



Anhui Expressway Company Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code : 0995)

2017 INTERIM REPORT



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IMPORTANT NOTICE

1. The Board of the Directors, the Supervisory Committee and the Directors, Supervisors and the senior management of Anhui Expressway Company Limited hereby warrant that the contents of the interim report are true, accurate and complete, and that there are no false accounts, misleading statements or significant omissions of information and jointly and individually accept the legal responsibility.
2. During the Reporting Period, all of the Directors attended the Board meetings.
3. The financial statements were unaudited but were reviewed by the audit committee of the Company.
4. Mr. Qiao Chuanfu, Chairman, Mr. Xu Zhen, who is responsible for the accounting work and Mr. Xiao Guangzhuo, manager of the Financial Department of the Company hereby confirm that the financial statements contained in the interim report are true, accurate and complete.
5. The profit appropriation plan or the plan of transferring reserves to capital for the Period under Review approved by the Board of Directors: Nil
6. The forward-looking risk statement

Applicable Not applicable

Please refer to Section IV, "Discussion and Analysis on Business Operations" for the potential risks of the Company. Forward looking statements, including the future plan and development strategy, contained in this report do not constitute a real commitment to investors by the Company. Investors should be reminded of such investment risks and invest rationally.

7. If there was any extraordinary use of funds by the controlling shareholder and its related parties for purposes other than for operations? No
8. If there was any provisions of external guarantee in violation of specified decision making procedures? No
9. Major Risk Notice

The major risks have been concretely described in the report. Please refer to Section IV "Discussion and Analysis on Business Operations" for the possible risk factors and the corresponding tackling measures as set out in the discussion and analysis in respect of the future development of the Company.

10. Other

Applicable Not applicable

SECTION I DEFINITIONS

The terms in this report, except for the other meaning as the context referred to, have the meanings as follows:

"the Company", "Company"	Means	Anhui Expressway Company Limited
"the Group"	Means	the Company, its subsidiaries and associated companies
"ATHC" or "Anhui Transportation Group"	Means	Anhui Transportation Holding Group Company Limited (formerly known as Anhui Expressway Holding Group Company Limited and Anhui Expressway Holding Corporation)
"China Merchants Highway"	Means	China Merchants Highway Network Technology Holding Company Limited (formerly known as China Merchants Hua Jian Highway Investment Company Limited)
"SSE"	Means	Shanghai Stock Exchange
"SEHK" or "Hong Kong Stock Exchange"	Means	The Stock Exchange of Hong Kong Limited
"Xuanguang Company"	Means	Xuanguang Expressway Company Limited
"Expressway Media"	Means	Anhui Expressway Media Company Limited
"Xin'an Financial"	Means	Anhui Xin'an Financial Group Company Limited
"Xin'an Capital"	Means	Anhui Xin'an Capital Operating Management Group Company Limited
"Xuancheng Transportation Investment" or "XCIC"	Means	Xuancheng Transportation Investment Company Limited (formerly known as Xuancheng Highway Construction Management Company Limited)
"Ningxuanhang Company"	Means	Anhui Ningxuanhang Expressway Investment Company Limited
"Guangci Company"	Means	Xuancheng City Guangci Expressway Limited Liability Company
"Wantong Pawn"	Means	Hefei Wantong Pawn Company Limited
"Wantong MicroCredit"	Means	Hefei Wantong MicroCredit Company Limited
"Huatai Group"	Means	Hefei Huatai Group Corporation Limited
"HK Subsidiary"	Means	Anhui Expressway (H.K.) Limited
"Transportation Holding Capital"	Means	Anhui Transportation Holding Capital Investment Company Limited
"China Merchants Zhiyuan"	Means	China Merchants Zhiyuan Capital Investment Company Limited

"Anhui Transportation Fund"	Means	Anhui Transportation China Merchants Industrial Investment Fund (Limited Partnership)
"Fund Management Company"	Means	Anhui Transportation China Merchants Fund Management Co., Ltd.
"General Meeting"	Means	a general meeting of Anhui Expressway Company Limited
"Board"	Means	the board of directors of Anhui Expressway Company Limited
"Directors"	Means	the directors of Anhui Expressway Company Limited
"Supervisory Committee"	Means	the supervisory committee of Anhui Expressway Company Limited
"Supervisors"	Means	the supervisors of Anhui Expressway Company Limited
"Reporting Period" or "Period under Review"	Means	the six-month period ended 30 June 2017
"Hong Kong Listing Rules"	Means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"SSE Listing Rules"	Means	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"SFO"	Means	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SFC"	Means	the Securities and Futures Commission of Hong Kong
"CSRC"	Means	China Securities Regulatory Commission
"PRC" or "Mainland China"	Means	the People's Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan region
"Articles of Association"	Means	the Amended and Restated Articles of Association of Anhui Expressway Company Limited
"Company Law"	Means	the Company Law of the People's Republic of China
"Securities Law"	Means	the Securities Law of the People's Republic of China
"HKAS"	Means	Hong Kong Accounting Standards

SECTION II CORPORATE PROFILE AND MAIN FINANCIAL INDICATORS

1. Company Information

Official Chinese name of the Company	安徽皖通高速公路股份有限公司
Abbreviation (in Chinese)	皖通高速
English name of the Company	Anhui Expressway Company Limited
Abbreviation (in English)	Anhui Expressway
Legal representative of the Company	Qiao Chuanfu

2. Contact Person and Contact Details

	Secretary to the Board of the Company	Representative of Securities Affairs
Name	Dong Huihui	Ding Yu
Contact address	520 Wangjiang West Road, Hefei, Anhui, the PRC	520 Wangjiang West Road, Hefei, Anhui, the PRC
Telephone	0551-65338697	0551-63738923, 63738922, 63738989
Fax	0551-65338696	0551-65338696
Email Address	wtgs@anhui-expressway.net	wtgs@anhui-expressway.net

3. Introduction of Basic Information

Registered address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
Postal code of registered address	230088
Office address of the Company	520 Wangjiang West Road, Hefei, Anhui, the PRC
Postal code of office address	230088
Website of the Company	http://www.anhui-expressway.net
E-mail address of the Company	wtgs@anhui-expressway.net
Search index of change in registration during the Reporting Period	None

4. Information Disclosure and Addresses for Keeping Reports

Newspapers designated for publishing report	China Securities Post, Shanghai Securities Post
Websites designated for disclosure of the interim report assigned by CSRC	http://www.sse.com.cn http://www.hkex.com.hk http://www.anhui-expressway.net
Addresses designated for keeping the 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
Search index of change in registration during the Reporting Period	None

5. Company Stock Information

Stock Category	Stock Exchange	Stock Abbreviations	Stock Code	Stock Abbreviations before alteration
A Shares	Shanghai Stock Exchange	Anhui Expressway	600012	—
H Shares	The Stock Exchange of Hong Kong Limited	Anhui Expressway	0995	—

