,184 thousand of toll income collected on behalf of the inter-network settlement center, RMB36,781 thousand of deposit from engineering projects, RMB20,736 thousand was provision on central control maintenance expenses and other payables was RMB24,204 thousand), other current liabilities was RMB28,169 thousands. Pursuant to the current working capital conditions, the facilities not yet utilized and future funding arrangements, the Group expects that it will have sufficient funds to repay the amounts due to as mentioned above.

Long-term liabilities and debt paying ability

The Group's non-current liabilities were RMB2,354,614 thousand, including 5-year corporate bonds of RMB1,974,210 thousand and long-term minority payables of RMB293,042 thousand. The total issuance of corporate bonds was RMB2 billion with terms of 5 years. The corporate bonds were charged by simple interest annually starting from 17 December 2009 ending at 16 December 2014 with fixed annual interests of 5%, and paid interests annually, repay at maturity without redeeming. The long-term minority payables were free of interests and paid in accordance with the contract signed by the Group and minority shareholders. The non-current liabilities of the Group were as follows by paying terms (amount before discount):

RMB'000	Less than one year	1 – 2 years	2 – 5 years	More than 5 years
The Group				
30 June 2010				
Corporate bonds and relevant interests	100,000	100,000	2,300,000	
Long-term minority payables			65,389	277,653

According to the above paying terms, operation cash flows expectation and funds arrangements, the management believed that the Group will have sufficient funds to repay the mature non-current liabilities.

Shareholders' equities

As at 30 June 2010, the Group's shareholders' equities (excluding minority interests) was RMB5,331,939 thousand, representing an increase of RMB37,398 thousand from that at the beginning of the year, which was mainly due to the accumulation of the Company's operating profit during the reporting period.

Cash flows of the Group

As at 30 June 2010, the Group's cash and cash equivalent were RMB425,380 thousand, representing a decrease of RMB617,588 thousand compared with that of the corresponding period last year.

During the reporting period, the Group's net operating cash inflow was RMB1,038,146 thousand, representing an increase of RMB174,353 thousand compared with that of the corresponding period last year and the increase rate was 20.18%, which was mainly because that during the reporting period, the Group's cash received from sales of goods increased by RMB175,882 thousand compared with that of the corresponding period last year, but cash paid for goods and services, tax payables and staff salaries increased respectively by RMB9,033 thousand, RMB-128,993 thousand and RMB2,374 thousand.

During the reporting period, the Group's net cash outflow used in investment was RMB304,989 thousand, which was mainly used in construction of NingXuanghai Expressway, widening of Hening Expressway, reconstruction of Gaojie Expressway and building of Wantong Expressway Hi-tech Industrial Park.

During the reporting period, the Group's net cash outflow from financing activities was RMB1,104,531 thousand, which was mainly due to the payment of bank loans of RMB869,999 thousand and distribution of dividends of RMB383,132 thousand.

The Group was awarded with good credit ratings. As at 30 June 2010, the total credit facilities granted during the year was RMB3,215 million, and the facilities not yet utilized were RMB2,950 million.

Capital expenditures

During the reporting period, the Group's capital expenditure totaled RMB173 million which was mainly composed of the widening of Hening Expressway, reconstruction of Gaojie Expressway, construction of Ningxuanhang Expressway and building of Wantong Expressway Hi-tech Industrial Park, which was funded by the Group's own funds, proceeds from corporate bonds and bank loans.

As at the end of the reporting period, the capital expenditure commitment was RMB788 million contracted for but not necessarily confirmed in the financial statement (mainly used for construction of Ningxuanhang Expressway).

Capital Structure

	As at 30 June 2010		As at 31 December 2009	
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)
Current liabilities	899,895	10.22	1,704,613	17.81
Long-term liabilities	2,354,614	26.72	2,338,132	24.42
Shareholders' equities	5,331,939	60.51	5,294,541	55.30
Minority interests	224,873	2.55	236,400	2.47

In terms of interest rates:

	30 June	31 December
	2010	2009
	(%)	(%)
Fixed interest rate liabilities	25.41	30.88
Interest-free liabilities	11.53	11.35
Shareholders' equities attributable to the Company	60.51	55.30
Minority interests	2.55	2.47

In 2009, the Group issued the corporate bonds of RMB2 billion, which resulted in the both change of proportion of current liabilities and non-current liabilities. The Group's current bank borrowings and bonds payables are all fixed rate liabilities. Fluctuation in interest rates will not have any material impact on the Group's operating results. The Group's floating interest liabilities are mainly general payables and long-term payables to minority shareholders of subsidiaries.

SECTION VIII MAJOR EVENTS

1. Corporate Governance

The Company has strictly complied with requirements of laws, regulations and regulatory documents including the Company Law, the Securities Law, the Standard on the Governance of Listed Companies and the Guidelines for Articles of Association of Listed Companies since its establishment and continued to enhance its corporate governance standards.

During the reporting period, the Company further regulates and improves the relevant rules and systems on corporate governance. In accordance with the requirements of regulatory authorities and the actual conditions of the Company, the Company revised its Articles of Association, as well as formulated the Accountability System in relation to Serious Faults in Information Disclosure in the Annual Report, Management System in External Information User of the Company and Management System of Insiders of Inside Information of the Company to promote the special exercises on corporate governance continuously.

Code on Corporate Governance Practice

For the six months ended 30 June 2010, Directors of the Company confirmed that the Company has complied with the relevant requirements of the Appendix 14 “Code on Corporate Governance Practice” of the Listing Rules of the Stock Exchange of Hong Kong Limited (“Listing Rules”).

Audit Committee

During the reporting period, the Audit Committee convened three meetings, which reviewed the 2009 Annual Results Report and Financial Statement prepared in accordance with the PRC and Hong Kong Accounting Standards, the 2010 First Quarterly Report, as well as the 2010 Interim Results Announcement and Unaudited Financial Statement prepared in accordance with the PRC and Hong Kong Accounting Standards.

