



# Anhui Expressway Company Limited

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

(Stock Code : 0995)

## INTERIM REPORT



## 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	11
Section V	Directors, Supervisors and Senior Management	17
Section VI	Chairman's Statement	18
Section VII	Report of the Board of Directors	20
Section VIII	Major Events	31
Section IX	Accounts	43
Section X	Documents Available for Inspection	68
section XI	Confirmation Opinion to 2011 Interim Report by Directors and Senior Management	69

## 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 Junjie, 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

### I 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, 3738923,3738989,3738922
Fax	:	0551-5338696
E-mail address	:	wtgs@anhui-expressway.net
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 lace, Hong Kong
Website of the Company	:	<a href="http://www.anhui-expressway.net">http://www.anhui-expressway.net</a>
E-mail address of the Company	:	wtgs@anhui-expressway.net
Newspapers designated for publishing report	:	Domestic: Shanghai Securities Post and China Securities Post
Websites designated for disclosure of interim report	:	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a> <a href="http://www.anhui-expressway.cn">http://www.anhui-expressway.cn</a>

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

II Corporate Profile

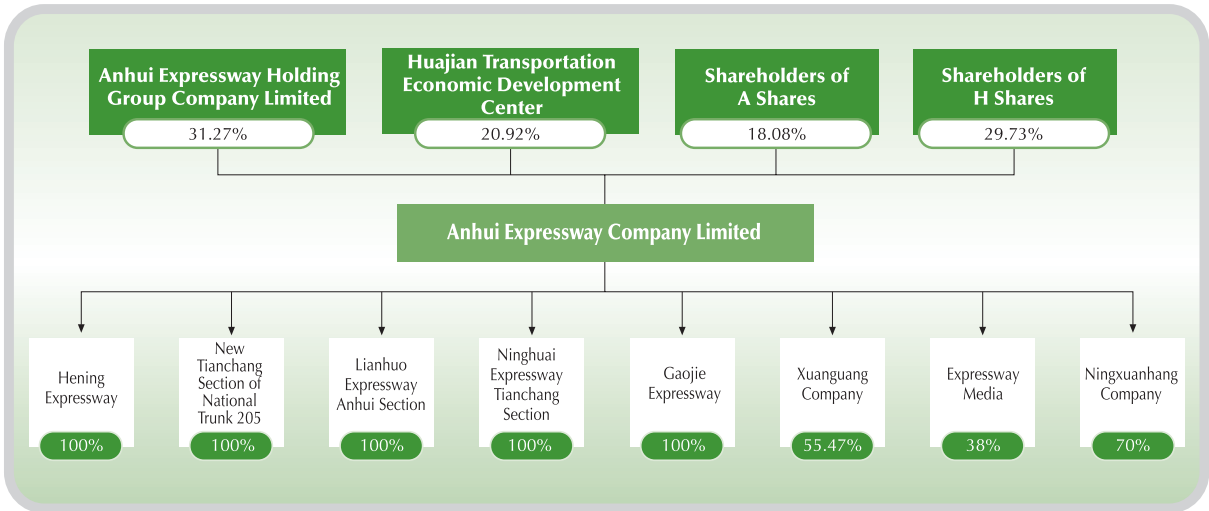
Anhui Expressway Company Limited (the "Company") was incorporated on 15 August 1996 as a joint stock limited company in Anhui Province, the People's Republic of China (the "PRC").

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 2011, 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"	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	China Merchants Huajian Highway Investments Company Limited

"Xuanguang Company"	Means	Xuanguang Expressway Company Limited
"Anlian Company"	Means	Anhui Anlian Expressway Company Limited
"Xuancheng Highway Management"	Means	Xuancheng City Highway Construction and Management Company Limited"
"Xuancheng Transportation and Construction"	Means	Xuancheng City Transportation and Construction Investment 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
"Inspection and Scientific Research Center"	Means	Anhui Provincial Expressway Experiment Inspection and Scientific Research Center
"Fuzhou Expressway"	Means	Anhui Provincial Fuzhou Expressway Company Limited
"Highway Engineering Supervision Company"	Means	Anhui Province First Class Highway Engineering Supervision Company Limited
"Bangning Property"	Means	Hefei City Bangning Property Management Company Limited
"Expressway Media"	Means	Anhui Expressway Media Company Limited

## SECTION III SUMMARY OF FINANCIAL STATISTICS

### I 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	<b>9,614,592,699.67</b>	9,411,387,700.04	<b>2.16</b>
Equity holders (or shareholders' equities)	<b>5,853,947,519.65</b>	5,756,707,003.20	<b>1.69</b>
Net asset per share attributable to shareholders of listed company (RMB)	<b>3.5294</b>	3.4708	<b>1.69</b>
	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	<b>642,051,763.28</b>	517,477,634.57	<b>24.07</b>
Total profit	<b>643,026,363.93</b>	530,786,008.27	<b>21.15</b>
Net profit attributable to shareholders of listed company	<b>444,623,111.12</b>	368,565,679.69	<b>20.64</b>
Net profit after extraordinary items attributable to shareholders of listed company	<b>443,892,160.63</b>	357,108,776.51	<b>24.30</b>
Basic earnings per share (RMB)	<b>0.2681</b>	0.2222	<b>20.66</b>
Basic earnings per share after extraordinary items (RMB)	<b>0.2676</b>	0.2153	<b>24.29</b>
Diluted earnings per share (RMB)	<b>0.2681</b>	0.2222	<b>20.66</b>
Returns on net assets (weighted average) (%)	<b>7.74</b>	6.80	<b>0.94</b>
Net cash flows from operating activities	<b>849,733,614.99</b>	791,932,209.90	<b>7.30</b>
Net cash flows from operating activities per share	<b>0.5123</b>	0.4775	<b>7.29</b>



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

<b>Extraordinary</b>	<b>items</b>	<b>Amount</b>
Gains and losses from disposals of non-current assets	25,768.51	Gains from disposals of fixed assets
Government subsidies charged to the-current gains/losses	1,086,393.84	Received the first half of 2011 deferred income amount of construction funds subsidies of Ninghuai Expressway (Tianchang Section) provided by Jiangsu Provincial Expressway Construction Headquarter (attached to the Transportation Department of Jiangsu Province) in 2007, and the first half of 2011 deferred income amount of construction funds subsidies of Hening Expressway and Guojie Expressway provided by Anhui Provincial Expressway Construction Headquarter (attached to the Transportation Department of Anhui Province) in 2010,
Other non-operating income and expenses other than above-mentioned items	-137,561.70	
Income tax effect amount	-243,650.16	
	730,950.49	

II 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		
	2011 (RMB'000)	2010 (RMB'000)	change (%)
Turnover	<b>1,481,634</b>	1,177,212	<b>25.86</b>
Operating profit before income taxation	<b>638,696</b>	526,167	<b>21.39</b>
Profit attributable to equity holders of the Company	<b>440,904</b>	365,453	<b>20.65</b>
Basic earnings per share attributable to equity holders of the Company (RMB)	<b>0.2658</b>	0.2203	<b>20.65</b>

**Summary of assets**

	As at 30 June 2011 (RMB'000)	As at 31 December 2011 (RMB'000)	Change (%)
	Total assets	<b>9,742,482</b>	
Total liabilities	<b>3,515,961</b>	3,400,149	<b>3.41</b>
Total net assets (Capital and reserve attributable to equity holders of the Company)	<b>5,967,410</b>	5,874,814	<b>1.58</b>
Net assets per share (RMB)	<b>3.5978</b>	3.5420	<b>1.58</b>

### III 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 2011 and the net profit in the first half of 2011 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		30 June	31 December
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Amount presented in accordance with the CAS	<b>444,623</b>	368,566	<b>5,853,948</b>	5,756,707
Difference and amounts				
– Valuation and Depreciation/ amortization and deferred taxes	<b>(3,719)</b>	(3,113)	<b>113,462</b>	118,107
Reconciliation to HKAS	<b>440,904</b>	365,453	<b>5,967,410</b>	5,874,814

#### 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

### I change in Share Capital

During the reporting period, the total of share capital and capital structure of the Company were not changed.

### II Shareholders

#### (1) Number of shareholders as at the end of the reporting period

As of 30 June 2011, 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 65,289 shareholders of the Company (of which, 65,195 holders of domestic shares and 94 holders of H shares)

#### The ten largest shareholders of the Company

Name of shareholders	Nature of shareholder	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	29.53%	489,753,898	-196,000	0	Not known
China Merchants Huajian Highway Investments Company Limited	State-owned legal person	20.92%	347,019,000	0	0	None
Templeton investment and Consultants Company Limited	Others	0.47%	7,733,171	+2,246,543	0	Not known

Name of shareholders	Nature of shareholder	Percentage	Total holding shares	Change during the reporting period	Number of restricted circulating shares	Number of shares pledged or locked-up
China Construction Bank – Vote on Morgan Chinese blue-chips-type investment fund	Others	0.30%	5,049,123	Newly added	0	Not known
Kuang shunqing	Domestic individual	0.25%	4,117,923	Newly added	0	Not known
Everbright Securities Company Limited	Others	0.23%	3,799,919	Newly added	0	Not known
Industrial and Commercial Bank of China Limited – Tianding rich dividends in the card index enhanced purchase securities investment funds	Others	0.23%	3,796,200	Newly added	0	Not known
National Social Insurance Fund 108 Composition	Others	0.18%	3,300,000	+1,300,000	0	Not known
Zhonghai Trust Company Limited – Zhonghai Jufa – new share purchase agreement IV fund trusting	Others	0.12%	2,000,000	Newly added	0	Not known

**The ten largest shareholders of unrestricted circulating shares**

<b>Name of shareholders</b>	<b>Number of unrestricted circulating shares</b>	<b>Type of shares</b>
Anhui Expressway Holding Group Company Limited	518,581,000	Renminbi-denominated ordinary shares
HKSCC NOMINEES LIMITED (agent)	489,753,898	Overseas-listed foreign shares
China Merchants Huajian Highway Investments Company Limited	347,019,000	Renminbi-denominated ordinary shares
Templeton investment and Consultants Company Limited	7,733,171	Renminbi-denominated ordinary shares
China Construction Bank - Vote on Morgan Chinese blue-chips-type investment fund	5,049,123	Renminbi-denominated ordinary shares
Kuang shunqing	4,117,923	Renminbi-denominated ordinary shares
Everbright Securities Company Limited	3,799,919	Renminbi-denominated ordinary shares
Industrial and Commercial Bank of China Limited – Tianding rich dividends in the card index enhanced purchase securities investment funds	3,796,200	Renminbi-denominated ordinary shares
National Social Insurance Fund 108 Composition	3,300,000	Renminbi-denominated ordinary shares
Zhonghai Trust Company Limited – Zhonghai Jufa – new share purchase agreement IV fund trusting	2,000,000	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.