6. Other Related Information

√ Applicable □ Not applicable

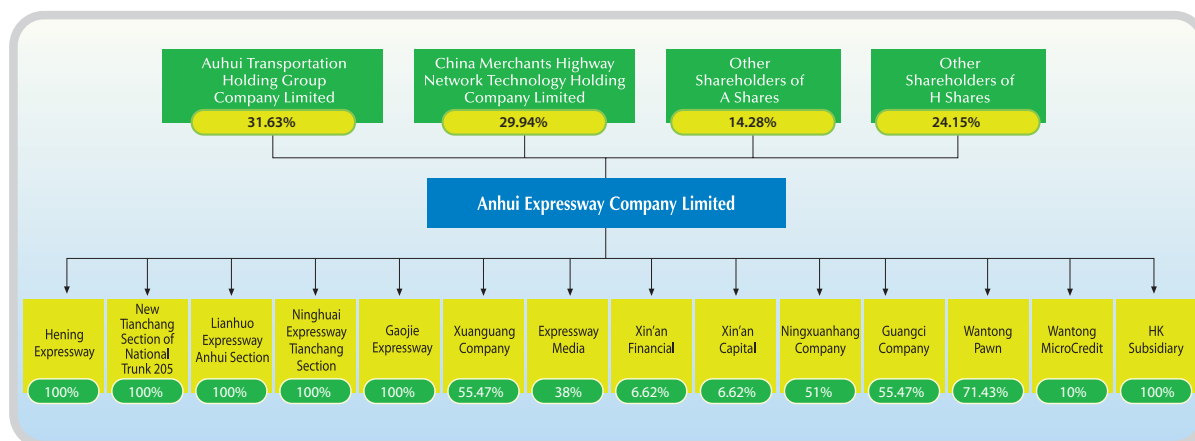
The Company was incorporated on 15 August 1996 as a joint stock limited company in Anhui Province, the PRC. The registered capital is RMB1,658,610,000.

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 13 November 1996, H Shares issued by the Company were listed on SEHK (Stock code: 0995). On 7 January 2003, A Shares issued by the Company were listed on SSE (Stock code: 600012).

The core businesses of the Company are the investment, construction, operation and management of toll roads. The Company owns the entire or partial equities of Hening Expressway (G40 Hushan Expressway Hening Section), New Tianchang Section of 205 National Trunk, Gaojie Expressway (G50 Huyu Expressway Gaojie Section), Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section), Guangci Expressway (G50 Huyu Expressway Guangci Section), Ninghuai Expressway Tianchang Section and Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section) and Ningxuanhang Expressway, which are toll highways in Anhui Province. As at 30 June 2017, the operation mileage of the toll roads which the Company manages has reached 526km and the total assets are about RMB13,605,038 thousand.

As at 30 June 2017, the structure of the Group:



7. Main Accounting Data and Financial Indicators

(1) Main Accounting Data

Unit: yuan Currency: RMB

Main Accounting Data	2017	2016	Change as
	(January-June)	(January-June)	compared to the corresponding period of last year (%)
Operating income	1,398,190,644.16	1,250,002,931.80	11.85
Net profit attributable to shareholders of the Company	524,322,976.55	481,661,753.04	8.86
Net profit after extraordinary items attributable to shareholders of the Company	520,804,653.28	480,896,964.72	8.30
Net cash flows from operating activities	929,728,423.57	868,455,029.00	7.06
	As at	As at	Change as
	30 June 2017	31 December 2016	compared to the end of last year (%)
Net assets attributable to shareholders of the Company	8,821,805,296.59	8,678,962,620.04	1.65
Total assets	13,605,037,709.47	13,120,801,927.91	3.69

(2) *Main Financial Indicators*

Main financial Indicators	2017 (January-June)	2016 (January-June)	Change as compared to the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.3161	0.2904	8.85
Diluted earnings per share (RMB/share)	0.3161	0.2904	8.85
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.3140	0.2899	8.31
Returns on net assets (weighted average) (%)	5.91	5.81	An increase of 0.1 percentage point
Returns on net assets after deduction of non-recurring profit or loss (weighted average)	5.87	5.80	An increase of 0.07 percentage point

Explanations on Main Accounting Data and Financial Indicators

Applicable Not applicable

8. Differences between financial statements prepared in accordance with different domestic and overseas accounting standards

Applicable Not applicable

(1) *Differences of net profit and net assets attributable to shareholders of the Company between international accounting standards and the PRC accounting standards*

Applicable Not applicable

(2) *Differences of net profit and net assets attributable to shareholders of the Company between the HKAS and the PRC accounting standards*

√ Applicable □ Not applicable

Unit: 000' Currency: RMB

	Net profit		Net assets attributable to shareholders of the Company	
	Amount of current period	Amount of previous period	Amount at the end of the Reporting Period	Amount at the beginning of the Reporting Period
PRC accounting standards	524,323	481,662	8,821,805	8,678,963
Items and amount adjusted according to HKAS				
Valuation, depreciation/amortization of assets and related deferred taxes	<u>-4,216</u>	<u>-4,240</u>	<u>61,321</u>	<u>65,536</u>
HKAS	<u>520,107</u>	<u>477,422</u>	<u>8,883,126</u>	<u>8,744,499</u>

(3) *Explanation on the major differences between the PRC accounting standards and HKAS*

√ Applicable □ Not applicable

In order to issue and list "H" shares in Hong Kong, the highway franchise, fixed assets 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 and the results were included in the relevant prescribed financial statements and the financial statements prepared in accordance with Hong Kong Financial Reporting Standards. As per the said valuation, the valuation result of the international certified public valuer is higher than that of the PRC certified public valuer's result by RMB 319,000,000. Such differences have impacts on the business performance (i.e. the depreciation and amortization figures) of the highway franchise, fixed assets, and land use rights and the related deferred tax of the Group and the Company, which resulted in the above adjustments.