Independent Non-executive Directors

The Company has appointed enough Independent Non-executive Directors with professional knowledge in accordance with Rules 3.10(1) and 3.10(2) of Listing Rules. The Company appointed 3 Independent Non-executive Directors, one of which is specialized in accounting and financial management.

Model Code for Securities Transactions for Directors and Supervisors of the Company

For the six months ended 30 June 2010, the Company has adopted the code provisions on the trading of shares of the Company by relevant directors contained in the “Model Code for Securities Transactions by Directors and Supervisors of Listed Issuers” (“Model Code for Securities Transactions”) as set out in the Appendix 10 of the “Listing Rules”. After making specific enquiries of all directors and supervisors, the Company confirms that all directors and supervisors fully complied with the “Model Code for Securities Transactions”.

2. Profit appropriation for 2010 interim

The Board of Directors of the Company recommends that the Company will neither pay the dividends for six months as at 30 June 2010 nor transfer the capital surplus to share capital.

3. Implementation of the profit appropriation for the reporting period

The 2009 profit appropriation plan of the Company was approved by the 2009 Annual General Meeting held on 28 May 2010, details are as follows: To pay a final dividend of RMB331,722 thousand on the basis of RMB2.0 for every 10 shares (tax inclusive) based on the total number of shares outstanding at the end of 2009 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 2009 General Meeting on 31 May 2010 in the Shanghai Securities Post, China Securities Post and on the website of The Stock Exchange of Hong Kong Limited, and determined a dividend for H shares of HK\$0.2284 (tax inclusive), which was priced in RMB and paid in HK\$. The registration date of the H Shareholders was 27 April 2010 and the dividend payout date was 25 June 2010. On 10 June 2010, the Company published the 2009 profit appropriation implement announcement in the Shanghai Securities Post and China Securities Post and determined that the Domestic Shareholders' registration date was 18 June 2010, the ex-dividend date was 21 June 2010 and the dividend payout date of 25 June 2010.

The 2009 profit appropriation proposal has been implemented.

4. Implementation of cash dividends during the reporting period

The cash dividends policy was defined in the Articles of Association of the Company and the 2009 annual profit distribution was completed on 25 June 2010.

5. Material Litigation and Arbitration

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

6. Material Acquisition and Disposals of Assets and Mergers

During the reporting period, the Company was not involved in any material acquisition and disposals of assets and mergers

7. Material Connected Transactions

1. Connected transactions in relation to daily operations

Unit: RMB'000

Connected parties	Contents of connected transactions	Pricing policies of connected transactions	Amounts of connected transactions	Percentage to the similar transactions	Payment method
Yida Company	To provide office building lease	Made by negotiations through fair principles with reference to its costs	195	3.71%	Transfer
Xiandai Transportation	To provide office building lease	Made by negotiations through fair principles with reference to its costs	175	3.33%	Transfer
Expressway Investment	Entrusted construction and management expenses for construction of Wantong High-tech Industrial Park	Made by negotiations through fair principles with reference to its costs	1,584	1.90%	Transfer
Inspection and Scientific Research Center	Materials test expenses of widening of Hening Expressway	Made by negotiations through fair principles with reference to its costs	498	1.35%	Transfer
Remuneration of key administrators	To pay for key administrators		930	1.68%	Transfer

2. Related debtor and creditor account

Unit: RMB'000

Related parties	The Company provides capital to related parties		Related parties provide capital to the Company	
	Amount incurred	Balance	Amount incurred	Balance
Xuancheng Highway Management	0	0	0	273,010
Xuancheng Transportation and Construction	0	0	0	20,032
Yida Company	0	0	0	3,060
Key administrators	930	19	—	—

8. Holding equities in other listed companies and interests in financial enterprises

During the reporting period, the Company was not involved in holding equities in other listed companies or interests in financial enterprises.

9. 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) *Other material contracts*

There was no other material contract of the Company during the reporting period.

(5) *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.

10. Implementation of commitments

- (1) Commitments and implementation of the Company and its real controllers with more than 5% equities during the reporting period.

Commitments	Contents of commitments	Implementation of their commitments
Commitments of Share Segregation Reform	<p>(1) The Shareholders of Non-circulating Shares have undertaken to pay relevant expenses arising from the Share Segregation Reform proportional to the respective percentages of the Company's Non-circulating Shares held by them immediately prior to the implementation of the Share Segregation Reform;</p> <p>(2) Within 3 years from the implementation date of the Share Segregation Reform Proposal, the Shareholders of Non-circulating Shares undertook to sell their shares, if they need to, with the price not less than RMB8.28 (such price to be calculated on an ex-rights basis if dividends distribution, allotment of shares and capitalization of capital reserve are implemented); The proceeds from any sale by Shareholders of Non-circulating Share in breach of such undertaking shall be reverted to the Company's account for the benefit of all shareholders of the Company;</p> <p>(3) All Shareholders of Non-circulating Shares undertook that, during three continuous years immediately following the completion of implementation of the Reform Proposal, they should propose at the annual general meeting of the Company that the Company's dividends distributable in cash shall not be less than 60% of the period available for distribution to the shareholders for the corresponding periods and undertook to vote for such resolutions at the annual general meeting;</p> <p>(4) In the future, Anhui Expressway Holding Group Company Limited will continue to support the Company to purchase good-quality road assets owned by Anhui Expressway Holding Group Company Limited, as always, pay attention to protect shareholders' interests;</p> <p>(5) Shareholders of Non-circulating Shares undertook that, upon the completion of this Share Segregation Reform, they will make recommendation for formulation of long term incentive</p>	Implemented their undertakings carefully without breach.

- (1) Are there any unimplemented results commitments as of the disclosure date of interim report: no
- (2) Are there any unimplemented assets injection or integration commitments as of the disclosure date of interim report: no

11. Appointment and Dismissal of Auditors

PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd and PricewaterhouseCoopers Certified Public Accountants were appointed as the Company's 2010 PRC and Hong Kong auditors at the 2009 Annual General Meeting.

12. Punishment and Reconstruction of the Listed Company, Directors, Supervisors, Senior Management, Shareholders and the Real Controller of the Company

During the reporting period, the Listed Company, Directors, Supervisors, Senior Management, Shareholders and the Real Controller of the Company have not been involved in any inspection, punishment or criticism by China's Securities Regulatory Commission or public reprimand by stock exchange.