(2) *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 2011 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:

<b>Names</b>	<b>At end of period (shares)</b>	<b>Increase or decrease during the reporting period</b>	<b>Type of shares</b>	<b>As a percentage of total capital (%)</b>	<b>Pledged or locked-up</b>
Anhui Expressway Holding Group Company Limited	518,581,000 (Long Position)	—	State-owned shares	31.27	No
China Merchants Huajian Highway Investments Company Limited	347,019,000 (Long Position)	—	State-owned legal person shares	20.92	No

<b>Names</b>	<b>At end of period (shares)</b>	<b>Increase or decrease during the reporting period</b>	<b>Type of shares</b>	<b>As a percentage of total capital (%)</b>	<b>Pledged or locked-up</b>
Commonwealth Bank of Australia	43,572,000 (Long Position)	—	H Shares	8.84%	Not known
Deutsche Bank Aktiengesellschaft	40,363,085 (Long Position)	Not known	H Shares	8.18%	Not known
	13,103,700 (Long Position)			2.65%	
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

<b>Names</b>	<b>At end of period (shares)</b>	<b>Increase or decrease during the reporting period</b>	<b>Type of shares</b>	<b>As a percentage of total capital (%)</b>	<b>Pledged or locked-up</b>
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.	29,996,670 (Long Position)	+578,685	H Shares	6.08%	Not known
	29,940,670	+3,300,685		6.07%	
	(Shares attributable to lend)				

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 2011.



### III Change in Controlling Shareholder and Actual Controller of the Company

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

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

As of 30 June 2011, 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

### I 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.

### II Appointment and dismissal of Directors, Supervisors and Senior Management

The 5th directors and supervisors were expired on 16 August 2011. The new directors and supervisors were elected at the extraordinary general meeting held on 12 August 2011. Mr. Zhou Renqiang, Mr. Tu Xiaobei, Mr. Li Junjie and Mr. Li Jiezhong were elected as Executive Directors of the Sixth Board; Mr. Liu Xianfu and Mr. Meng Jie were elected as Non-Executive Directors of the Sixth Board; Mr. Hu Bin and Mr. Yang Mianzhi and Mr. To Cheng Chi were elected as Independent Non-Executive Directors of the Sixth Board; Mr. Wang Weisheng and Mr. Dong Zhi were elected as Supervisors of the Sixth Supervisory Committee (Mr. Yang Yicong was elected as a member of the Sixth Supervisory Committee at a separate meeting held by the staff and workers of the Company). The term of the new directors and supervisors is for a period of three years commencing from 17 August 2011.

The First Meeting of the Sixth board was held on 17 August 2011, at which Mr. Zhou Renqiang was elected as the Chairman of the Company and Mr. Tu Xiaobei was elected as the Deputy Chairman of the Company; Mr. Li Junjie was appointed as the General Manager of the Company; Mr. Xie Xinyu and Mr. Wang Changyin were appointed as the Deputy General Manager of the Company; Mr. Xie Xinyu was appointed as Company Secretary of the Company; Mr. Zhou Renqiang and Mr. Xie Xinyu were appointed as authorized representative pursuant to Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The First Meeting of the Sixth Supervisory Committee was held on 17 August 2011, at which Mr. Wang Weisheng was elected as the Chairman of the Supervisory Committee.

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

### III Interests to be disclosed of Directors, Supervisors and Senior Management

As at 30 June 2011, 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 RMB1,138,886 thousand for the whole year. The unaudited net profit attributable to shareholders of the parent company was RMB444,623 thousand, basic earnings per share was RMB0.2681. In accordance with Hong Kong Accounting Standards, the Group achieved a turnover of RMB1,481,634 thousand, the unaudited net profit attributable to equity holders of the Company was RMB440,904 thousand, basic earnings per share was RMB0.2658.

### Review

#### *Economic environment*

In the first half of 2011, China persisted in implementing the proactive fiscal policy and prudent monetary policy and continued to strengthen and improved macro regulation and control. The economy was generally good. It was preliminarily estimated that the GDP reached RMB 20,445.9 billion during the first half year, an increase of 9.6% over the same period of last year according to constant prices. The major economic indicators in our province maintained the rapid growth. According to preliminary estimation, the province's GDP was RMB 688.33 billion, an increase of 13.4% over the same period of last year at comparable prices.

In the first half of 2011, An Hui Province has invested totally RMB 9.13 billion in transportation construction, an increase of 44% over the same period of last year, in which RMB 4.93 billion is invested in highway construction, up 28.3% over the same period of last year.

#### *Operation Review*

In the first half of 2011, the domestic economy was operating smoothly but grew at a slow speed. Against the background of the steady growth of macro economy, the toll roads in the Group performed smoothly. In the first half of the year, The Group achieved the total toll income of RMB1,111,944 thousand, representing a 12.44% increase year-on-year.

In the first half of 2011, the Group continued to accelerate investment in Ningxuanhang Highway construction, of which the first phase, section from Xuancheng to Ningguo, is proceeding smoothly and the second phase section from Ningguo to Qianqiu had formally started. The project is the traffic artery connecting Anhui Province with the economically developed Yangtze River Delta region and plays an active role in promoting the improvement of the highway network in Anhui Province, the Yangtze River Delta region as well as our country. In addition to meeting the requirements of the regional economic development, the project will have positive impact on enhancing the profitability and long-term development of the Company.

In order to further enhance service level and link up the built asphalt roads on both ends of Jiangsu at the same time, our company launched the "Black" reconstruction on Tianchang Section of National Trunk 205 in March, 2011.

As the first batch of listed companies implementing the internal control standard system, in order to do well in the construction and implementation of the internal control and make the management procedured, institutionalized, specialized and scientific, the company carries out the construction and implementation of the internal control system in an all-round way in the reporting period based on the company's business characteristics.

In the first half of 2011, the Company continued to build the brand of smiling service and constantly improved and upgraded the level of smiling service. As a brand image of the company, service with a smile has been widely recognized by the community and enhanced the external image of Anhui Province as well.

Since September 2010, Based on summarizing and refining the core concepts of corporate culture, the Company systematically carried out the deep embedding work of the corporate culture which has been fully completed till now. To promote the construction of enterprise culture in depth and width and achieve the requirements of strengthening the institutional mechanism, improving the management level comprehensively, innovating the management and recycling the mechanism, the Company has formally began the construction of the system culture.

## Outlook

It is expected that the macro economy will have no great fluctuation in the second half year of 2011. The performance of toll road may continue to keep a situation of steady in short time.

In June, 2011, Anhui Provincial Government approved <Development Plan for Anhui Provincial Communication and Transportation of the 12th 5 year>, and suggested that the total mileages of highway network in the province would reach 155,000-165,000 km, and the traffic mileages of highway would reach 4200 km, or even aim at 4500 km. It is expected that the increasingly perfect highway network will bring about new traffic demand. Meanwhile, the freight demand promoted by the city belt with pillar industries including equipment manufacturing industry and material industry between the city-cluster along the Yangtze River in Anhui, Yangtze River Delta and The central and western regions will also inject continuous motive power for the steady growth of company performance.

The index of domestic consumer price has reached new highs since 2011. Certain pressure has been brought to the Group on the debt financing and financial cost control due to frequent promotion of various policies to control the inflation and money, obviously tightened credit policy, and strict control on distribution of bank loan and credit limit.

In the second half year of 2011, around the work key points specified in the beginning of the year, the Group will positive and orderly promote various work plans to increase investment, accelerate construction, and strengthen management continuously, and keep a foothold on main business of highway to expand and strengthen the main business constantly; explore to set up long-acting system of smile service, and positively promote the effective operation of systematic culture establishment; promote to implement the process document of internal control business comprehensively, and ensure to achieve compliance requirement in the implementation of internal control; promote the scientific level, standard level and elaborate level of management to set up a basis for the promotion of internal control in future years by catching the opportunity that the group builds up the systematic culture now. Meanwhile, the Group will pay attention to external environment constantly and make quick response to promote the business performance and management level in the second half year.

By order of the Board

**Zhou Renqiang**

*Chairman*

Hefei, The PRC, 26August 2011

## 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 RMB1,138,886 thousand (Corresponding period in 2010: RMB1,028,476 thousand), representing an increase of 10.74% compared with that of the corresponding period of last year. The total profit was RMB643,026 thousand (Corresponding period in 2010: RMB530,786 thousand), representing an increase of 21.15% compared with that of the corresponding period of last year. Unaudited net profit attributable to shareholders of the parent company reached RMB444,623 thousand (Corresponding period in 2010: RMB368,566 thousand), representing an increase of 20.64% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2681 (Corresponding period in 2010: RMB0.2222), representing an increase of 20.64% compared with that of the corresponding period of last year.