9. Non-recurring profit or loss items and amounts involved

Applicable Not applicable

Unit: yuan Currency: RMB

Non-recurring profit or loss items	Amount	Note (if applicable)
Gains or losses from disposals of non-current assets	-42,944.64	Losses from disposals of fixed assets
Government subsidies charged to the current gains or losses (excluding those closely related to the Company's normal operations, subsidised in accordance with the government policies or regulations, subsidised in a standardised amount or being continuously subsidised in a constant amount)	4,388,280.64	The assets related government grants include the construction funds subsidies of Ninghuai Expressway (Tianchang Section) received from Jiangsu Provincial Highway Construction Department (attached to the Transportation Department of Jiangsu Province) in 2007 and the station construction funds subsidies of Hening Expressway and Guojie Expressway received from Anhui Provincial Highway Administration Bureau (attached to the Transportation Department of Anhui Province) in 2010 and amortized in the first half of 2017; the income related government grant includes the compensation for the demolition of Feidong petrol station that the Company received from Hefei City Government in the Reporting Period.
Other non-operating revenue and expenditure	453,230.77	
Effects on minority shareholders' interests	-80,601.81	
Effects on income tax	-1,199,641.69	
Total	<u>3,518,323.27</u>	

10. Other

√ Applicable □ Not applicable

Main accounting data and indicators prepared in accordance with HKAS (unaudited)

Abstract of Results

	For the six months ended 30 June		Change (%)
	2017 (RMB'000)	2016 (RMB'000)	
Turnover	1,651,101	1,358,149	21.57
Earnings before Income Tax	742,005	628,038	18.15
Profit attributable to Equity Holders of the Company	520,107	477,422	8.94
Basic Earnings Per Share attributable to Equity Holders of the Company (RMB)	0.3136	0.2878	8.96

Abstract of Assets

	As at 30 June	As at 31 December	Change (%)
	2017 (RMB'000)	2016 (RMB'000) (audited)	
Total Assets	13,692,289	13,215,279	3.61
Total Liabilities	4,165,064	3,730,037	11.66
Total Net Assets (Assets and Reserve attributable to Equity Holders of the Company)	8,883,126	8,744,499	1.59
Net Asset Value Per Share (RMB)	5.36	5.27	1.71

SECTION III CORPORATE BUSINESS SUMMARY

I. Explanation on the principal business engaged by the Company, operating model and industry information during the Reporting Period

1. *Principal business engaged by the Company during the Reporting Period*

The Company principal businesses include the investment, construction, operation and management of certain toll roads within Anhui province. The Company acquires operational highway assets through various means such as investment and construction, acquisition or co-operative operation. The Company provides toll services for vehicles, collects vehicles toll fees according to the charging standards and maintains, repairs and carries out safety maintenance for the operating expressways.

2. *Operating model*

The construction and operation of expressways in the PRC are broadly categorized into two models, i.e. operational toll road and expressway built with loans to be repaid by the government. We adopt the operational toll road model.

3. *Explanation on industry information*

As at 31 December 2016, the total mileage of expressways in the PRC reached 130,000 km, and the national and regional expressway network was basically completed. Currently, the expressway industry has passed the stage of extensive construction and has gradually stepped forward to the stage of quality enhancement and network improvement. The expressway construction will focus on intensification of parallel sections, connection of regional expressways, popularization of smart and intelligence traffic and industrialization of traffic information in the future. From the perspective of industry policy, the "Regulation on the Administration of Toll Roads" has not been formally introduced and the industry policy still remains uncertain, but the basic direction on policies and future trends are becoming clearer. For the main distribution of toll roads, the differences in regional economies and the sources of passenger vehicles and cargo trucks result in the difference in vehicle flow rate and toll revenues among different listed expressway companies. Nevertheless, the principal businesses of listed expressway companies are basically in the mature stage with stable performance growth. For the road network structure, road networks in the Eastern provinces are more modernized, while there is still room for increasing routes and construction investment in the Central and Western provinces. For the progress of diversification, listed expressway companies are facing the issue of a shortened toll period year by year, while there is a significant difference in the reform progress and direction of diversification for state-owned enterprises in different provinces.

The expressway business is closely related to the national economic development. Since the Chinese Economic Reform, the continuous development of the PRC economy and the rapid increase in car ownership have created a good external condition for the development of expressway industry. However, in recent years, as the growth of macro-economy has slowed down, the growth of passenger and cargo transport volume, passenger and cargo turnover volume, investment in expressway construction and industry revenue have shown a downtrend. The operating leverage of most expressway listed companies is high and the cash flow is stable. With the optimization and upgrade of the economic structure, the influence of periodic economic fluctuation on traffic flow decreases gradually and saturates increasingly. Meanwhile, business performance is stable.

The vehicles that pass through the expressways are categorized into cargo trucks and passenger cars. The growth in cargo truck volume shows an obvious character of following the economic cycles. The growth in cargo truck volume is consistent with the growth in GDP. Comparably, the fluctuation in the growth of passenger car volume is relatively stable and it shows a solid demand, mainly due to the effect of the rapid increase in car ownership volume annually.

The major listed companies in the same industry and their financial indicators are shown in the following table:

Table of financial data of major listed companies in the same industry

Unit: RMB'0,000

Stock code	Stock Name	Total assets	Net assets	Asset-liability ratio (%)	Operating revenue	Year-on-year	Net profit	Year-on-year	Return on net assets (%)	Price-to-earning ratio
						growth of revenue (%)		growth of net profit (%)		
Arithmetic mean		1881089.71	810049.86	45.97	332665.13	4.35	86801.55	57.49	9.98	26.42
Median		1312080.19	651906.93	44.98	249913.56	3.41	74813.99	21.48	8.75	18.11
600012.SH	Anhui Expressway	1312080.19	913554.93	28.20	249913.56	2.97	93325.76	-6.04	11.11	23.81
600020.SH	Zhongyuan Expressway	4835763.05	1112350.62	74.59	393373.86	-13.34	74813.99	-34.88	6.14	16.55
600033.SH	Fujian Expressway	1796258.05	651906.93	43.18	252812.56	-1.93	67115.35	21.48	8.14	16.36
600035.SH	Chutian Expressway	888680.68	444530.63	51.11	127260.19	3.41	39045.66	-9.21	9.30	24.91
600106.SH	Chongqing Road Bridge	684887.28	348789.68	49.08	30506.88	-4.77	29526.30	31.37	8.75	17.92
600269.SH	Ganyue Expressway	3201786.79	1370454.00	51.02	455476.69	-17.21	103748.40	56.81	7.68	12.27
600350.SH	Shandong Expressway	4543051.26	2547729.18	44.56	846056.19	21.31	308935.75	11.65	12.91	9.69
600368.SH	Wuzhou Traffic	1141864.21	338422.19	73.25	128978.46	-38.16	22215.78	187.32	7.59	23.31
600377.SH	Ninghu Expressway	3628257.35	2056420.94	36.77	920129.71	5.02	334606.39	32.71	15.68	14.38
600548.SH	Shenzhen Expressway	3238484.44	1034821.23	54.57	453220.92	32.50	116935.32	-11.95	9.34	18.11
601107.SH	Sichuan Expressway	3637937.75	1280900.57	61.84	826588.57	-13.97	104717.37	3.63	8.10	13.87
601188.SH	Longjiang Traffic	541875.95	334385.21	30.09	49908.42	-0.98	28912.68	4.63	7.87	21.94
601518.SH	Jilin Expressway	708427.60	274438.66	57.54	77488.65	38.00	19194.68	28.45	7.44	24.90
603032.SH	Dexin Traffic	49510.09	41863.90	14.57	25604.55	-21.90	5076.03	18.58	16.06	117.29
000429.SZ	GPED A	1607244.52	796860.57	44.98	282504.98	6.30	100120.59	35.42	14.83	18.25
000548.SZ	Hunan Investment	237497.86	158919.01	34.89	21148.13	15.64	5868.30	570.24	3.88	68.74
000828.SZ	Dongguan Development	891404.35	488798.46	42.50	125199.13	14.14	82901.82	1.48	17.12	15.71
000900.SZ	Modern Investment	2201657.86	753107.98	63.93	952369.02	46.16	82168.31	43.54	11.19	11.27
000916.SZ	Huabei Expressway	594035.13	442692.72	16.76	102097.08	9.47	30001.00	107.16	6.58	32.77

Note: Source from Hithink Royal Flush Information Network Co., Ltd, and the information was as at 31 December 2016.