13. Analysis on Other Major Events and Their Impact and Resolving Proposals

According to the approval document (Zheng Jian Xu Ke No. [2009] 1074) issued by China Securities Regulatory Commission ("CSRC"), the Company successfully issued Corporate Bonds of RMB2 billion on 17 -22 December 2009 through the internet and other ways. The carrying amount of such Bond is RMB100 each. Such Corporate Bonds were issued at par with a term of 5 years, the interest of which is calculated at a fixed simple interest rate of 5% per annum and is payable annually. The principal of the Bond shall be redeemed in full on maturity. According to the approval document (Shang Zheng Zhai Zi No. [2010] 9) issued by the Shanghai Stock Exchange, such Corporate Bonds have been listed in the Shanghai Stock Exchange since 21 January 2010 (Stock Name: "09 Wangtongzhai", Stock Code: "122039").

Reply in relation to Toll Collection Period of Ninghuai Expressway Tianchang Section

A reply was received in relation to Toll Collection Period of Ninghuai Expressway Tianchang Section issued by the People's Government of Anhui Province, approving the toll collection of 25 years and 6 months commencing from 18 December 2006 to 17 June 2032.

American depositary receipt ('ADR') program

On 11 June 2009, the Company set up an American depositary receipt ('ADR') program with Bank of New York Mellon (as the depositary bank). The number of ADR registered by the Company under the ADR program is 50,000 thousand. Each ADR represents ten ordinary H shares traded on the Hong Kong Stock Exchange. As at the report release date, no share is accepted for deposit.

14. Information Disclosure Index

During the reporting period, the Company's A shares announcements were all published in the Shanghai Securities Post and China Securities Post. The Company's H shares announcements were all disclosed on the websites of the Stock Exchange of Hong Kong Limited and the Company..

Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
2009 Corporate Bonds listed announcement of Anhui Expressway Company Limited	China Securities Post, the Shanghai Securities Post	21 January 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Abnormal fluctuation announcement of stock trading	China Securities Post, the Shanghai Securities Post	21 January 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Announcement of the resolutions of the 7th meeting of the 5th Supervisory Committee	China Securities Post, the Shanghai Securities Post	1 February 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Announcement of the resolutions of the 13th meeting of the 5th Board	China Securities Post, the Shanghai Securities Post	1 February 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Notice of 2010 First Extrordinary General Meeting	China Securities Post, the Shanghai Securities Post	1 February 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
Announcement on toll collection period of Ninghuai Expressway Tianchang Section	China Securities Post, the Shanghai Securities Post	4 February 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Announcement of resolutions passed at 2010 First Extrordinary General Meeting	China Securities Post, the Shanghai Securities Post	29 March 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Announcement of the resolutions of the 14th meeting of the 5th Board	China Securities Post, the Shanghai Securities Post	29 March 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Announcement of the resolutions of the 8th meeting of the 5th Supervisory Committee	China Securities Post, the Shanghai Securities Post	29 March 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Announcement of the resolutions of the 15th meeting of the 5th Board	China Securities Post, the Shanghai Securities Post	7 April 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Announcement of the resolutions of the 9th meeting of the 5th Supervisory Committee	China Securities Post, the Shanghai Securities Post	7 April 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

Items	Newspapers designated for publishing reports	Publishing date	Website designated for disclosure of reports
Notice of 2009 Annual General Meeting, Summary of 2009 Annual Report	China Securities Post, the Shanghai Securities Post	7 April 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2009 Annual Results Announcement, Notice of 2009 Annual General Meeting		7 April 2010	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Tracking rating results announcement on "09 Wantong Bonds"	China Securities Post, the Shanghai Securities Post	11 May 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Announcement of resolutions passed at the 2009 Annual General Meeting	China Securities Post, the Shanghai Securities Post	31 May 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn
Voting results at Annual General Meeting held on 28 May 2010		31 May 2010	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Announcement on Implementation of the Payment of Dividends for 2009	China Securities Post, the Shanghai Securities Post	10 June 2010	Website of the Shanghai Stock Exchange: www.sse.com.cn , Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk

SECTION IX ACCOUNTS

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2010

(All amounts in Renminbi thousands unless otherwise stated)

ASSETS	<i>Note</i>	Unaudited 30 June 2010	<i>Audited</i> 31 December 2009
Non-current assets			
Concession intangible assets	5	7,648,999	7,804,775
Land use rights	5	11,512	11,835
Property, plant and equipment		747,528	748,628
Investment property	5	36,747	33,724
Intangible assets	5	2,250	2,549
Investments in associates		27,725	26,869
Available-for-sale financial assets	6	18,000	18,000
		8,492,761	8,646,380
Current assets			
Inventories		8,517	2,395
Trade and other receivables	7	27,385	23,087
Cash and cash equivalents		425,380	1,042,968
		461,282	1,068,450
Total assets		8,954,043	9,714,830
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Ordinary share capital	8	1,658,610	1,658,610
Share premium	8	1,415,593	1,415,593
Other reserves	9	146,995	147,372
Retained earnings			
– Proposed final dividend	21	—	331,722
– Others		2,229,915	1,864,085
		5,451,113	5,417,382
Minority interest in equity		226,078	237,302
Total equity		5,677,191	5,654,684

The notes on pages 45 to 62 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

As at 30 June 2010

(All amounts in Renminbi thousands unless otherwise stated)

	Note	<i>Unaudited</i> 30 June 2010	<i>Audited</i> 31 December 2009
LIABILITIES			
Non-current liabilities			
Long-term payables	14	293,042	275,551
Borrowings	11	1,974,210	1,971,662
Deferred income tax liabilities		65,635	63,553
Deferred income	13	43,074	44,000
		<u>2,375,961</u>	<u>2,354,766</u>
Current liabilities			
Trade and other payables	10	518,011	646,669
Current income tax liabilities		89,711	45,542
Provision	12	28,169	28,169
Borrowings	11	265,000	985,000
		<u>900,891</u>	<u>1,705,380</u>
Total liabilities		<u>3,276,852</u>	<u>4,060,146</u>
Total equity and liabilities		<u>8,954,043</u>	<u>9,714,830</u>
Net current liabilities		<u>(439,609)</u>	<u>(636,930)</u>
Total assets less current liabilities		<u>8,053,152</u>	<u>8,009,450</u>

The notes on pages 45 to 62 are an integral part of these condensed consolidated financial statements.