In accordance with the Hong Kong Accounting Standards, the Group achieved a turnover of RMB1,481,634 thousand representing an increase of 25.86% compared with that of the corresponding period of last year. Profit before taxation was RMB638,696 thousand, representing an increase of 21.39% compared with that of the corresponding period of last year. Unaudited profit attributable to equity holders of the Company was RMB440,904 thousand, representing an increase of 20.65% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2658, representing an increase of 20.65% 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	4	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 2011	First half of 2010	Change (%)	First half of 2011	First half of 2010	Change (%)
		Hening Expressway	100%	21,958	19,691	11.51%	473,075
New Tianchang Section of National Trunk 205	100%	5,896	6,418	-8.13%	26,107	27,981	-6.70%
Gaojie Expressway	100%	11,538	11,695	-1.34%	265,240	250,730	5.79%
Xuanguang Expressway	55.47%	15,705	14,884	5.52%	218,700	196,659	11.21%
Lianhuo Expressway							
Anhui Section	100%	8,181	7,550	8.36%	94,425	82,558	14.37%
Ninghuai Expressway							
Tianchang Section	100%	17,385	15,159	14.68%	34,397	29,763	15.57%

Items	Share of interests	Proportion of passenger vehicles to goods vehicles		Toll income per vehicle (RMB)		
		First half of 2011	First half of 2010	First half of 2011	First half of 2010	Change (%)
		Hening Expressway	100%	67:33	60:40	119.03
New Tianchang Section of National Trunk 205	100%	38:62	37:63	24.46	19.61	24.73
Gaojie Expressway	100%	50:52	44:56	127.01	114.99	10.45
Xuanguang Expressway	55.47%	64:36	57:43	76.93	73.60	4.52
Lianhuo Expressway						
Anhui Section	100%	56:44	47:53	63.77	70.59	-9.66
Ninghuai Expressway						
Tianchang Section	100%	76:24	78:22	10.93	11.08	-1.35

Principal operations by segment or by product

By segment or by product	Operating income (RMB'000)	Operating cost (RMB'000)	operating profit margin (%)	Increase/ decrease of operating income compared to the corresponding	Increase/ decrease of operating cost compared to the corresponding	Increase/ decrease of operating profit margin compared to the corresponding
				period last year (%)	period last year (%)	period last year (%)
<b>By segment</b>						
operation of highway	1,121,002	347,535	65.59	9.71	-4.55	4.58
<b>By product</b>						
Hening Expressway	478,410	154,782	64.37	14.34	-3.72	6.10
New Tianchang Section of National Trunk 205	26,107	10,204	57.72	-6.70	-28.97	12.32
Gaojie Expressway	267,763	68,813	71.06	2.32	-8.74	3.16
Xuanguang Expressway	218,700	55,501	71.21	11.21	2.35	2.19
Lianhuo Expressway Anhui Section	94,975	43,324	51.13	12.12	-2.72	7.07
Ninghuai Expressway Tianchang Section	35,047	14,913	54.20	8.27	0.61	3.09

During the reporting period, the toll income increased at a lower speed, resulting from a drop in the volume of goods and passengers, which is due to the to the speed-drop in domestic needs and investment which was brought about by a lower GDP growth rate and the national tighten monetary policy and the increased intensity of the macro-control policy. The Group achieved the total toll income of RMB1, 111,944 thousand, representing a 12.44% increase year-on-year.

During the reporting period, the toll income on the Hening Expressway is RMB473, 075 thousand, representing a 17.90% increase year-on-year. The total number of traffic on the whole expressway is converted to 21,958 per day on average, representing an 11.51% increase year-on-year. The increase in toll income is principally due to the natural increase in traffic volume and the adjustment of expressway tolling rate since November 2010.

During the reporting period, the toll income on the Gaojie Expressway is RMB265, 240 thousand, representing a 5.79% increase year-on-year. The total number of traffic on the whole expressway is converted to 11,538 per day on average, representing a decrease of 1.34% year-on-year, which is mainly caused by the decline in the number of goods vehicles and the traffic diverging since the Liuwu Expressway was opened to traffic.



During the reporting period, the toll income on the Xuanguang Expressway is RMB218,700 thousand, an increase of 11.21% year-on-year. The total number of traffic on the whole expressway is converted to 15,705 per day on average, representing a 5.52% increase year-on-year. The increase in toll income is mainly due to the adjustment of expressway tolling rate since November 2010.

During the reporting period, the toll income on the Lianhuo Expressway Anhui section is RMB94,425 thousand, representing a 14.37% increase year-on-year. The total number of traffic on the whole expressway is converted to 8,181 per day on average, representing an 8.36% increase year-on-year. The increase in toll income is due to the natural increase in traffic volume and the adjustment of expressway tolling rate since November 2010.

During the reporting period, the toll income on the New Tianchang Section of National Trunk 205 is RMB26,107 thousand, representing a decrease of 6.70% year-on-year. The total number of traffic on the whole expressway is converted to 5,896 per day on average, representing a decrease of 8.13% year-on-year. The drop in the toll income and the traffic volume is due to the reconstruction project on this section.

Meanwhile, affected by traffic diverging due to the reconstruction on National Trunk 205, the toll income on the Ninghuai Expressway Tianchang section is RMB34,397 thousand, representing a 15.57% increase year-on-year. The total number of traffic on the whole expressway is converted to 17,385 per day on average, an increase of 14.68% year-on-year.

## 2. *Project Investment*

### (i) **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 remaining was used to supplement current funds.

The fund raised has been all utilized in 2010, which is consistent with the use promised to the fund-raising brochure.

### (ii) **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 billion. The project was completed in September 2009.

During the reporting period, RMB1 million was invested in the widening works because of the project settlement, as at the end of the reporting period, the accumulated investment was RMB1.974 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, RMB1 million was invested in the reconstruction works because of the project settlement, as at the end of the reporting period, the accumulated investment was RMB825 million.

**(3) Reconstruction of National Trunk 205**

In order to further enhance service level and link up the built asphalt roads on both ends of Jiangsu at the same time, our company launched the "Black" reconstruction on Tianchang Section of National Trunk 205 in March, 2011. The budgeting according to working drawing was verified at 253 million RMB and the work period is 16 months.

During the reporting period, this project completed the investment of RMB 110 million, totally RMB 110 million.

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

The total of the budgetary estimate for the construction of the main project and follow up projects of Wantong Expressway Hi-tech Industrial Park amounted to RMB146 million. The construction is expected to complete at the end of 2011.

During the reporting period, RMB50 million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB301 million.

**(5) 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, RMB219 million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB764 million.

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

Key financial index	January-June 2011	January-June 2010	Change
	(RMB'000)	(RMB'000)	
Revenue	<b>1,138,886</b>	1,028,476	10.74
Operating costs	<b>356,876</b>	370,362	-3.64
Administrative expenses	<b>42,183</b>	36,019	17.11
Finance costs	<b>60,440</b>	71,182	-15.09
Operating profit	<b>642,051</b>	517,478	24.07
Net profit attributable to shareholders of parent company	<b>444,623</b>	368,566	20.64

### Revenue

During the reporting period, the Group achieved a revenue of RMB1,138,886 thousand, an increase of 10.74% year-on-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, see "Business Operation Analysis" supra.

Composition and percentage of revenue (Including principal operating income and other operating income) are as follows:

Name of the roads	January-June 2011		As a percentage of the total income (%)	January-June 2010 (Restated)		As a percentage of the total income (%)
	Principal business income (RMB'000)	Other business income (RMB'000)		Principal business income (RMB'000)	Other business income (RMB'000)	
Hening Expressway	<b>478,410</b>	<b>10,926</b>	<b>42.96</b>	418,400	3,170	40.99
New Tianchang Section of National Trunk 205	<b>26,107</b>	<b>418</b>	<b>2.33</b>	27,981	263	2.75
Gaojie Expressway	<b>267,763</b>	<b>3,353</b>	<b>23.81</b>	261,687	1,439	25.58
Xuanguang Expressway	<b>218,700</b>	<b>1,289</b>	<b>19.32</b>	196,659	1,002	19.22
Lianhuo Expressway						
Anhui Section	<b>94,975</b>	<b>1,497</b>	<b>8.47</b>	84,711	501	8.29
Ninghuai Expressway						
Tianchang Section	<b>35,047</b>	<b>401</b>	<b>3.11</b>	32,370	293	3.17
<b>Total</b>	<b>1,121,002</b>	<b>17,884</b>	<b>100</b>	<b>1,021,808</b>	<b>6,668</b>	<b>100</b>

(Principal operating income includes toll income and operating income of the Service Center)

*Operating costs*

During the reporting period, the operating costs of the Group were RMB356, 876 thousand, a 3.64% decrease year-on-year. The decrease of operating costs was mainly due to the decrease of principal operating costs year-on-year, which is the result of the transition from self-operated business to leasing business of Service Center's assets operating model.

Project of Costs	Percentage of specific operating costs (%)			
	Depreciation and amortization (RMB'000)	Road maintenance expenses (RMB'000)	Other costs (RMB'000)	Total (RMB'000)
First half of 2011	244,840	39,228	72,808	356,876
First half of 2010	240,455	34,965	94,942	370,362
Change (%)	1.82	12.19	-23.31	-3.64

*Administrative expenses*

During the reporting period, the Group's administrative expenses were RMB42, 183 thousand, a 17.11% increase year-on-year, which was mainly due to the increase of office costs while the depreciations are allocated to overhead expenses after the office building came into service.