II. Explanation on material changes in major assets of the Company during the Reporting Period (in accordance with the PRC Accounting Standards)

√ Applicable □ Not applicable

Unit: RMB' 000

Items	30 June 2017	31 December 2016	Percentage Change	Explanation on change
Cash	2,407,213	2,010,812	19.71%	Mainly because of the increase of toll revenue of the Company during the Reporting Period;
Dividend receivable	3,464	0	N/A	Mainly because the Company confirmed the cash dividends paid by the Expressway Media during the Reporting Period;
Other receivables	335,288	252,086	33.01%	Mainly because the account of bank financial product receivable increased at the end of the Reporting Period;
Available-for-sale ("AFS") financial assets	335,000	235,000	42.55%	Mainly because of the increase in investment for Transportation Holding Capital and Anhui Transportation Fund during the Reporting Period;
Deferred income tax assets	38,023	65,017	-41.52%	Mainly attributable to the fact that Wantong Pawn cannot reasonably expect there to be sufficient taxable income for setting off the book value of deferred income tax assets in the future;
Dividends payable	424,680	0	N/A	Mainly because of the dividends payable by the Company to shareholders of the Company at the end of the Reporting Period;
Other current liabilities	30,562	22,069	38.48%	Mainly because of the increase of the expected payment of highway maintenance cost during the Reporting Period.

Among which assets of 2,386 (Unit: RMB'000) are in overseas, representing 0.02% of the total assets.

III. Analysis of core competitiveness during the Reporting Period

Applicable Not applicable

The Company was founded in 1996, and is the first PRC expressway company listed in Hong Kong. It is also the only listed expressway company of Anhui province.

1. The franchise of transportation infrastructure is the core business of the Group. Our operating region is located in Anhui province, in which the geographical location is superior with geographical advantages. Our road sections are major transit national trunks spanning across Anhui regions. With the implementation of the national development strategy of "Yangtze River Economic Zone" and the basic strategy of "development towards the East and acceleration of integration into the Yangtze River Delta" of Anhui Province, the economic efficiency of the road network managed by the Company shall become more apparent.
2. The performance of the Company remains outstanding and stable, with high credit rating, low debt to assets ratio and strong solvency. At the same time, the operation of the Company is steady, the outcomes of investor relation management are significant and the attention to the capital market is higher, resulting in a sound guarantee for the Company's future development through equity financing, continuous improvement in financing structure, and further expansion with the help of capital market.
3. Since its listing, with information disclosure that is sufficient, fair and in compliance with relevant regulations, the Company has shown a corporate image of openness and integrity to its investors and has gained a positive social response and influence in the PRC and overseas through active investor relation management. Our persistence in high cash dividend ratio policy also gains the support from investors in the market. The Company has a stable investor foundation and good market image in the domestic and overseas capital market.

SECTION IV DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

I. Discussion and Analysis on Business Operations

During the Reporting Period, under the complicated economic and financial environment and the increasing pressure of economic downturn, the Company adhered to the development strategy of “Focus on principal businesses, diversify development channels, maintain highly efficient management and manifest significant brand effect” and closely followed the work plan set at the beginning of the year, i.e. actively improving and seeking progress in stability. We have successfully achieved all our work objectives and missions in the first half of this year.

1. *Steady progress of construction projects*

During the Reporting Period, the Company strengthened the coordination and safeguard, and properly solved the project fund demand to ensure that the construction of the Li-Xuan section of phase III of Ningxuanhang Expressway and the reconstruction and expansion of Hening Expressway were in a steady progress. In the first half of 2017, Li-Xuan section of the phase III of Ningxuanhang Expressway achieved an investment of RMB 0.119 billion, with an accumulated investment of RMB 0.8 billion and 37.51% of the estimated construction project is completed. Li-Xuan section will be opened for traffic by the end of 2017. The reconstruction and expansion of Hening Expressway achieved an investment of RMB 0.09 billion, with an accumulated investment of RMB 0.36 billion.

2. *Diversified business with stable progress*

During the Reporting Period, the Company continuously strengthened the risk control on its financing business, continuously supervised the joint stock companies and shares holding companies to carry out works with an emphasis on “comprehensive clearance, strengthening of risk control, improvement of system and enhancement of management”, and comprehensively strengthened the handling of bad loans, improvement of system, risk control and other works, so as to grasp the opportunities during the restoration of the real estate market and the improvement of funding status of the customers. With various measures on clearance, the Group actively promoted the disposal of undesirable projects and carefully carried out new businesses.

3. *Constant strengthening of internal control*

During the Reporting Period, with the integration of the changes in business development and the adjustment of institutional responsibilities, the Company comprehensively promoted optimization and elevation of internal control. The Company carried out research, interviews, sampling test in the head office, management offices and subsidiaries to collect and analyse information such as company risk, process, system, duty and responsibility, further optimized the Company’s internal control manual and completed the improvement of the Company’s management system.

4. *Advancement of basic management*

During the Reporting Period, with serious toll management, as well as the implementation of beneficial policies such as green channels and discounts for small cars on major holidays, the Company ensured smooth road traffic. In addition, it paid attention to the effectiveness of smiling services and emphasized the service-oriented and people-oriented management, so as to enrich the content of services and steadily improve the quality of services. The ability of stopping non-payment of tolls and income enhancement also increased continuously through innovative means of inspection and the carrying out of specialized project management.

During the Reporting Period, in order to have a proper road maintenance, the Company has formulated a practical plan for maintenance based on the current maintenance work and existing problems, with accumulated maintenance expenses of approximately RMB 76,045.3 thousand.

During the Reporting Period, the Company strengthened the safety production management, and strictly implemented the mechanism of overall responsibilities for "top leaders" and "one post two responsibilities" for leading members, under which "safety production responsibility letter" has been signed by each level to reinforce the safety management foundation. The Company constantly strengthened the investigation and rectification of safety risks, and carried out comprehensive investigation for hidden risks on the operating roads and service areas and gas stations to earnestly promote the effectiveness of safety management.