Approved by the Board of Directors on 13 August 2010

Zhou Renqiang
Director

Li Yungui
Director

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

(All amounts in Renminbi thousands unless otherwise stated)

		<i>Unaudited</i>	<i>Unaudited</i>
		Six months ended 30 June	
	Note	2010	2009
Revenues	16	1,177,212	1,380,455
Cost of sales	17	(512,901)	(796,098)
Gross profit		664,311	584,357
Other gains - net	15	19,337	4,397
Administrative expenses	17	(83,501)	(63,656)
Operating profit		600,147	525,098
Finance costs	18	(74,837)	(22,111)
Share of profit of associates		857	503
Profit before income tax		526,167	503,490
Income tax expense	19	(123,909)	(110,118)
Profit for the period		402,258	393,372
Attributable to:			
Equity holders of the Company		365,453	366,408
Minority interest		36,805	26,964
		402,258	393,372
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)	20	0.2203	0.2209
Dividends		—	—

The notes on pages 45 to 62 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

(All amounts in Renminbi thousands unless otherwise stated)

	<i>Unaudited</i>	<i>Unaudited</i>
	Six months ended 30 June	
	2010	2009
Profit for the period	402,258	393,372
Other comprehensive income	—	—
Other comprehensive income for the period, net of tax	—	—
	<hr/>	<hr/>
Total comprehensive income for the period	402,258	393,372
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:		
Equity holders of the Company	365,453	366,408
Minority interest	36,805	26,964
	<hr/>	<hr/>
	402,258	393,372
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 45 to 62 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

(All amounts in Renminbi thousands unless otherwise stated)

	Attributable to equity holders of the Company				Minority Interest	Total
	Ordinary share capital (Note 8)	Share premium (Note 8)	Other reserves (Note 9)	Retained earnings		
Balance at 1 January 2009 (audited)	1,658,610	1,415,593	74,064	1,983,161	220,221	5,351,649
Comprehensive income						
Profit for the half-year (unaudited)	—	—	—	366,408	26,964	393,372
Other comprehensive income (unaudited)	—	—	—	—	—	—
Total comprehensive income for the period ended 30 June 2009 (unaudited)	—	—	—	366,408	26,964	393,372
Profit appropriation (unaudited)	—	—	—	—	—	—
Others (unaudited)	—	—	(664)	664	—	—
Transactions with owners						
2008 final dividends (unaudited)	—	—	—	(381,480)	—	(381,480)
2008 dividends to minority shareholder by subsidiary (unaudited)	—	—	—	—	(43,674)	(43,674)
Balance at 30 June 2009 (unaudited)	<u>1,658,610</u>	<u>1,415,593</u>	<u>73,400</u>	<u>1,968,753</u>	<u>203,511</u>	<u>5,319,867</u>

The notes on pages 45 to 62 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2010

(All amounts in Renminbi thousands unless otherwise stated)

	Attributable to equity holders of the Company				Minority Interest	Total
	Ordinary share capital (Note 8)	Share premium (Note 8)	Other reserves (Note 9)	Retained earnings		
Balance at 1 January 2010 (audited)	1,658,610	1,415,593	147,372	2,195,807	237,302	5,654,684
Comprehensive income						
Profit for the half-year (unaudited)	—	—	—	365,453	36,805	402,258
Other comprehensive income (unaudited)	—	—	—	—	—	—
Total comprehensive income for the period ended 30 June 2010 (unaudited)	—	—	—	365,453	36,805	402,258
Profit appropriation (unaudited)	—	—	—	—	—	—
Others (unaudited)	—	—	(377)	377	—	—
Transactions with owners						
2009 final dividends (unaudited)	—	—	—	(331,722)	—	(331,722)
2009 dividends to minority shareholder by subsidiary (unaudited)	—	—	—	—	(51,411)	(51,411)
Difference between the carrying amount and undiscounted amount of interest free loan received from a minority shareholder, net of tax (unaudited)	—	—	—	—	3,382	3,382
Balance at 30 June 2010 (unaudited)	1,658,610	1,415,593	146,995	2,229,915	226,078	5,677,191

The notes on pages 45 to 62 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2010

(All amounts in Renminbi thousands unless otherwise stated)

		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		For the six months ended	
	<i>Note</i>	2010	2009
Cash flows from operating activities			
Cash generated from operations		550,295	264,549
Interest paid		(14,898)	(60,682)
Income tax paid		(77,908)	(204,427)
		<hr/>	<hr/>
Net cash generated from/(used in) operating activities		457,489	(560)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,778)	(48,738)
Proceeds from sales of property, plant and equipment		14,063	105
Interest received		4,159	2,060
		<hr/>	<hr/>
Net cash generated from/(used in) investing activities		14,444	(46,573)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from borrowings		135,000	2,260,000
Repayments of borrowings		(855,000)	(1,870,000)
Cash generating from minority shareholder's contribution to a subsidiary	14(b)	13,500	—
Dividends paid to minority shareholders		(51,411)	(43,674)
Dividends paid to the Company's shareholders	21	(331,722)	(381,480)
		<hr/>	<hr/>
Net cash used in financing activities		(1,089,633)	(35,154)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		1,042,968	531,235
		<hr/>	<hr/>
Exchange gains on cash and cash equivalents		112	—
		<hr/>	<hr/>
Cash and cash equivalents at end of the period		425,380	448,948
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 45 to 62 are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2010

(All amounts in Renminbi thousands unless otherwise stated)

1. General information

Anhui Expressway Company Limited (the "Company") was incorporated in the People's Republic of China ("PRC") on 15th August 1996 as a joint stock limited company. The Company and its subsidiaries (the "Group") are principally engaged in the construction, operation, management and development of the toll roads and associated service sections in the Anhui Province.