*Finance costs*

During the reporting period, the Group's finance costs were RMB60, 440 thousand, a 15.09% decrease year-on-year. The main reason was that the loan interests got great reduce compared to that paid at the same period last year.

*Return on Investment*

During the reporting period, the group investment income was RMB 900,000, which a 5.09% increase year-on-year. That was due to the slightly increase of investment income recognized by associated companies high-speed media according to the equity law.

*Non operating expense*

During the reporting period, the non-business expenditure of this group was RMB 650,000, which a 550.11% increase year-on-year. That was mainly non- current assets disposal loss.

*Income tax*

During the reporting period, applicable income tax rates of the company, the company's subsidiaries and affiliates were 25%. During the reporting period, income tax expenses of the group was RMB 154.928 million, which a 22.80% increase year-on-year. That was mainly caused by the increased profits.

*Net profit*

During the reporting period, the net profit of the Group was RMB488,098 thousand, net profit attributable to shareholders of the parent company was RMB444,623 thousand, representing an increase of 20.63% and 20.64% respectively year-on-year. The basic earnings per share was RMB 0.2681 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 RMB9,614,593 thousand, a 2.16% increase compared with that at the end of last year, which was mainly due to the increased monetary capital caused the group's enhanced profit ability, as well as the increased working quantity of Ningxuanhang Road included in intangible assets.

*Current liabilities and short-term debt paying ability*

As at 30 June 2011, the Group's current liabilities was RMB830,322 thousand (As at 31 December 2010: RMB812,810 thousand), of which RMB60,000 thousand was short term borrowings, RMB417,399 thousand was accounts payables, RMB50,094 thousand was interests payables, RMB56,541 thousand was staff wages payables, RMB116,537 thousand was tax payables, RMB86,364 thousand was other payables, (including RMB20,758 thousand of toll income collected on behalf of the inter-network settlement center, RMB 47,119 thousand of deposit from engineering projects and other payables was RMB18,487 thousand), other current liabilities was RMB29,820 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 RMB2,671,894 thousand, including 5-year corporate bonds of RMB1,974,440 thousand and long-term minority payables of RMB341,829 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:

<i>RMB'000</i>	<b>Less than one year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
The Group				
30 June 2011				
Corporate bonds and relevant interests	100,000	100,000	2,200,000	—
Long-term minority payables	—	—	96,801	245,028

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

### *Shareholders' equities*

As at 30 June 2011, the Group's shareholders' equities (excluding minority interests) was RMB5,853,948 thousand, representing an increase of RMB88,241 thousand from RMB5,756,707 thousand 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 2011, the Group's cash and cash equivalent were RMB805,849 thousand, representing a decrease of RMB49,342 thousand compared with that of the corresponding period last year.

During the reporting period, the Group's net operating cash inflow was RMB849,733 thousand, representing an increase of RMB57,801 thousand compared with that of the corresponding period last year and the increase rate was 6.8%, which was mainly because that during the reporting period, the Group's cash received from sales of goods increased by RMB113,332 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 -RMB20,091 thousand, RMB2,178 thousand and RMB76,462 thousand.

During the reporting period, the Group's net cash outflow used in investment was RMB434,992 thousand, which was mainly used in Widening of Hening Expressway, reconstruction of New Tianchang Section of National Trunk 205 and building of Wantong Expressway Hi-tech Industrial Park.

During the reporting period, the Group's net cash outflow from financing activities was RMB365,400 thousand, which was mainly due to the payment of bank loans of RMB4,109 thousand and distribution of dividends of RMB407,291 thousand.

The Group was awarded with good credit ratings. As at 30 June 2011, the total credit facilities granted during the year was RMB2,715 million, and the facilities not yet utilized were RMB2,655 million.

### *Capital expenditures*

During the reporting period, the Group's capital expenditure totaled RMB381 million which was mainly composed of construction of Ningxuanhang Expressway, reconstruction of New Tianchang Section of National Trunk 205, widening of Hening 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 RMB568 million contracted for but not necessarily confirmed in the financial statement (mainly used as investment for the construction of Ningxuanhang Expressway).

*Capital Structure*

	As at 30 June 2011		As at 31 December 2010	
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)
Current liabilities	<b>830,322</b>	<b>8.64</b>	812,810	8.64
Long-term liabilities	<b>2,671,894</b>	<b>27.78</b>	2,572,226	27.33
Shareholders' equities	<b>5,853,948</b>	<b>60.89</b>	5,756,707	61.17
Minority interests	<b>258,429</b>	<b>2.69</b>	269,644	2.86

In terms of interest rates:

	30 June 2011 (%)	31 December 2010 (%)
Interest-bearing liabilities	<b>23.89</b>	24.37
Interest-free liabilities	<b>12.53</b>	11.60
Shareholders' equities attributable to the Company	<b>60.89</b>	61.17
Minority interests	<b>2.69</b>	2.86

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, except Long-term borrowings which are floating 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

### I 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.

According to the requirement of Five ministries and the highlights of Circular of Making Efforts to the Internal Control Standards Pilot Work in the Listed Companies by CSRC and Circular of Making Efforts to the Internal Control Standards Pilot Work in the Listed Companies Within the Administrative Region by the Anhui provincial Securities Regulatory Commission, based on the original internal control system, the company has began the comprehensive and systematical construction of the internal control since the end of 2010. During the reporting period, it mainly carries out the following tasks:

#### *Developing Implementation Plans in Internal Control Construction in the Company.*

Implementation Plans in Internal Control Construction has been reviewed and approved in the 24th meeting of the 5th Board of Directors. According to the plan, based on making the internal control work in 2011 meet the standards, the Company will construct the sound and effective long-term mechanism will meet the 2011 compliance of internal control based on the system construction, system operation, and the formation of long-term mechanism in the internal control within the company, in the administration office it belongs to and the subsidiaries through four stages of system construction, system operation, comprehensive enhancement and forming the long-term mechanism.

#### *Carrying out process research and determining the process framework of the internal control business.*

In accordance with the requirements of the supporting guidelines, it carries out the risk and process research in the headquarters of the Company, the administrative office of the pilot place and the subsidiaries and makes an comprehensive assessment on the risk awareness of the Company in the form of questionnaires, interviews of risk, process and risk to identify the key risk areas. Then it builds the process framework of the internal control business according to the standards, knows the scope of the internal control construction and preliminarily identifies the design flaws of the internal control in the Company.

#### *Sorting out and designing the internal control process of the key areas in the Company.*

After the implementation of the research, the project team of the internal control construction in the Company sorts out and develops the internal control procedures of the key areas in the company. Through the repeated confirmation and full discussion with the person in charge of business process, the Company compiles the draft of business process description, flowchart and risk control matrix and preliminarily forms the document system of the internal control process in the Company.



*Discuss, modify and then determine the internal control system and propose recommendations to enhance the internal controls management.*

In order to ensure operability of the internal control system based on meeting the standards, the internal control team holds the internal control documents discussion meeting with the headquarter of the company, the administrative office it belongs to and the subsidiaries respectively and finally forms three sets of internal control systems of the headquarter of the company, the administrative office it belongs to and the subsidiaries. Meanwhile, based on the control flaws found in the research and process design, combined with the requirements of the internal control standards in our country and the real requirements in business management in the company, the project team proposes recommendations for enhancing the internal control management, providing a reference for the management level to make decisions.

Next, the Company will enter the implementation phase of the internal control business process documents and systems comprehensively. The Company will start the promotion and implementation of the process documents in August of this year and ensure to meet the standards in the level of internal control implementation through gradually implementing the corrective measures and effectively monitoring the results. On this basis, the Company will organize the results in the internal control processes and systems in all levels together and gradually improve the management be more scientific, standardized and specialized by taking the opportunity of the current corporate culture construction in the Company and ISO quality certification in the administrative office, laying the foundation for the enhancement of the internal control in the future.

*Code on Corporate Governance Practice*

For the six months ended 30 June 2011, 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*

As at the report release date, the Audit Committee convened three meetings, which reviewed the 2010 Annual Results Report and Financial Statement prepared in accordance with the PRC and Hong Kong Accounting Standards, the 2011 First Quarterly Report, as well as the 2011 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.

#### *Mode Code for Securities Transactions for Directors and Supervisors of the Company*

For the six months ended 30 June 2011, 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”.

## **II Profit appropriation for 2011 interim**

The Board of Directors of the Company recommends that the Company will neither pay the dividends for six months as at 30 June 2011 nor transfer the capital surplus to share capital.

## **III Implementation of the profit appropriation for the reporting period**

The 2010 profit appropriation plan of the Company was approved by the 2010 Annual General Meeting held on 29 April 2011, details are as follows: To pay a final dividend of RMB348,308 thousand on the basis of RMB2.1 for every 10 shares (tax inclusive) based on the total number of shares outstanding at the end of 2010 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 2010 General Meeting on 3 May 2011 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\$0.2505 (tax inclusive), which was priced in RMB and paid in HK\$. The registration date of the H Shareholders was 28 April 2011 and the dividend payout date was 31 May 2011. On 8 June 2011, the Company published the 2010 profit appropriation implement announcement in the Shanghai Securities Post and China Securities Post and determined that the Domestic Shareholders’ registration date was 13 June 2011, the ex-dividend date was 14 June 2011 and the dividend payout date of 20 June 2011.

The 2010 profit appropriation proposal has been implemented.

## **IV Implementation of cash dividends during the reporting period**

The cash dividends policy was defined in the Articles of Association of the Company and the 2010 annual profit distribution was completed on 20 June 2011.