5. *Strengthening investment and financing management*

During the Reporting Period, in order to improve the efficiency of idle funds and to balance the safety and profitability of the funds, the Company continued to strengthen the forecast of cash flow to fully utilize the inventory funds. An interest income of RMB 12.24 million was obtained by balanced arrangement of guaranteed financial and structured deposits. At the same time, in order to fully protect the rights and interests of the Company as a shareholder and to exert the supervisory role of shareholder, the Company continuously strengthened its control and degree of participation in the management of the joint stock companies and shares holding companies and constantly strengthened the post-investment management and the basis of equity management, thereby effectively managed and controlled Expressway Media, Wantong Pawn, Xin'an Financial and the fund.

II. Major Operation Status during the Reporting Period

During the Reporting Period, in accordance with the PRC accounting standards, the Group achieved a revenue of RMB 1,398,191 thousand (corresponding period in 2016: RMB 1,250,003 thousand), representing an increase of 11.86% compared with that of the corresponding period of last year. The total profit was RMB 747,705 thousand (corresponding period in 2016: RMB 633,796 thousand), representing an increase of 17.97% compared with that of the corresponding period of last year. Unaudited net profit attributable to shareholders of the Company reached RMB 524,323 thousand (corresponding period in 2016: RMB 481,662 thousand), representing an increase of 8.86% compared with that of the corresponding period of last year. Basic earnings per share was RMB 0.3161 (corresponding period in 2016: RMB 0.2904), representing an increase of 8.85% compared with that of the corresponding period of last year.

In accordance with HKAS, the Group achieved a revenue of RMB 1,651,101 thousand (corresponding period in 2016: RMB 1,358,149 thousand), representing an increase of 21.57% compared with that of the corresponding period of last year; profit before income tax was RMB 742,005 thousand (corresponding period in 2016: RMB 628,038 thousand), representing an increase of 18.15% compared with that of the corresponding period of last year; unaudited profit attributable to equity holders of the Company was RMB 520,107 thousand (corresponding period in 2016: RMB 477,422 thousand), representing an increase of 8.94% compared with that of the corresponding period of last year; basic earnings per share was RMB 0.3136 (corresponding period in 2016: RMB 0.2878), representing an increase of 8.96% compared with that of the corresponding period of last year.

Toll Expressway Business

During the Reporting Period, the Group achieved a total toll income of RMB 1,298,407 thousand (corresponding period in 2016: RMB 1,207,460 thousand), representing an increase of 7.53% compared with that of the corresponding period of last year.

The economic development, the favorable policies, the impact of the highway network and other factors were the main factors which influenced the toll revenue of the Group.

Since this year, the economic growth of Anhui province keeps smoothly, steadily and structurally improving. The Anhui province's GDP in the first half of 2017 reached RMB 1,264.54 billion. Calculated at comparable prices, there is an increase of 8.5% over the same period last year.

In addition, all freight vehicles that travel through highways in Anhui with Anhui transportation cards could enjoy a 15% discount, which attracts some of the drivers to choose the highway. The implementation of the "Provisions on the Administration of the Running of Transport Vehicles with Out-of-gauge Goods on the Road (21-9-2016)" has an influence on the freight flow. It is preliminary inferred that with the advancement of overloaded vehicle control, the freight transport vehicles may gradually switch from making "single-trip transport" into "multiple-trip legitimate transport", assuming that the total freight volume remains unchanged.

Affected by the above factors, during the Reporting Period, the Company's overall passenger traffic flow has grown by 12.38%, as for freight traffic, by 20.53%.

During the Reporting Period, various favourable policies were continuously implemented. The total amount of all deductions of the Group was RMB 432,160 thousand (corresponding period in 2016: RMB 324,410 thousand), representing an increase of 33.21% compared with that of the corresponding period of last year. Among which are:

The exempted amount for green channels was about RMB 219,250 thousand (corresponding period in 2016: RMB 175,320 thousand), representing an increase of 25.06%. The number of the exempted cars reached 679,900;

The exempted amount in the Spring Festival, Qing Ming Festival and the International Labor Day was RMB 131,340 thousand (corresponding period in 2016: RMB 118,800 thousand), representing an increase of 10.55%. The number of the exempted cars reached 3,283,500;

The exempted amount for Anhui transportation card holders was RMB 67,370 thousand (corresponding period in 2016: RMB 16,630 thousand), which has increased by 305.11% compared with the corresponding period of last year;

The exempted amount for other exemption policies was RMB 13,900 thousand (corresponding period in 2016: RMB 13,660 thousand), representing an increase of 1.76%.

In addition, the operating performance of the toll road is affected by changes in the surrounding competition or synergistic road network, linking or parallel road expansion and other factors. The impact varies according to each road project.

The operation of each road in the first half of 2017 is as follows:

Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		First half of	First half of	Flux(%)	First half of	First half of	Flux(%)
		2017	2016		2017	2016	
Hening Expressway	100%	28,313	25,950	9.11	491,460	475,399	3.38
New Tianchang Section of National Trunk 205	100%	5,009	5,027	-0.36	25,776	27,235	-5.36
Gaojie Expressway	100%	16,447	14,047	17.09	308,903	270,275	14.29
Xuanguang Expressway	55.47%	24,141	21,715	11.17	245,870	229,357	7.20
Lianhuo Expressway Anhui Section	100%	15,058	12,856	17.13	128,954	103,645	24.42
Ninghuai Expressway Tianchang Section	100%	39,478	34,076	15.85	59,073	51,594	14.50
Guangci Expressway	55.47%	25,592	21,892	16.90	44,431	39,035	13.82
Ningxuanhang Expressway	51%	7,172	3,903	83.76	33,383	21,901	52.43

Items	Interests	Ratio of passenger vehicles to goods vehicles		Toll income per vehicle (RMB)		Flux(%)
		First half of	First half of	First half of	First half of	
		2017	2016	2017	2016	
Hening Expressway	100%	76:24	76:24	20,263	19,493	3.95
New Tianchang Section of National Trunk 205	100%	30:70	34:66	4,747	4,988	-4.83
Gaojie Expressway	100%	64:36	65:35	15,515	13,500	14.93
Xuanguang Expressway	55.47%	78:22	77:23	16,171	15,002	7.79
Lianhuo Expressway Anhui Section	100%	70:30	74:26	13,194	10,546	25.11
Ninghuai Expressway Tianchang Section	100%	81:19	81:19	23,312	20,249	15.13
Guangci Expressway	55.47%	81:19	81:19	17,534	15,320	14.45
Ningxuanhang Expressway	51%	83:17	84:16	2,141	1,399	53.04

Notes:

1. The traffic volume data above do not include the data on small passenger vehicles insofar as the same were free from toll on holidays.
2. All of toll income above include tax.