The Company's H shares and A shares have been listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange since November 1996 and January 2003, respectively. The address of its registered office is No. 520, West Wang Jiang Road, Hefei, Anhui, the PRC.

As of 30 June 2010, the Group's toll roads are shown as follows:

Toll road	Length <i>kilometres</i>	Concession periods granted
Hening Expressway	134	From 16 August 1996 to 15 August 2026
National Trunk 205 Tianchang Section	30	From 1 January 1997 to 31 December 2026
Xuanguang Expressway	67	From 1 January 1999 to 31 December 2028
Gaojie Expressway	110	From 1 October 1999 to 30 September 2029
Lianhuo Expressway Anhui Section	54	From 1 January 2003 to 30 June 2032
Xuanguang Expressway Nanhuan Section	17	From 1 September 2003 to 31 December 2028
Ninghuai Expressway Tianchang Section	14	From 18 December 2006 to 17 June 2032
Ningxuanhang Expressway Anhui Section	122	Under construction as at 30 June 2010

The condensed consolidated interim financial information is presented in Renminbi thousands, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 13 August 2010.

This condensed consolidated interim financial information has not been audited.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with HKFRSs.

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

As the Group does not have acquisitions dated on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, it is not expected to have a significant impact on the Group's financial statements.

(b) Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

- HKFRS 1 (Revised), 'First-time adoption of HKFRSs'.
- HKAS 39 (Amendment), 'Eligible hedge items'.
- HK(IFRIC) - Int 17, 'Distributions of non-cash assets to owners'.
- HKFRS 1 (Amendment), 'Additional exemptions for first-time adopters'.
- HKFRS 2 (Amendment), 'Group cash-settled share-based payment transaction'.
- HKAS 32 (Amendment), 'Classification of rights issues'.
- HK(IFRIC) 19, 'Extinguishing financial liabilities with equity instruments'.
- Amendment to HKFRS 1, 'Limited exemption from comparative HKFRS 7 disclosures for first-time adopters'
- First improvements to International Financial Reporting Standards (2008) issued in October 2008 by the HKICPA.
- Second improvements to International Financial Reporting Standards (2009) issued in May 2009 by the HKICPA.

3. Accounting policies (continued)

- (c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:
- HKFRS 9, 'Financial instruments' addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group will apply HKFRS 9 from 1 January 2013. It is not expected to have a significant impact on the Group's financial statements.
 - HKAS 24 (Revised) 'Related party disclosures' supersedes HKAS 24 'Related party disclosures' issued in 2003. The revised HKAS 24 is required to be applied from 1 January 2011. The Group will apply the revised HKAS 24 and provide the required disclosures where applicable from 1 January 2011.
 - Amendment to HK(IFRIC) 14, 'Prepayments of a minimum funding requirement', which is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant for the Group as it does not have such prepayments of a minimum funding requirement.
 - Third improvements to International Financial Reporting Standards (2010) were issued in May 2010, by the HKICPA. All improvements are effective in the financial year of 2011. These improvements do not have any impact on the Group's financial statement since they are either not relevant or applicable to the Group.

4. Segment information

Management determines the operating segment based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

Management reviews the traffic volume statistics report during daily operation and it is also included in the performance report provided to the strategic steering committee. The traffic volume statistic report is not the financial information. Therefore, the Company did not prepare segment information for the six months ended 30 June 2010 and the year ended 2009 respectively.

The Group is domiciled in Anhui Province, the PRC. The result of its revenue is from Anhui Province, the PRC. Total assets of the Group are located in Anhui Province, the PRC.

5. Capital Expenditures

	Concession intangible assets	Intangible assets	Property, plant and equipment	Investment property	Land use rights
Six months ended 30 June 2009					
Opening net book amount					
as at 1 January 2009 (audited)	7,369,554	2,847	729,353	29,781	12,482
Additions	523,740	—	48,738	—	—
Transfer	—	—	15,058	(15,058)	—
Disposals	—	—	(234)	—	—
Depreciation/amortization (Note 17)	(135,355)	(274)	(39,896)	(463)	(323)
Closing net book amount					
as at 30 June 2009 (unaudited)	<u>7,757,939</u>	<u>2,573</u>	<u>753,019</u>	<u>14,260</u>	<u>12,159</u>
Six months ended 30 June 2010					
Opening net book amount					
as at 1 January 2010 (audited)	7,804,775	2,549	748,628	33,724	11,835
Additions	56,391	—	39,867	—	—
Transfer	—	—	(3,742)	3,742	—
Disposals	—	—	(2,206)	—	—
Depreciation/amortization (Note 17)	(212,167)	(299)	(35,019)	(719)	(323)
Closing net book amount					
as at 30 June 2010 (unaudited)	<u>7,648,999</u>	<u>2,250</u>	<u>747,528</u>	<u>36,747</u>	<u>11,512</u>

As of 30 June 2010 and 2009, the toll roads under the Service Concessions and their respective concession periods granted are disclosed in Note 1.

No Borrowing cost was capitalized in the six months ended 30 June 2010 (same period of 2009: Borrowing costs of RMB 45,491 thousand were capitalized at an average interest rate of 5.3063%).

6. Available-for-sale financial assets

There were no disposals or impairment provisions on available-for-sale financial assets in the six months ended 30 June 2010.

Available-for-sale financial assets include the following:

	30 June 2010 (unaudited)	31 December 2009 (audited)
Unlisted equity securities	18,000	18,000

The unlisted equity securities represent the Company's 18% equity interest in an unlisted company located in Anhui Province, the PRC.

7. Trade and other receivables

	30 June 2010 (unaudited)	31 December 2009 (audited)
Dividend receivables (a)	3,990	3,990
Prepayments	—	12
Others (b)	23,395	19,085
	27,385	23,087

(a) A dividend of RMB 3,990 thousand was declared by Anhui Expressway Advertisement Co., Ltd. in 2008 but was not received by the Company as at 30 June 2010.