## **V Material Litigation and Arbitration**

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

## **VI 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

## VII 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
Anhui Expressway Group	To provide business management service of Expressway	Made by negotiations through fair principles with reference to its costs	5,160	28.86	Transfer
Anlian Company	To provide business management service of Expressway	Made by negotiations through fair principles with reference to its costs	587	3.28	Transfer
Fuzhou Expressway	To provide business management service of Expressway	Made by negotiations through fair principles with reference to its costs	401	2.24	Transfer
Bangning Property	To receive property management service	Made by negotiations through fair principles with reference to its costs	639	1.51	Transfer
Expressway Inspection Center	To receive construction inspection service	Made by negotiations through fair principles with reference to its costs	978	0.94	Transfer
Xiandai Transportation	To receive traffic safety facilities project service	Made by negotiations through fair principles with reference to its costs	5,408	4.91	Transfer
Highway Project Supervision Company	To receive supervisory service of project construction	Made by negotiations through fair principles with reference to its costs	1,504	0.43	Transfer
Yida Company	To lease service areas of the Company	To recognize on a straight-line basis over the lease period	3,600	0.32	Transfer

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 lease the NO. 1 research and development building in New and High-tech Park	To recognize on a straight-line basis over the lease period	183	1.02	Transfer
Xiandai Transportation	To lease the NO. 9 research and development building in New and High-tech Park	To recognize on a straight-line basis over the lease period	175	0.98	Transfer
Remuneration of key administrators	To pay for key administrators		1,398		Transfer
Total			20,033		

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				289,848
Xuancheng Transportation and Construction				51,981
Xiandai Transportation				4,323
Expressway Inspection Center Highway Project Supervision Company				177
Yida Company				238
Bangning Property				161
Anhui Expressway Group			5,160	1,290
Anlian Company			587	147
Fuzhou Expressway			401	100

Reasons for related debtor and creditor account

Apart from the joint investment of Xuancheng Highway Management and Xuancheng Transportation and Construction exceeding long-term payables of registered capital of subsidiaries, connected parties receivables and payables were both produced from the above connected transactions and borrowings of staff. The amounts had no guarantee, bore no interest and no fixed repayment deadline.

## VIII 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.

## IX 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) Implementation of guarantee

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

It was approved that the controlling subsidiary, Ningxuanhang Company, could get RMB 500 million's guarantee at the 18th session of the fifth board of directors on 18 August, 2010.

(RMB'000,000,000)

#### Guarantees provided by the Company to its controlling subsidiaries

Total amount of guarantees provided for the controlling subsidiaries by the Company during the reporting period	0.51
--	------

Total balance of guarantees provided for the controlling subsidiaries as at the end of the reporting period	1.81
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#### Total amount of guarantees provided by the Company (including guarantees provided for the controlling subsidiaries)

Total guarantee amount	1.81
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Total guarantee amount as a percentage of net asset value (%)	3.09
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### (3) Financial entrustment and entrusted deposit

During the reporting period, the Company was not involved in any business on financial entrustment and entrusted deposit.

### (4) Other material contracts.

During the reporting period, the Company did not have any other material contracts.

X Fulfillment of Commitments

Fulfillment of Commitments made by the company, shareholders holding more than 5% stake or substantial controller during or lasted till the reporting period.

Commitments	Contents of commitments	Implementation of their commitments
Commitments of Share Segregation Reform	(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;	Implemented their undertakings carefully without breach.
	(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;	
	(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;	
	(4) In the future, Anhui Expressway Holding Corporation will continue to support the Company to purchase good-quality road assets owned by Anhui Expressway Holding Corporation, as always, pay attention to protect shareholders' interests;	
	(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 scheme, including the share incentive scheme, to the Board of Directors of the Company. Such long-term incentive scheme will be implemented by Board of Directors in accordance with the relevant regulation of the State or upon approval by the general meeting of shareholders.	

- (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

## XI Appointment and Dismissal of Auditors

PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd and PricewaterhouseCoopers Certified Public Accountants were appointed as the Company's 2011 PRC and Hong Kong auditors at the 2010 Annual General Meeting.

## XII 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.

## XIII Analysis on Other Major Events and Their Impact and Resolving Proposals

### *Issuance and listing of corporate bond*

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 An Hui Expressway bond, Stock Code: "122039").

In December 2010, the Company paid annual interests of corporate bonds on time by appointment, and every bond (worth RMB1,000) paid interest RMB50 (Incl. Tax).

In April 2011, CCXR conducted a follow-up rating on Anhui Expressway bond in 2009 and the rating results maintained our bond credit rating of AAA and our corporate credit rating of AA + and the rating outlook was stable.

### *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 HKEx. The Company does not issue new shares because of its American Depositary Receipt program. American Depositary Receipt in American Depositary Receipt program is just traded in American OTC market and will not be listed on any stock exchange in the U.S.

*Investment in establishing a small-scale credit company*

After discussion in the 21th meeting of the 5th Board, the Company was planning to jointly establish a small-scale credit company with the Group, Anlian Company, Inspection and Scientific Research Center, Highway Engineering Supervision Company, Expressway Media and other units. The registered capital of the limited company is RMB 1.5 billion, including 45 million invested by the Group, accounting for 30% stake, and each 15 million by the Company and other six shareholders, each accounting for 10% stake. The Company has submitted the application materials for establishment to the Government's financial office and the materials is still in the approval process up to the date of being authorized to issue this report. All the funds will be injected into the capital verification account of the joint venture within ten working days since the issue of the document of approving the establishment by the financial office.

*Investment in establishing Xin'an Financial Group Limited*

After discussion in the 27th meeting of the 5th Board on 7 July 2011, the Company intended to jointly establish Xin'an Financial Group Limited by shared with nine units including (Anhui) Nanxiangwanshang logistics service industry company limited ( "Nanxiangwanshang" for short) Wuhu construction investment company limited . The registered capital of the company is RMB3.0 billion. Its business scope includes: financial investment, equity investment and management consulting. The largest shareholder Nanxiangwanshang invested RMB 1.6 billion; accounting for 53.33% stake, Our company invested RMB500 million accounting for 16.67% stake, and is the second largest shareholder of the company.

According to the Promoters Agreement, our company has paid the funds of the first phase RMB15, 000 thousand (it's 30% of Total subscriptions). Up to the date of this report being disclosed, the company has completed capital verification and the industrial and commercial registration.



## XIV 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
H Share Announcement-Connected Transaction (Formation of Joint Venture Company)		17 February 2011	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk www.sse.com.cn
Announcement of the resolutions of the 22 <sup>th</sup> meeting of the 5 <sup>th</sup> Board	China Securities Post, the Shanghai Securities Post	28 February 2011	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
H Share Announcement-continuing Connected Transaction (Management Agreement)		28 February 2011	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
H Share Announcement-continuing Connected Transaction (Supervisory Agreement and Road Facility Agreement)		28 February 2011	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 of the resolutions of the 23 <sup>th</sup> meeting of the 5 <sup>th</sup> Board	China Securities Post, the Shanghai Securities Post	14 March 2011	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 13 <sup>th</sup> meeting of the 5 <sup>th</sup> Supervisory Committee	China Securities Post, the Shanghai Securities Post	14 March 2011	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 the 2010 Annual General Meeting, 2010 Annual Results Announcement Summary	China Securities Post, the Shanghai Securities Post	14 March 2011	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2010 Results Announcement, Notice of the 2010 Annual General Meeting		14 March 2011	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Announcement of the rating Result for Tracking “09 An Hui Expressway bond”	China Securities Post, the Shanghai Securities Post	14 April 2011	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 25 <sup>th</sup> meeting of the 5 <sup>th</sup> Board	China Securities Post, the Shanghai Securities Post	29 April 2011	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 of the resolutions of the 2010 Annual General Meeting	China Securities Post, the Shanghai Securities Post	3 May 2011	Website of the Shanghai Stock Exchange: www.sse.com.cn,
Voting Results At Annual General Meeting Held On April 2011		3 May 2011	Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
2010 Announcement of the profit distribution implementation	China Securities Post, the Shanghai Securities Post	8 June 2011	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 26 <sup>th</sup> meeting of the 5 <sup>th</sup> Board	China Securities Post, the Shanghai Securities Post	27 June 2011	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 15 <sup>th</sup> meeting of the 5 <sup>th</sup> Supervisory Committee	China Securities Post, the Shanghai Securities Post	27 June 2011	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 the First Extraordinary General Meeting 2011	China Securities Post, the Shanghai Securities Post	27 June 2011	Website of the Shanghai Stock Exchange: www.sse.com.cn, Website of the Stock Exchange of Hong Kong Limited: www.hkex.com.hk
Profiles Of Candidates And Proposed Remuneration Of The Sixth Board Of Directors And The Sixth Supervisory Committee		27 June 2011	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 2011

(All amounts in Renminbi thousands unless otherwise stated)

<b>ASSETS</b>	<i>Note</i>	<i>unaudited</i> <b>30 June</b> <b>2011</b>	<i>unaudited</i> 31 December 2010
<b>Non-current assets</b>			
Concession intangible assets		<b>7,939,593</b>	7,812,462
Lease prepayments		<b>12,066</b>	12,389
Property, plant and equipment		<b>708,621</b>	819,270
Investment property		<b>159,929</b>	28,970
Intangible assets		<b>2,046</b>	1,800
Investments in an associate		<b>22,165</b>	31,564
		<b>8,844,420</b>	8,706,455
<b>Current assets</b>			
Inventories		<b>3,740</b>	3,761
Trade and other receivables		<b>88,473</b>	78,837
Cash and cash equivalents		<b>805,849</b>	756,507
		<b>898,062</b>	839,105
<b>Total assets</b>		<b>9,742,482</b>	9,545,560
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Ordinary share capital		<b>1,658,610</b>	1,658,610
Share premium		<b>1,415,593</b>	1,415,593
Other reserves		<b>234,448</b>	235,174
Retained earnings			
– Proposed final dividend		—	348,308
– Others		<b>2,658,759</b>	2,217,129
		<b>5,967,410</b>	5,874,814
<b>Non-controlling interests</b>		<b>259,111</b>	270,597
<b>Total equity</b>		<b>6,226,521</b>	6,145,411