During the Reporting Period, the freight traffic of Lianhuo Expressway Anhui section brought forth a significant increase in the toll revenue by 24.42%, due to the closure of the 310 National Highway and the influence of the delivery of local infrastructural supplies in Xiaoxian (for the construction of high speed rail station and the construction of 202 National Highway from Xiaoxian to Huaibei).

During the Reporting Period, the toll income of National Trunk 205 has dropped by 22.65% at the end of April, due to the shunting of the parallel old National Trunk 205. But since May, its parallel old National Trunk 205 began to set up vehicle width and length limit facilities, leading to a large number of freight reflux to National Trunk 205, which causes an obvious recovery of profits in May and June, amounting to an increase of 23.11% and 34.95% respectively.

During the Reporting Period, Tongnanxuan expressway and Liguang expressway have opened to traffic, connecting Xuanguang expressway and Ningxuanhang expressway with expressways along the coast. Some vehicles from Zhejiang, Jiangsu and other places have been attracted to enter our province and go southward to Wuhan, Guangzhou and other places. This has brought benefits to Xuanguang expressway, Guangci expressway, Gaojie expressway, Xuanning expressway and Ningqian expressway (all five expressways are subordinated to the Group). During the Reporting Period, the mentioned five expressways' toll income has grown by 7.20%, 13.82%, 14.29%, 44.27% and 76.20% compared with that of the corresponding period of last year.

Other sections of highways have maintained steady growth.

General achievements of the pawn business

In June 2012, the Company and Huatai Group jointly set up Wantong Pawn, in which the Company injected capital in the sum of RMB 150 million, accounting for 71.43% of its registered capital; Huatai Group invested RMB 60 million, accounting for 28.57% of its registered capital. In 2015, both shareholders reduced capital of Wantong Pawn by RMB 52.50 million by the same proportion, and the current registered capital of Wantong Pawn is RMB 157.50 million.

During the Reporting Period, the provision for impairment for the year reached RMB -6.51 million, and the accumulated provision reached RMB 106 million. Wantong Pawn achieved a total profit of RMB 6.89 million, and achieved a loss-mitigation of RMB 10.47 million year-on-year. The net profit was RMB -21.79 million. The net profit reduction of RMB 26.89 million is mainly attributable to the fact that Wantong Pawn cannot reasonably expect there to be sufficient taxable income for setting off the book value of deferred income tax assets in the future, which is the main cause of the loss of Wantong Pawn.

(I) Analysis of Main Business

1. Sheet of Variation Analysis of Related Subjects of Financial Statement (In accordance with the PRC Accounting Standards)

Unit: yuan Currency: RMB

Items	Reporting period	Corresponding period of last year	Flux (%)
Operating income	1,398,190,644.16	1,250,002,931.80	11.85
Operating costs	596,069,354.52	512,618,843.06	16.28
Administrative expenses	40,536,786.20	41,871,542.84	-3.19
Finance costs	20,385,985.17	56,215,271.09	-63.74
Loss from asset devaluation	-6,505,792.67	2,766,628.00	-335.15
Income from investments	7,384,246.47	29,338,219.53	-74.83
Cash flows from operating activities	929,728,423.57	868,455,029.00	7.06
Cash flows from investing activities	-554,495,643.65	-271,157,900.62	N/A
Cash flows from financing activities	31,167,980.15	272,282,960.26	-88.55

The change of operating income was mainly due to the increase in toll revenue and trustee income of the Group during the Reporting Period as compared with that of last year.

The change of operating costs was mainly due to the increase in the cost of operation of the entrusted highway management service of the Group during the Reporting Period as compared with that of last year.

The change of administrative expenses was mainly because four small taxes, such as property tax and land use tax, are transferred from administrative expenses to taxes and additions. The transfer was caused by the replacement of business tax with value-added tax which the Group has implemented during the Reporting Period.

The change of finance costs was mainly due to the increase in the financial income of the Group during the Reporting Period as compared with that of the corresponding period of last year.

The change of cash flows from operating activities was mainly due to the increase in toll revenue and trustee income of the Group during the Reporting Period as compared with that of the corresponding period of last year.

The change of cash flows from investing activities was mainly due to the newly increased investment amount brought by the expansion project of Hening Expressway, which started by the end of last year.

The change of cash flows from financing activities was because the Company obtained a special loan of RMB 600 million from China Development Bank ("CDB") last year while there was no such inflow this year.

The change of income from investments was because the Company received the payment of cash dividends from Xin'an Financial in the same period last year.

The change of loss from asset devaluation was because Wantong Pawn collected the receivable and rushed back to the impairment losses that were previously calculated.

(1) Operating income

During the Reporting Period, the Group achieved an operating income of RMB1,398,190 thousand (corresponding period in 2016: RMB 1,250,003 thousand), representing an increase of 11.85% over the corresponding period of the previous year. Amongst all, the toll income is the main revenue source of the Group. The concrete analysis about the revenue is analyzed as follows:

Operating income	The first half of 2017	Percentage (%)	The first half of 2016	Percentage (%)	Flux (%)
Expressway business	1,397,492	99.95%	1,250,003	100.00%	11.80%
Toll income	1,298,407	92.86%	1,207,460	96.60%	7.53%
Service area income	16,196	1.16%	16,763	1.34%	-3.38%
Other business income	82,889	5.93%	25,780	2.06%	221.52%
Pawn business	698	0.05%	0.00	0.00%	N/A
Total	1,398,190	100.00%	1,250,003	100.00%	11.85%

(2) Principal businesses in terms of industries, products and regions

Unit: yuan Currency: RMB

Principal businesses in terms of industries

Industries	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue (compared with the previous year) (%)	Change in cost of sales (compared with the previous year) (%)	Change in gross profit rate (compared with the previous year) (%)
Toll highway business	1,314,602,989.94	523,636,960.09	60.17	7.38	5.74	An increase of 0.62 percent
Pawn business	698,266.40	0	N/A	100	N/A	N/A

Principal businesses in terms of products

Products	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue	Change in cost of sales	Change in gross profit rate
				(compared with the previous year) (%)	(compared with the previous year) (%)	(compared with the previous year) (%)
Hening Expressway	485,538,683.61	169,667,373.09	65.06	1.16	10.02	A decrease of 2.81 percent
New Tianchang Section of National Trunk 205	24,548,671.42	19,896,607.25	18.95	-8.43	1.12	A decrease of 7.65 percent
Gaojie Expressway	305,469,693.65	90,587,238.52	70.34	11.63	4.40	An increase of 2.05 percent
Xuanguang Expressway	238,709,031.33	71,377,392.59	70.10	5.01	-3.10	An increase of 2.5 percent
Lianhuo Expressway Anhui Section	126,290,025.91	58,532,024.61	53.65	21.65	23.41	A decrease of 0.66 percent
Ninghuai Expressway Tianchang Section	58,499,808.57	16,918,836.15	71.79	11.89	-4.96	An increase of 5.84 percent
Guangci Expressway	43,136,833.56	10,177,017.60	76.41	11.07	6.07	An increase of 1.21 percent
Ningxuanhang Expressway	32,410,241.89	86,480,470.28	-166.83	49.48	0.49	An increase of 130.1 percent
Wantong Pawn	698,266.40	0	N/A	100	N/A	N/A
Total	1,315,301,256.34	523,636,960.09	60.19	7.44	5.74	An increase of 0.64 percent