(b) As at 30 June 2010, others include receivable from the toll settlement centre of Anhui Province of RMB 6,117 thousand (31 December 2009: RMB 11,475 thousand) for toll road management and maintenance etc.

The balances were all non-interest bearing. As at 31 June 2010, receivables of RMB 19,273 thousand were aged within one year (31 December 2009: RMB 16,766 thousand).

As at 30 June 2010 and 31 December 2009, all trade and other receivables balances were denominated in RMB and were fully performing.

8. Share capital and share premium

	Number of shares (thousands)	Ordinary share capital	Share premium	Total
At 1 January 2009 (audited)	1,658,610	1,658,610	1,415,593	3,074,203
Changes in the period (unaudited)	—	—	—	—
At 30 June 2009 (unaudited)	<u>1,658,610</u>	<u>1,658,610</u>	<u>1,415,593</u>	<u>3,074,203</u>
At 1 January 2010 (audited)	1,658,610	1,658,610	1,415,593	3,074,203
Changes in the period (unaudited)	—	—	—	—
At 30 June 2010 (unaudited)	<u>1,658,610</u>	<u>1,658,610</u>	<u>1,415,593</u>	<u>3,074,203</u>

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

Share reform plan

Pursuant to the Revised Share Reform Plan announced by the Company on 14 February 2006, AEHC and Huajian Transportation Economic Development Centre, both of whom are shareholders of the Company, proposed to offer, free of consideration, the holders of A Shares on the basis of 2 shares and RMB 4.35 for every 10 A Shares held by these shareholders on 30 March 2006. The original non-tradable A shares held by AEHC and Huajian Transportation Economic Development Centre would be granted the status of listing after implementation of the Revised Share Reform Plan. The proposal has been approved by the State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province (Wan Guo Zi Chan Quan Han 2006 No.50), Ministry of Commerce of the PRC (Shang Zi Pi 2006 No.844) and has been approved at the relevant shareholders' meeting held on 27 February 2006.

Pursuant to the Revised Share Reform Plan, 533,878,000 non-tradable A shares equally held by AEHC and Huajian Transportation Economic Development Centre were transferred to tradable A shares since 3 April 2009 (3 April 2008: 165,861,000 shares). Thereafter, all of the Company's A shares are tradable in the market.

9. Other reserves

	Capital Surplus	Statutory Surplus Reserve Fund	Discretionary Surplus Reserve Fund	Enterprise Safety Fund	Excess of the consideration over carrying amount of the minority interests acquired	Total
Balance at 1 January 2009 (audited)	2,243	731,932	658	38,378	(699,147)	74,064
Utilization of Enterprise Safety Fund (unaudited)	—	—	—	(664)	—	(664)
Balance at 30 June 2009(unaudited)	2,243	731,932	658	37,714	(699,147)	73,400
Balance at 1 January 2010 (audited)	2,243	801,659	658	41,959	(699,147)	147,372
Utilization of Enterprise Safety Fund (unaudited)	—	—	—	(377)	—	(377)
Balance at 30 June 2010 (unaudited)	2,243	801,659	658	41,582	(699,147)	146,995

10. Trade and other payables

	30 June 2010 <i>(unaudited)</i>	31 December 2009 <i>(audited)</i>
Payables on acquisition of concession intangible assets and property, plant and equipment	365,699	523,208
Payables on repair and maintenance projects	25,737	24,891
Deposit for construction projects	36,781	26,815
Toll received on behalf of other entities	41,184	31,248
Other taxation payables	5,751	13,450
Accrued expenses	20,737	15,363
Other payables	22,122	11,694
	518,011	646,669

The balances were all non-interest bearing. As at 30 June 2010, trade and other payables of RMB 102,835 thousand were aged over one year (31 December 2009: 286,291 thousand). These payables were mainly for construction projects and will be settled after project is completed.

11. Borrowings

	As at 30 June 2010		As at 31 December 2009	
	Interest rate per annum (unaudited)	RMB'000	Interest rate per annum (audited)	RMB'000
Non-current				
Corporate bonds denominated in RMB (a)	5.00%	<u>1,974,210</u>	5.00%	<u>1,971,662</u>
Current				
Current unsecured short-term bank borrowings denominated in RMB	4.617%-4.779%	<u>265,000</u>	3.750%-7.097%	<u>985,000</u>

- (a) As approved by the China Securities Regulatory Commission on 28 August 2009, the Company issued corporate bonds of RMB 2,000,000 thousand for a term of 5 years, bearing interest at 5% per annum on 17 December 2009. Interest is payable annually and the principal is repayable in full upon maturity. The full amount of principal and interest of the bonds is unconditionally and irrevocably guaranteed by AEHC.

At 30 June 2010 and 31 December 2009, the Group's borrowings are repayable as follows,

	Bank borrowings		Corporate bonds	
	30 June 2010 (unaudited)	31 December 2009 (audited)	30 June 2010 (unaudited)	31 December 2009 (audited)
Within 1 year	265,000	985,000	—	—
Between 1 and 2 years	—	—	—	—
Between 2 and 5 years	—	—	1,974,210	1,971,662
	<u>265,000</u>	<u>985,000</u>	<u>1,974,210</u>	<u>1,971,662</u>

As at 30 June 2010, the carrying amounts of borrowings approximate their fair value, as the impact of discounting of carrying amounts to their fair value is not significant.

The Group has the following un-drawn borrowing facilities at 30 June 2010 and 31 December 2009:

	30 June 2010 (unaudited)	31 December 2009 (audited)
Expiring within one year	<u>2,940,000</u>	<u>2,310,000</u>

12. Provision

	Maintenance/ Resurfacing obligations
Balance at 1 January 2009 (audited)	15,966
Additions	(7,432)
	<hr/>
Balance at 30 June 2009 (unaudited)	8,534
	<hr/> <hr/>
Balance at 1 January 2010 (audited)	28,169
Additions	—
	<hr/>
Balance at 30 June 2010 (unaudited)	28,169
	<hr/> <hr/>

13. Deferred income

	30 June 2010 (unaudited)	31 December 2009 (audited)
Government grants	43,074	44,000
	<hr/> <hr/>	<hr/> <hr/>

Deferred income represents government grants relating to assets and is amortised over 25.5 years.