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)**

As at 30 June 2011

(All amounts in Renminbi thousands unless otherwise stated)

	<i>Note</i>	<b>Unaudited</b> <b>30 June</b> <b>2011</b>	<i>Unaudited</i> 31 December 2010
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term payables		<b>341,829</b>	307,814
Borrowings		<b>2,237,340</b>	2,173,657
Deferred income tax liabilities		<b>61,584</b>	59,896
Deferred income		<b>44,886</b>	45,972
		<hr/> <b>2,685,639</b> <hr/>	<hr/> 2,587,339 <hr/>
<b>Current liabilities</b>			
Trade and other payables		<b>654,010</b>	590,342
Current income tax liabilities		<b>86,492</b>	73,519
Provision		<b>29,820</b>	28,949
Borrowings		<b>60,000</b>	120,000
		<hr/> <b>830,322</b> <hr/>	<hr/> 812,810 <hr/>
<b>Total liabilities</b>		<hr/> <b>3,515,961</b> <hr/>	<hr/> 3,400,149 <hr/>
<b>Total equity and liabilities</b>		<hr/> <b>9,742,482</b> <hr/>	<hr/> 9,545,560 <hr/>
<b>Net current assets</b>		<hr/> <b>67,740</b> <hr/>	<hr/> 26,295 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>8,912,160</b> <hr/>	<hr/> 8,732,750 <hr/>

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

(All amounts in Renminbi thousands unless otherwise stated)

		<i>Unaudited</i>	<i>Unaudited</i>
		<b>Six months ended June</b>	
	<i>Note</i>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>		<b>1,481,634</b>	1,177,212
Cost of sales		<b>(743,117)</b>	(559,493)
<b>Gross profit</b>		<b>738,517</b>	617,719
Other gains-net		<b>5,764</b>	19,337
Administrative expenses		<b>(42,464)</b>	(36,909)
<b>Operating profit</b>		<b>701,817</b>	600,147
Finance costs		<b>(64,021)</b>	(74,837)
Share of profit of associates		<b>900</b>	857
<b>Profit before income tax</b>		<b>638,696</b>	526,167
Income tax expense	3	<b>(153,845)</b>	(123,909)
<b>Profit for the period</b>		<b>484,851</b>	402,258
<b>Attributable to</b>			
Equity holders of the Company		<b>440,904</b>	365,453
Non-controlling interests		<b>43,947</b>	36,805
		<b>484,851</b>	402,258
<b>Basic and diluted earnings per share for profit attributable to the equity holders of the Company</b>			
(expressed in RMB per share)	4	<b>0.2658</b>	0.2203
<b>Dividends</b>	5	—	—

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 June 2011*

(All amounts in Renminbi thousands unless otherwise stated)

	<i>Unaudited</i>	<i>Unaudited</i>
	<b>Six months ended June</b>	
	<b>2011</b>	2010
<b>Profit for the period</b>	<b>484,851</b>	402,258
<b>Other comprehensive income</b>	—	—
<b>Other comprehensive income for the period, net of tax</b>	—	—
	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>484,851</b>	402,258
	<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	<b>440,904</b>	365,453
Non-controlling interests	<b>43,947</b>	36,805
	<hr/>	<hr/>
	<b>484,851</b>	402,258
	<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 June 2011

(All amounts in Renminbi thousands unless otherwise stated)

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



**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

For the six months ended 30 June 2011

(All amounts in Renminbi thousands unless otherwise stated)

	Attributable to equity holders of the Company				Non-controlling interests	Total
	Ordinary share capital	Share premium	Other reserves	Retained earnings		
<b>Balance at 1 January 2011 (audited)</b>	1,658,610	1,415,593	235,174	2,565,437	270,597	6,145,411
<b>Comprehensive income</b>						
Profit for the half-year (unaudited)	—	—	—	440,904	43,947	484,851
Other comprehensive income (unaudited)	—	—	—	—	—	—
<b>Total comprehensive income for the period ended 30 June 2011 (unaudited)</b>	—	—	—	440,904	43,947	484,851
Profit appropriation (unaudited)	—	—	—	—	—	—
Others (unaudited)	—	—	(726)	726	—	—
<b>Transactions with owners</b>						
2010 final dividends (unaudited)	—	—	—	(348,308)	—	(348,308)
2010 dividends to non-controlling interests by a subsidiary (unaudited)	—	—	—	—	(71,012)	(71,012)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax (unaudited)	—	—	—	—	15,579	15,579
<b>Balance at 30 June 2011 (unaudited)</b>	<u>1,658,610</u>	<u>1,415,593</u>	<u>234,448</u>	<u>2,658,759</u>	<u>259,111</u>	<u>6,226,521</u>

The notes on pages 7 to 24 are an integral part of these condensed consolidated financial statements.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2011

(All amounts in Renminbi thousands unless otherwise stated)

	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<b>For the six months ended</b>	
<i>Note</i>	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>618,557</b>	550,295
Interest paid	<b>(9,929)</b>	(14,898)
Income tax paid	<b>(144,377)</b>	(77,908)
	<hr/> <b>464,251</b>	<hr/> 457,489
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(57,574)</b>	(3,778)
Purchase of intangible assets	<b>(496)</b>	—
Proceeds from sales of property, plant and equipment	<b>526</b>	14,063
Interest received	<b>3,863</b>	4,159
	<hr/> <b>(53,681)</b>	<hr/> 14,444
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>91,000</b>	135,000
Repayments of borrowings	<b>(90,000)</b>	(855,000)
Cash generating from a non-controlling interest's contribution to a subsidiary	<b>45,000</b>	13,500
Dividends paid to minority shareholders	<b>(58,983)</b>	(51,411)
Dividends paid to the Company's shareholders	<b>(348,308)</b>	(331,722)
	<hr/> <b>(361,291)</b>	<hr/> (1,089,633)
<b>Net increase / (decrease) in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the period	<b>756,507</b>	1,042,968
Exchange gains on cash and cash equivalents	<b>63</b>	112
	<hr/> <b>805,849</b>	<hr/> 425,380
<b>Cash and cash equivalents at end of the period</b>		

The notes on pages 7 to 24 are an integral part of these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2011

(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 2011, the Group's toll roads are shown as follows:

<b>Toll road</b>	<b>Length</b> <i>kilometres</i>	<b>Concession periods granted</b>
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 2011

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 26 August 2011.

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 2011 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 2010, 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 2010, 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 standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:
  - o The name of the government and the nature of their relationship;
  - o The nature and amount of any individually significant transactions; and
  - o The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party. See Note 24 for disclosures of transactions among government related entities.

- Amendment to HKAS 34 "Interim financial reporting" is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

- Amendment to HKAS 32 "Classification of rights issues" is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.
- Amendment to HK(IFRIC) - Int-14 "Prepayments of a minimum funding requirement" is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.
- HK(IFRIC) - Int 19 "Extinguishing financial liabilities with equity instruments" is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.
- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by both IASB and the HKICPA, except for amendment to HKAS 34 "Interim financial reporting" as disclosed in Note 3(a), all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

### 3. Accounting policies (continued)

- (c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:
- HKFRS 9 “Financial instruments” addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. There will be no impact on the Group’s accounting for financial assets and financial liabilities, as the Group does not have any such assets or liabilities. The derecognition rules have been transferred from HKAS 39 “Financial instruments: Recognition and measurement” and have not been changed. The Group has not yet decided when to adopt HKFRS 9.
  - HKAS 12 (Amendment) “Deferred tax: Recovery of underlying assets” introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.
  - HKFRS 7 (Amendment) “Disclosures – Transfers of financial assets” introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity’s balance sheet. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending). The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted.

### 4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2010.

## 5. Financial risk management

### (a) *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

There have been no changes in the risk management department since year end or in any risk management policies.

### (b) *Fair value estimation*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

In 2011 there was no transfer between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

In 2011 there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

In 2011 there were no reclassifications of financial assets.

## 6. 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 2011 and 30 June 2010.

The Group is domiciled in Anhui Province, the PRC. The result of its revenue is from Anhui Province, the PRC. As at 30 June 2011 and 31 December 2010, total assets of the Group are located in the PRC.

## 7. Capital Expenditures

	Concession intangible assets	Intangible assets	Property, plant and equipment	Investment property	Lease prepayments
<b>Six months ended 30 June 2010</b>					
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	—	—
Reclassifications	—	—	(3,742)	3,742	—
Disposals	—	—	(2,206)	—	—
Depreciation/amortization (Note 18)	(212,167)	(299)	(35,019)	(719)	(323)
	<u>7,648,999</u>	<u>2,250</u>	<u>747,528</u>	<u>36,747</u>	<u>11,512</u>
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>
<b>Six months ended 30 June 2011</b>					
Opening net book amount as at 1 January 2011 (audited)	<b>7,812,462</b>	<b>1,800</b>	<b>819,270</b>	<b>28,970</b>	<b>12,389</b>
Additions	<b>343,675</b>	<b>496</b>	<b>57,574</b>	—	—
Transfer	—	—	<b>(134,546)</b>	<b>134,546</b>	—
Disposals	—	—	<b>(500)</b>	—	—
Depreciation/amortization (Note 18)	<b>(216,544)</b>	<b>(250)</b>	<b>(33,177)</b>	<b>(3,587)</b>	<b>(323)</b>
	<u>7,939,593</u>	<u>2,046</u>	<u>708,621</u>	<u>159,929</u>	<u>12,066</u>
Closing net book amount as at 30 June 2011 (unaudited)	<u>7,939,593</u>	<u>2,046</u>	<u>708,621</u>	<u>159,929</u>	<u>12,066</u>

As of 30 June 2011 and 2010, the toll roads under the Service Concessions and their respective concession periods granted are disclosed in Note 1.