Principal businesses in terms of region

Regions	Revenue	Cost of sales	Gross profit rate (%)	Change in revenue	Change in cost of sales	Change in gross profit rate
				(compared with the previous year) (%)	(compared with the previous year) (%)	(compared with the previous year) (%)
Anhui Province	1,315,301,256.34	523,636,960.09	60.19	7.44	5.74	An increase of 0.64 percent

(3) Expenses

Administrative expenses

During the Reporting Period, the Group's administrative expenses were RMB 40,537 thousand (corresponding period in 2016: RMB 41,872 thousand), representing a decrease of 3.19% as compared to the same period of last year. Such decrease was mainly because the taxes such as property tax and land use tax are transferred from administrative expenses to tax and additions during the Reporting Period.

Finance costs

During the Reporting Period, the Group's finance costs were RMB 20,386 thousand (corresponding period in 2016: RMB 56,215 thousand), representing a decrease of 63.74% as compared to the same period last year. Such decrease was mainly because the financial income received by the Group during the Reporting Period has increased compared with the previous year.

Income tax

During the year, except for the HK Subsidiary, the applicable PRC Corporate Income Tax of the Company, the Company's subsidiaries and associated companies was 25% (2016: 25%).

During the Reporting Period, the Group's income tax expenses were RMB 231,776 thousand (corresponding period in 2016: RMB 159,586 thousand), representing an increase of 45.24% as compared to the corresponding period of last year. The increase in income tax expenses was mainly attributable to the fact that Wantong Pawn cannot reasonably expect there to be sufficient taxable income for setting off the book value of deferred income tax assets in the future.

Value-Added Tax

Since 1 May 2016, the Group has fully implemented the levying of value-added tax in lieu of business tax. The Company, Xuanguang Company, Ningxuanhang Company and Guangci Company levied the value-added tax by 3% and 5% of the toll revenue by simple approach; 0% tax rate is applied to compensation income due to road damage; the sales tax rate of road assistance service income, entrusted expressway management income, and operating income of service areas was 6%; value-added tax was levied by simple approach based on 5% of the rental income; the sales tax rate of Wantong Pawn's loan interest income was 6%.

(4) Cash flows

During the Reporting Period, the Group's net cash flows from operating activities were RMB 929,728 thousand (corresponding period in 2016: RMB 868,455 thousand), representing an increase of 7.06% as compared with that in 2016, mainly due to the increase in toll revenue and trustee income that the Group received during the Reporting Period as compared with that of the corresponding period of last year.

During the Reporting Period, the Group's net cash flows from investing activities were RMB -554,496 thousand (corresponding period in 2016: RMB -271,158 thousand), and the increase in net outflow was 104.49% year-on-year, which was mainly due to the increased investment in the road widening construction work of Hening Expressway which started at the end of 2016.

During the Reporting Period, the Group's net cash flows from financing activities were RMB 31,168 thousand (corresponding period in 2016: RMB 272,283 thousand) and the year-on-year decrease was 88.55%, because the Company obtained a special loan of RMB 0.6 billion from CDB last year while there was no such inflow this year.

During the Reporting Period, the aggregated sum of bank loans obtained by the Group was RMB 40,000 thousand. At the end of the Reporting Period, there was still a remaining bank loan of RMB 1,806,261 thousand, which are all long-term loans with an annual interest rate from 1.2% to 4.9%. They mainly comprised a floating rate loan borrowed from a bank for the construction of Ningxuanhang Expressway and the CDB special loan for the road widening construction work of Hening Expressway. The principal will be repaid between 2017 and 2035.

The Group has good credit ratings. On 30 June 2017, the total credit facilities granted was RMB 7.150 billion, and the facilities which have not yet been utilized amounted to RMB 5.587 billion.

2. Others

(1) Detailed explanation on major changes in profit structure or profit source of the Company

Applicable Not applicable

(2) Other

Applicable Not applicable

(II) Explanation on major changes in profits caused by non-core business

Applicable Not applicable

(III) Analysis of assets and liabilities

Applicable Not applicable

1. *Assets and Liabilities*

Unit: yuan Currency: RMB

Items	Amount at the end of the Reporting Period	Percentage of amount at the end of the Reporting Period to the total assets (%)	Amount at the end of last period	Percentage of amount at the end of last period to the total assets (%)	Percentage of amount at the end of the Reporting Period as compared to that of last year (%)
Cash	2,407,213,211.05	17.69	2,010,812,450.98	15.33	19.71
Interest receivable	13,147,503.00	0.10	7,812,659.35	0.06	68.28
Other receivables	335,288,026.17	2.46	252,085,840.49	1.92	33.01
Financial assets available for sale	335,000,000.00	2.46	235,000,000.00	1.79	42.55
Staff remuneration payable	74,796,449.58	0.55	26,664,088.46	0.20	180.51
Other current liabilities	30,561,758.43	0.22	22,069,299.14	0.17	38.48

Other explanations:

The increase in cash was mainly due to increased toll revenue of the Group during the Reporting Period;

The increase in interest receivable was mainly because of the increase in bank financial gain receivable at the end of the Reporting Period;

The increase in other receivables was mainly because of the increase in the amount of bank financial products receivable at the end of the Reporting Period;

The increase in financial assets available for sale was mainly because of the increase in investment for Transportation Holding Capital and Anhui Transportation Fund during the Reporting Period;

The increase in staff remuneration payable was mainly because employee benefit salary has not materialized in time at the end of the Reporting Period;

The increase in other current liabilities was mainly because of the increase in the highway maintenance expenses payable at the end of the Reporting Period.

2. *Restrictions on major assets as at the end of the Reporting Period*

Applicable Not applicable

3. *Other explanation*

Applicable Not applicable

(IV) **Investment Analysis**

1. *Overall analysis of external equity investments*

Applicable Not applicable

During the Reporting Period, the Company has increased its equity investment by RMB 0.1 billion (corresponding period in 2016: nil).

In March 2017, the Company jointly established the Fund Management Company with Transportation Holding Capital and China Merchants Zhiyuan. The registered capital of the Fund Management Company is RMB 30,000 thousand and its main business is the daily management and investment consultation of Anhui Transportation Fund. As at 30 June 2017, the capital contribution amount of the Company is RMB 375 thousand, accounting for 2.5% of the equity.