14. Long-term payables

The carrying amounts and fair values of long-term payables to minority shareholder of a subsidiary are as follows:

	Carrying Amounts (Note 23)		Fair values	
	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Xuancheng Highway				
Management Company ("XHMC") (a)	273,010	264,961	274,955	266,967
Xuancheng Communication				
Construction Co., Ltd. ("XCCC") (b)	20,032	10,590	20,032	10,590
	293,042	275,551	294,987	277,557

- (a) As at 30 June 2010 and 31 December 2009, long-term payables to XHMC, the minority shareholder of Xuan Guang, represent XHMC's share of total investment in Xuan Guang in excess of XHMC's equity contribution in Xuan Guang. As of 30 June 2010, the repayment terms of such long-term payables did not change with that disclosed in the annual financial statements for the year ended 31 December 2009.
- (b) Anhui Ningxuanhang Expressway Investment Company Limited ("Ningxuanhang") is a co-operative joint venture established by the Company and Xuancheng Communication Construction Co., Ltd. ("XCCC") in April 2008 with a provisional operating period of 2 years. The official operating period will be granted after toll road construction is completed. As at 30 June 2010, the Company and XCCC invested in total RMB 136,599 thousand and RMB 58,500 thousand in Ningxuanhang, respectively, in the forms of capital contribution of RMB 70,000 thousand and RMB 30,000 thousand, and long-term loan of RMB 66,500 thousand and RMB 28,500 thousand, representing the Company and XCCC's share of total investment in Ningxuanhang in excess of their share of registered capital. Long-term loan is initially recognized at its fair value. The difference between the fair value of the loan and loan and the amount of the funds received from the Company and XCCC was treated as an addition to Ningxuanhang's equity, net of tax. As agreed with XCCC, annual distribution (the "distribution") equalling net profit plus 35% of amortisation and depreciation portion are to be made to the Company and XCCC in proportion of their respective equity interest in Ningxuanhang. Distribution equalling 65% of amortisation and depreciation portion is to repay Ningxuanhang's bank borrowings until bank borrowings are fully settled. Thereafter, the distribution equalling net profit plus the amortisation and depreciation are to be made wholly to the Company and XCCC in proportion to their respective equity interest in Ningxuanhang. The net profit portion of the distribution received is accounted for as dividend income while the amortisation and depreciation portion of the distribution received is accounted for as repayments to the long-term loan.

The Company and XCCC contributed cash of RMB 10,000 thousand and RMB 35,000 thousand to Ningxuanhang in March and April 2010 respectively, in the form of long-term loan with the same repayment terms.

The fair values of long-term payables are based on cash flows discounted using 5.94%, the annual interest rate published by the People's Bank of China for long-term bank loans as at 30 June 2010 (31 December 2009: 5.94%).

15. Other gains – net

	For the six months ended	
	30 June 2010 (unaudited)	30 June 2009 (unaudited)
Interest income	4,159	2,018
Compensation received for road surface damage	1,870	1,275
Government grants relating to assets	926	1,000
Gain/(Loss) from disposal on property, plant and equipment (a)	11,857	59
Others	525	45
	<u>19,337</u>	<u>4,397</u>

- (a) The Company disposed some expressway parapets in the six months ended 30 June 2010. The difference between the assets' carrying amount and proceeds received with the amount of RMB 11,857 thousand was recorded in other gain.

16 Revenue

	For the six months ended	
	30 June 2010 (unaudited)	30 June 2009 (unaudited)
Toll income, rental income and others	1,025,748	856,715
Construction revenue	151,464	523,740
	<u>1,177,212</u>	<u>1,380,455</u>

17. Expenses by nature

Expenses included in cost of sales and administrative expenses are analyzed as follows:

	For the six months ended	
	30 June 2010 <i>(unaudited)</i>	30 June 2009 <i>(restated, unaudited)</i>
Depreciation and amortization expenses (Note 5)	248,527	176,311
Construction cost	151,464	523,740
Repair and maintenance expenses	78,617	75,117
Employee benefit expenses	67,981	39,846
Tax related to revenues	34,292	27,779
Others	15,521	16,961
	<u>596,402</u>	<u>859,754</u>

18. Finance costs

	For the six months ended	
	30 June 2010 <i>(unaudited)</i>	30 June 2009 <i>(unaudited)</i>
Interest expense:		
- corporate bonds	52,547	—
- bank borrowings	14,241	14,530
- long-term payables	8,049	7,581
	<u>74,837</u>	<u>22,111</u>

19. 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 Corporate Income Tax ("CIT")

The CIT rate applicable to the Company and its subsidiaries, associated companies is 25% for the six months ended 30 June 2010(2009: 25%).

	For the six months ended	
	30 June 2010 (unaudited)	30 June 2009 (unaudited)
Current income tax	122,954	110,313
Deferred income tax	955	(195)
	<u>123,909</u>	<u>110,118</u>

(c) Withholding tax ("WHT") for dividend paid to foreign investors

According to the new CIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from January 1, 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. According to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation on 22 February 2008, where the Company declares dividend in 2008 and beyond out of the cumulative retained earnings as of 31 December 2007 (i.e. 2007 retained earnings), such dividends earned by the foreign shareholders are exempted from WHT. For dividend which arises from the Company's profit earned after 1 January 2008, WHT is levied on the foreign shareholders.

In the six months ended 30 June 2010, WHT was levied on the foreign shareholders for the dividends earned in 2009.

20. 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 2010 (unaudited)	30 June 2009 (unaudited)
Profit attributable to equity holders of the Company	365,453	366,408
Weighted average number of ordinary shares in issue (thousands)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.2203	0.2209

21. Dividends

The final dividend in respect of 2009 of RMB 0.20 per share, amounting to a total dividend of RMB 331,722,000 was approved at the Annual General Meeting on 8 May 2010. It has been reflected as an appropriation of retained earnings for the six months ended 30 June 2010.

The directors did not recommend the payment of a dividend in respect of the six months ended 30 June 2010 (same period of 2009: nil).