Borrowing costs of RMB 7,053 thousand have been capitalized in the six months ended 30 June 2011 at an average interest rate of 5.558% (2010: none).

8. Trade and other receivables

	<b>30 June 2011 (unaudited)</b>	31 December 2010 (audited)
Dividend receivables (a)	<b>14,288</b>	3,990
Other receivables (b)	<b>74,185</b>	74,847
	<b><u>88,473</u></b>	<u>78,837</u>

(a) Dividends of RMB 3,990 thousand and RMB 10,298 thousand were declared by Anhui Expressway Advertisement Co., Ltd. in 2008 and 2011, respectively but were not received by the Company as at 30 June 2011.

(b) As at 30 June 2011, other receivables mainly include receivable of RMB 55,773 thousand due from the toll settlement Anhui Expressway Network Operations Co., Ltd (31 December 2010: RMB 66,877 thousand).

All trade and other receivables were interest free. As at 30 June 2011, trade and other receivables of RMB 82,118 thousand were aged within 1 year (31 December 2010: RMB 72,891 thousand).

As at 30 June 2011 and 31 December 2010, all trade and other receivables balances were denominated in RMB and were fully performing.

9. Share capital and share premium

	<b>Number of shares (thousands)</b>	<b>Ordinary share capital</b>	<b>Share premium</b>	<b>Total</b>
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>
At 1 January 2011 (audited)	1,658,610	1,658,610	1,415,593	3,074,203
Changes in the period (unaudited)	—	—	—	—
At 30 June 2011 (unaudited)	<u>1,658,610</u>	<u>1,658,610</u>	<u>1,415,593</u>	<u>3,074,203</u>

The total authorized 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.



## 9. Share capital and share premium (continued)

### Share reform plan

Pursuant to the Revised Share Reform Plan announced by the Company on 14 February 2006, Anhui Expressway Holding Group Co., Ltd. ("AEHC") and Merchants Huajian Expressway Investment Co., Ltd., 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 the shareholders on 30 March 2006. The original non-tradable A shares held by AEHC and Merchants Huajian Expressway Investment Co., Ltd., 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, all of the Company's A shares are tradable in the market as of 30 June 2011.

## 10. 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 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
Balance at 1 January 2011 (audited)	<b>2,243</b>	<b>873,605</b>	<b>658</b>	<b>57,815</b>	<b>(699,147)</b>	<b>235,174</b>
Utilization of Enterprise Safety Fund (unaudited)	—	—	—	(726)	—	(726)
Balance at 30 June 2011 (unaudited)	<b>2,243</b>	<b>873,605</b>	<b>658</b>	<b>57,089</b>	<b>(699,147)</b>	<b>234,448</b>

## 11. Trade and other payables

	<b>30 June 2011 (unaudited)</b>	31 December 2010 (audited)
Payables on capital expenditures	<b>417,401</b>	425,341
Payables on repair and maintenance projects	<b>24,308</b>	24,767
Deposit for construction projects	<b>47,119</b>	43,463
Toll received on behalf of other entities	<b>20,758</b>	21,736
Other taxation payables	<b>30,075</b>	33,813
Accrued expenses	<b>106,635</b>	29,994
Other payables	<b>7,714</b>	11,228
	<b>654,010</b>	590,342

The balances were all non-interest bearing. As at 30 June 2011, trade and other payables of RMB 67,670 thousand were aged over one year (31 December 2010: RMB 113,066 thousand). These payables were mainly for construction projects and will be settled after project is completed.

As at June 30 2011 and 31 December 2010, all trade and other payables were denominated in RMB.

## 12. Borrowings

	<b>30 June 2011</b>		31 December 2010	
	<b>Interest rate per annum (unaudited)</b>	<b>Amount</b>	Interest rate per annum (audited)	Amount
<b>Non-current</b>				
Corporate bonds denominated in RMB (a)	<b>5.00%</b>	<b>1,979,440</b>	5.00%	1,976,757
Long-term bank borrowings denominated in RMB– unsecured	<b>5.346%-5.760%</b>	<b>181,000</b>	5.346%-5.526%	130,000
Long-term bank borrowings denominated in RMB– secured (b)	<b>5.526%-5.940%</b>	<b>76,900</b>	5.346%-5.643%	66,900
		<b>2,237,340</b>		2,173,657
<b>Current</b>				
Short-term bank borrowings denominated in RMB –unsecured	<b>5.004%~6.310%</b>	<b>60,000</b>	4.78%-5.004%	120,000
<b>Total borrowings</b>		<b>2,297,340</b>		2,293,657

## 12. Borrowings (continued)

- (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.
- (b) The bank borrowings of RMB 257,900 thousand were guaranteed by XCCC, the non-controlling interest of Ningxuanhang and the Company as at 30 June 2011 (31 December 2010: 196,900).

At 30 June 2011, the Group's and the Company's borrowings are repayable as follows:

	Bank borrowings		Corporate bonds	
	30 June 2011 (unaudited)	31 December 2010 (audited)	30 June 2011 (unaudited)	31 December 2010 (audited)
Within 1 year	60,000	120,000	—	—
Between 1 and 2 years	—	—	—	—
Between 2 and 5 years	—	—	1,979,440	1,976,757
Over 5 years	257,900	196,900	—	—
	<u>317,900</u>	<u>316,900</u>	<u>1,979,440</u>	<u>1,976,757</u>

As at 30 June 2011, the fair value of corporate bonds was RMB 1,979,440 thousand according to price in bond market. The carrying amounts of other 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 the balance sheet date:

	30 June 2011 (unaudited)	31 December 2010 (audited)
Expiring within one year	<u>2,655,000</u>	<u>3,095,000</u>

13. Provision

	<b>Maintenance/ Resurfacing obligations</b>
Balance at 1 January 2010 (audited)	28,169
Additions (unaudited)	—
Balance at 30 June 2010 (unaudited)	<u>28,169</u>
Balance at 1 January 2011 (audited)	28,949
Additions (unaudited)	10,690
Utilization of Provision (unaudited)	<u>(9,819)</u>
Balance at 30 June 2011 (unaudited)	<u><u>29,820</u></u>

14. Deferred income

	<b>30 June 2011 (unaudited)</b>	31 December 2010 (audited)
Government grants	<u><b>44,886</b></u>	<u>45,972</u>

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

15. Long-term payables

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

	<b>Carrying Amounts (Note 24)</b>		<b>Fair values</b>	
	<b>30 June 2011 RMB'000 (unaudited)</b>	31 December 2010 RMB'000 (audited)	<b>30 June 2011 RMB'000 (unaudited)</b>	31 December 2010 RMB'000 (audited)
Long-term payables to XHMC (a)	<b>289,848</b>	281,303	<b>274,940</b>	273,735
Long-term payables to XCCC (b)	<b>51,981</b>	26,511	<b>50,335</b>	25,818
	<u><b>341,829</b></u>	<u>307,814</u>	<u><b>325,275</b></u>	<u>299,553</u>

- (a) Long-term payables to XHMC represents XHMC's share of total investment in Xuan Guang in excess of XHMC's equity contribution in Xuan Guang. This amount is non-guaranteed and interest free. As of 30 June 2011, 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 2010.

## 15. Long-term payables (continued)

(b) Ningxuanhang is a co-operative joint venture established by the Company and Xuancheng Communication Construction Co., Ltd. (“XCCC”) in April 2008. The official operating period will be granted after toll road construction is completed. As at 30 June 2011, the Company and XCCC invested in total RMB 283,500 and RMB 112,500 thousand in Ningxuanhang respectively, in the forms of capital contribution of RMB 70,000 thousand and RMB 30,000 thousand. The long-term payables of RMB 213,500 and 82,500 thousand, representing the Company’s share of the total investment in Ningxuanhang in excess of the Company’s share of its registered capital, were recognized by the Company and XCCC. As agreed with XCCC, annual distribution (the “distribution”) equaling net profit plus 35% of amortization and depreciation portion are to be made to the Company and XCCC in proportion of their respective equity interest in Ningxuanhang. Distribution equaling 65% of amortization and depreciation portion is to repay Ningxuanhang’s bank borrowings until bank borrowings are fully settled. Thereafter, the distribution equaling net profit plus the amortization 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 amortization and depreciation portion of the distribution received is accounted for as repayments to the long-term payables.

The fair values of long-term payables are based on cash flows discounted using 6.80%, the annual interest rate published by the People’s Bank of China for long-term bank loans as at 30 June 2011 (31 December 2010: 6.40%).

## 16. Other gains – net

	<b>For the six months ended</b>	
	<b>30 June 2011</b> <i>(unaudited)</i>	30 June 2010 <i>(unaudited)</i>
Interest income	<b>3,863</b>	4,159
Compensation received for road surface damage	<b>926</b>	1,870
Government grants relating to assets	<b>1,086</b>	926
Gain from disposal on property, plant and equipment	<b>26</b>	11,857
Others	<b>(137)</b>	525
	<b>5,764</b>	19,337

17. Revenue

	For the six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)
Toll income, rental income and others	1,137,959	1,025,748
Construction revenue	343,675	151,464
	<u>1,481,634</u>	<u>1,177,212</u>

18. Expenses by nature

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

	For the six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)
Construction cost	343,675	151,464
Depreciation and amortization expenses (Note 7)	253,881	248,527
Repair and maintenance expenses	59,007	78,617
Employee benefit expenses	80,662	67,981
Tax related to revenues	38,236	34,292
Others	10,120	15,521
	<u>785,581</u>	<u>596,402</u>

19. Finance costs

	For the six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)
Interest expense:		
– corporate bonds	52,683	52,547
– bank borrowings	2,793	14,241
– long-term payables	8,545	8,049
	<u>64,021</u>	<u>74,837</u>

## 20. 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 Company and its subsidiaries, associated companies determine and pay the PRC Corporate Income Tax ('CIT') in accordance with the CIT Law as approved by the National People's Congress on 16 March 2007. Under the CIT Law, the CIT rate applicable to the Company and its subsidiaries, associated companies is 25%.

	<b>For the six months ended</b>	
	<b>30 June 2011</b> <i>(unaudited)</i>	30 June 2010 <i>(unaudited)</i>
Current income tax	<b>157,350</b>	122,954
Deferred income tax	<b>(3,505)</b>	955
	<b><u>153,845</u></b>	<u>123,909</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 institute shareholders.

For the six months ended 30 June 2011, WHT was levied on the foreign institute shareholders for the dividends earned in 2010.

## 21. 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.

	<b>For the six months ended</b>	
	<b>30 June 2011</b> <i>(unaudited)</i>	30 June 2010 <i>(unaudited)</i>
Profit attributable to equity holders of the Company	<b>440,904</b>	365,453
Weighted average number of ordinary shares in issue (thousands)	<b>1,658,610</b>	1,658,610
Basic earnings per share (expressed in RMB per share)	<b><u>0.2658</u></b>	<u>0.2203</u>

## 22. Dividends

The final dividend in respect of 2010 of RMB 0.21 per share, amounting to a total dividend of RMB 348,308,000 was approved at the Annual General Meeting on 24 April 2011. It has been reflected as an appropriation of retained earnings for the six months ended 30 June 2011.

The directors did not recommend the payment of a dividend in respect of the six months ended 30 June 2011 (same period of 2010: nil).

## 23. Commitments

### (a) Capital commitments

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

	<b>30 June 2011 (unaudited)</b>	31 December 2010 (audited)
Concession intangible assets		
– Approved but not contracted for	<b>1,621,498</b>	6,315
– Contracted but not provided for	<b>568,285</b>	129,000

### (b) Investment commitments

According to the agreement signed among the Company, Nanxiang Wanshang (Anhui) Logistics Industry Co., Ltd., and other 9 companies, the Company has committed to contribute RMB 500 million to purchase 16.67% equity shares in Anhui Xinan Financial Group Co., Ltd. As at June 30 2011, the Company has not paid the above amount.

## 24. Related-party transactions

### (a) Name of related party and relationship

The Company's major shareholder is AEHC, a stated-owned enterprise established in the PRC and is controlled by the PRC Government. It owns a significant portion of assets in the PRC.

In accordance with HKAS 24(Revised), "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include AEHC and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and AEHC as well as their close family members.



## 24. Related-party transactions (continued)

## (a) Name of related party and relationship

The related parties and relationship except for the government-related entities and their subsidiaries as set out below.

Name	Relationship with the Group
AEHC	Major shareholder
XHMC	Minority shareholder of Xuan Guang
XCCC	Minority shareholder of Ningxuanhang
Anlian Expressway Co., Ltd. ('ALEC')	Subsidiary of AEHC
Anhui Expressway Investment Co., Ltd. ('AEIC')	Subsidiary of AEHC
Anhui Fuzhou Expressway Co., Ltd. ('AFEC')	Subsidiary of AEHC
YTMC	Subsidiary of AEHC
Anhui Expressway Real Estate Co., Ltd. ('AREC')	Subsidiary of AEHC
Anhui Expressway Experiment Research Centre ('AERC')	Subsidiary of AEHC
Anhui Modern Transportation Facilities Co., Ltd. ('MTFC')	Subsidiary of AEHC
Hefei Bangning Property Management Co., Ltd. ('BNMC')	Subsidiary of AEHC
Anhui Expressway Construction Management Co., Ltd. ('AECM')	Subsidiary of AEHC
Anhui Expressway Advertisement Co., Ltd. ('AEAC')	Associated company

## (b) Related party transactions

## (i) Service income from management of toll roads

	For the six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)
AEHC	5,161	—
ALEC	587	—
AFEC	401	—
	6,149	—
	6,149	—

## (ii) Rental income

	For the six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)
YTMC	3,783	195
MTFC	175	175
	3,958	370
	3,958	370

24. Related-party transactions (continued)

(b) Related party transactions (continued)

(iii) Property management service received

	For the six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)
BNMC	639	—

(iv) Construction and testing service received and receivable Enterprises

	For the six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)
MTFC	5,409	—
AERC	978	498
AEIC	—	1,584
	<u>6,387</u>	<u>2,082</u>

(v) highway section management service received

	For the six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)
AECM	1,504	—

(vi) Transactions with the State-owned Enterprises

	For the six months ended	
	30 June 2011 (unaudited)	30 June 2010 (unaudited)
Toll road construction / upgrade cost paid and payable	1,633,378	933,545
Borrowings from banks	40,000	85,000
Toll road repair and maintenance cost paid and payable	1,615	—
	<u>1,674,993</u>	<u>1,018,545</u>

## 24. Related-party transactions (continued)

(c) *Period-end balances*(i) **Trade payables**

	<b>30 June</b> <b>2011</b> <i>(unaudited)</i>	31 December 2010 <i>(audited)</i>
MTFC	4,323	—
AECM	177	—
AERC	238	—
State-owned Enterprises	79,990	84,581
	<u>84,728</u>	<u>84,581</u>

(ii) **Other payables**

	<b>30 June</b> <b>2011</b> <i>(unaudited)</i>	31 December 2010 <i>(audited)</i>
YTMC	161	161
State-owned Enterprises	37,262	28,003
	<u>37,423</u>	<u>28,164</u>

(iii) **Advance from customers**

	<b>30 June</b> <b>2011</b> <i>(unaudited)</i>	31 December 2010 <i>(audited)</i>
AEHC	1,290	—
ALEC	147	161
AFEC	100	—
	<u>1,537</u>	<u>161</u>

(iv) **Bank deposits and borrowings**

	<b>30 June</b> <b>2011</b> <i>(unaudited)</i>	31 December 2010 <i>(audited)</i>
State-owned banks-bank deposits	131,858	227,573
State-owned banks-borrowings	216,900	528,871
	<u>216,900</u>	<u>528,871</u>

24. Related-party transactions (continued)

(c) *Period-end balances (continued)*

(v) **Long-term payables to minority shareholder of a subsidiary (Note 15)**

	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>(unaudited)</b>	<i>(audited)</i>
XHMC	<b>289,848</b>	281,303
XCCC	<b>51,981</b>	26,511
	<b>341,829</b>	307,814

As at 30 June 2011 and 31 December 2010, amounts due from and due to the related parties as afore mentioned, except for long term payables as disclosed in Note 15, mainly arose from the above transactions and payments made by the Company and related parties on behalf of each other. These amounts are unsecured, interest free and are repayable within 1 year.

25. 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 26 August 2011.

26. Other significant matters

The Company has established a sponsored, unlisted ADR facility, which has become effective on 11 June 2009. The Company appointed the Bank of New York Mellon as the depositary bank. The number of ADR registered by the Company under the ADR facility is 50,000,000. As at the report release date, no share is accepted for deposit.

27. Reclassification of comparative figures

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

## 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*

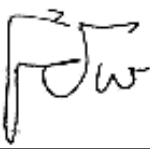
26 August 2011

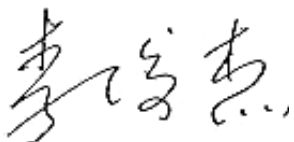
**SECTION XI CONFIRMATION OPINION TO 2011 INTERIM REPORT BY DIRECTORS AND SENIOR MANAGEMENT**

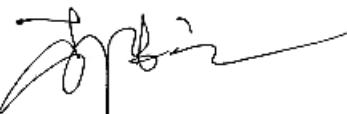
Being the Directors and Senior Management of Anhui Expressway Company Limited, we hereby confirm in writing that the content of the 2011 interim report is authentic, accurate, complete, of the opinion that there are no false representations or misleading statements contained in or material omissions from this report; and shall be severally and jointly accept responsibility for the authenticity, accuracy and completeness of the content of this report.

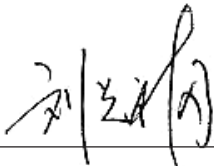
Directors' Signature:

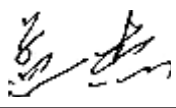
Zhou Renqiang: 

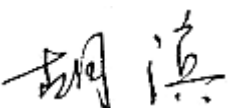
Tu Xiaobei: 

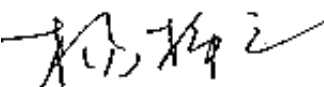
Li Junjie: 

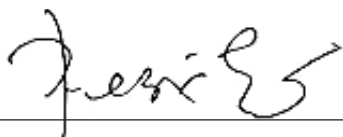
Li Jiezh: 

Liu Xianfu: 

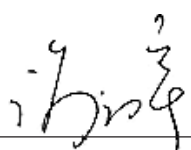
Meng Jie: 


Hu Bin: 

Yang Mianzhi: 

To Cheng Chi: 

Senior Management Members' Signatures:

Xie Xinyu: 

Wang Changyin: 

Liang Bing: 

26 August 2011



**Anhui Expressway Company Limited**