22. Capital commitments

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

	30 June 2010 (unaudited)	31 December 2009 (audited)
Concession intangible assets		
- Approved but not contracted for	1,725,000	586,000
- Contracted but not provided for	788,000	109,000

23. Related-party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) Name of related party and relationship

Name	Relationship with the Group
Anhui Expressway Holding Group Co., Ltd. ('AEHC')	Major shareholder
XHMC	Minority shareholder of Xuan Guang
XCCC	Minority shareholder of Ningxuanhuang
Anlian Expressway Co., Ltd. ('ALEC')	Subsidiary of AEHC
Anhui Expressway Investment Co., Ltd. ('AEIC')	Subsidiary of AEHC
Anhui Yanjiang Expressway Co., Ltd. ('AYEC')	Subsidiary of AEHC
Anhui Hehuaifu Expressway Co., Ltd. ('AHEC')	Subsidiary of AEHC
Anhui Yida Toll Road Management Co., Ltd. ('YTMC')	Subsidiary of AEHC
Anhui Expressway Real Estate Co., Ltd. ('AREC')	Subsidiary of AEHC
Anhui Modern Transportation Facilities Co., Ltd. ('MTFC')	Subsidiary of AEHC
Anhui Expressway Experiment Research Center ('AERC')	Subsidiary of AEHC

(b) Related party transactions

(i) Service income from management of toll roads

	For the six months ended	
	30 June 2010 (unaudited)	30 June 2009 (unaudited)
AEHC	—	1,874
ALEC	—	625
AYEC	—	625
AHEC	—	625
	<u>—</u>	<u>3,749</u>

23. Related-party transactions (continued)

(b) Related party transactions (continued)

(ii) Rental income

	For the six months ended	
	30 June 2010 (unaudited)	30 June 2009 (unaudited)
YTMC	195	183
MTFC	175	—
AEIC	—	131
	<u>370</u>	<u>314</u>

(iii) Paid and payable for management of toll road service sectors

	For the six months ended	
	30 June 2010 (unaudited)	30 June 2009 (unaudited)
YTMC	—	1,740
	<u>—</u>	<u>1,740</u>

(iv) Construction and testing service received and receivable Enterprises

	For the six months ended	
	30 June 2010 (unaudited)	30 June 2009 (unaudited)
AEIC	1,584	—
AERC	498	—
AREC	—	1,494
	<u>2,082</u>	<u>1,494</u>

23. Related-party transactions (continued)

(b) Related party transactions (continued)

(v) Transactions with the State-owned Enterprises

	For the six months ended	
	30 June 2010 (unaudited)	30 June 2009 (unaudited)
Borrowings from banks	85,000	1,215,000
Toll road repair and maintenance cost paid and payable	—	797
Toll road construction / upgrade cost paid and payable	933,545	361,268
	<u>1,018,545</u>	<u>1,577,065</u>

(c) Period-end balances

(i) Trade and other payables

	30 June	31 December
	2010 (unaudited)	2009 (audited)
YTMC	3,060	3,181
AERC	—	1,182
AEIC	—	358
MTFC	680	2,150
State-owned Enterprises	162,954	359,462
	<u>166,693</u>	<u>366,333</u>

23. Related-party transactions (continued)

(c) *Period-end balances (continued)*(ii) **Bank deposits and borrowings**

	30 June 2010 (unaudited)	31 December 2009 (audited)
State-owned banks-bank deposits	218,013	302,070
State-owned banks-borrowings	175,000	295,000

(iii) **Long-term payables to minority shareholder of a subsidiary (Note 14)**

	30 June 2010 (unaudited)	31 December 2009 (audited)
XHMC	273,010	264,961
XCCC	20,032	10,590
	293,042	275,551

As at 30 June 2010 and 31 December 2009, amounts due from and due to the related parties as afore mentioned, except for long term payables to XHMC and XCCC 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 and are repayable within 1 year.

24. **Approval on the condensed consolidated interim financial information**

The condensed consolidated interim financial information was reviewed by the audit committee of the Company and approved by the Board of Directors on 13 August 2010.

SECTION X DOCUMENTS AVAILABLE FOR INSPECTION

1. The Interim Report signed by the Chairman;
2. The accounts, signed by the legal representative, the officer in charge of accounting works and the chief financial officer, and stamped with corporate seal;
3. The original copies of corporate documents and announcements published in the Shanghai Securities Post, China Securities Post;
4. The text of Articles of Association of the Company;
5. The Interim Report disclosed in other securities market;
6. Other relevant materials By Order of the Board

Zhou Renqiang

Chairman

13 August 2010

SECTION XI CONFIRMATION OPINION TO 2010 INTERIM REPORT BY DIRECTORS AND SENIOR MANAGEMENT

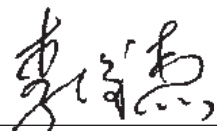
Being the Directors and Senior Management of Anhui Expressway Company Limited, we hereby confirm in writing that the content of the 2010 interim report is authentic, accurate, complete, of the opinion that there are no false representations or misleading statements contained in or material omissions from this report; and shall be severally and jointly accept responsibility for the authenticity, accuracy and completeness of the content of this report.

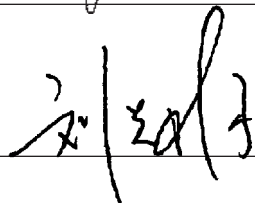
Directors' Signature:

Zhou Renqiang: 

Li Yungui: 

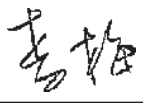
Tu Xiaobei: 


Li Junjie: 

Liu Xianfu: 

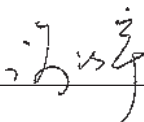
Meng Jie: 


Leung Man Kit: 

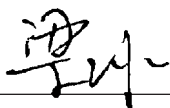
Li Mei: 

Guo Shan: 

Senior Management Members' Signatures:

Xie Xinyu: 

Wang Changyin: 

Liang Bing: 

13 August 2010



Anhui Expressway Company Limited
安徽皖通高速公路股份有限公司