In April 2017, the Company jointly established Anhui Transportation Fund with the Fund Management Company, Transportation Holding Capital, China Merchants Zhiyuan and Anhui Anlian Expressway Company Limited for a period of 7 years. The registered capital of Anhui Transportation Fund is RMB 3,000,000 thousand and its main business is to invest in the energy conservation and environmental protection of transportation services. At the end of 30 June 2017, the capital contribution amount of the Company is RMB 99,625 thousand. The Company, as a limited partner, is not involved in the daily management and decision-making regarding the investment businesses of the Anhui Transportation Fund.

For details, please refer to "Analysis of Other Major Events" of Section V "Major Events".

(1) **Material equity investments**

Applicable Not applicable

(2) Material non-equity investments√ Applicable Not applicable

Unit: '00,000,000 Currency: RMB

Name of project	Basic information of the project	Project amount	Progress of the project	Aggregate		Revenue from the project
				Amount of investment for the year	actual amount of investment	
Ningxuanhang Expressway Liqiao to Xuancheng Section	about 31 km in length	21.33	The construction of the project began in January 2015	1.19	8.0	under construction
Expansion of Hening Expressway	about 87 km in length	63.75	The construction of the project began in November 2016	0.9	3.6	under construction
Total		85.08	/	2.09	11.6	/

(3) Financial assets measured at fair value√ Applicable Not applicable

Unit: Yuan Currency: RMB

Name of project	Opening balance	Changes in fair value during the Reporting Period	Ending balance
Measured at fair value			
– financial assets available for sale			
– Xin'an Financial	137,000,000.00		137,000,000.00
– Anhui Transportation Fund	0	99,625,000.00	99,625,000.00
– Xin'an Capital	83,000,000.00		83,000,000.00
– Wantong MicroCredit	15,000,000.00		15,000,000.00
– Fund Management Company	0	375,000.00	375,000.00
Total	235,000,000.00	100,000,000.00	335,000,000.00

(V) Material Asset and Equity Interest Disposal

Applicable Not applicable

(VI) Analysis of Main Shares Holding Companies and Joint Stock Companies

Applicable Not applicable

(Unit: RMB'000)

Name of company	Equity capital the Group possesses	Registered Capital	30 June 2017		The six months ended 30 June 2017		Main business
			Total assets	Net asset	Operating income	Net profit	
Xuanguang Company	55.47%	111,760	980,742	546,037	247,995	111,292	The construction, management and operation of Xuanguang Expressway
Ningxuanhang Company	51%	300,000	4,734,978	631,837	45,169	-128,284	Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service
Guangci Company	55.47%	56,800	265,516	216,054	44,037	24,999	The construction, management and operation of Guangci Expressway
Expressway Media	38%	50,000	411,293	285,555	69,901	19,432	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	4,098,969	2,513,739	146,832	14,082	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	2,192,312	1,225,516	21,640	767	Internet financial services, network information services, pawn business, etc.
Wantong Pawn	71.43%	157,500	88,734	85,968	698	-21,791	Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service
Wantong MicroCredit	10%	150,000	133,670	131,639	2,383	1,610	Distributing petty loans, small size enterprises management consulting and financial advisory
HK Subsidiary	100%	1,981	2,082	1,943	0	-62	Highway enterprises; its business covers relevant consultation and technology service for building, investment and operation of road abroad, and currently, the operation has yet to begin

(VII) Status of the Structured Entity controlled by the Company

Applicable Not applicable

II. Other disclosure

1. *Warnings and explanations on the forecast that the cumulative net profit for the period commencing from 1 January 2017 to the end of the next reporting period may be a loss or that substantial changes occur compared with the corresponding period of last year*

Applicable Not applicable

2. *Possible risk factors*

Applicable Not applicable

In the future strategic development, the Company will pay close attention to the following risk issues and actively take effective responding measures:

Changes in Macroeconomic Environment and Industry Policies

The toll road industry is sensitive to changes in macro-economy. Macroeconomic change directly affects the demand for highway transport, which in turn affects the traffic flow of all toll projects and the results of the Group's operation. Economic downturn has become the "new norm" which results in weakened demands for goods logistics. The number of trucks among all vehicles decreases and the growth of toll fees slowed down. At the same time, as industrial policy eventually failed to be put in place, the residents have paid high attention to the highway tariff policy. Thus, policy adjustments which are favorable to the Company may face greater public pressure. On the other hand, as the existing toll relief policies are continual and irreversible, the performance of the Company will be affected as a result of the constant increase in the amount of relief and the increase in costs.

The Company is prepared to take the following measures: (i) to protect the interests of the Company and its investors as a whole to the greatest extent possible by researching on the adjustment to relevant industry policies and by actively coordinating with government authorities; (ii) to determine the impact of the macroeconomic trends on the demands for highway transportation through analyzing the current economic situation and government regulations, regularly collecting information on the economic development in Anhui Province and the surrounding areas, analysing the traffic volume and types of vehicle in the road network, and minimizing the negative impact of economic and environmental changes on the operation of the Company; (iii) to continue to learn from the management experience on previous toll-free arrangements for small vehicles during major holidays, to improve the management model for emergency toll collection, to enhance the traffic capacity and to lower the management costs and expenses for executing the policies through fine management.

Diversified Travel Modes and Road Network Changes

With the rapid construction of national railway networks, high-speed rails and intercity rails will greatly shorten the transit time between different places. This will certainly influence highway passenger transport. On the other hand, by further perfecting highway networks, parallel routes and alternative routes will continue to increase, and such network diversion will have a negative impact on the growth of toll revenue of the Company. Meanwhile, reconstruction of roads surrounding toll road projects, reorganisation and expansion of self-owned roads, administration in relation to the overloading of surrounding road and bridge projects and restricted traffic on foreign vehicles will lead to a change in traffic volume on the road network, hence having an impact on the operating results of the Group's toll road projects.

The Company is prepared to take the following measures: All road sections of the Group were the trunk highway across Anhui region. The Group will keep abreast of the network planning and project construction and will conduct a special analysis of the highway network in advance to reasonably forecast about the impact of the relevant projects on the Company's existing traffic flow. By making full use of the regional traffic advantages in Anhui province, the improvement of road signs, and expansion and promotion of the routing publicity, we will change the passive attitude and actively use the information advantages to carry out road marketing. We also need to join hands with service area and other road economic industry to carry out car camps and other self-driving travelling projects and increase traffic flow through effective publicity and guidance. The Company will continue to promote the smiling service, improve the charging efficiency, road capacity and service levels to enhance the competitiveness of the road sections in the road network.

The Risk of the Expiry of Franchise

Toll road assets are relatively monopolistic in nature due to their mode of operation as franchises. However, their franchises are subject to certain toll collection period after the expiration of which the road operation enterprises will face significant challenges in their sustainable development. The Company's major road resources become mature and all operational terms, other than the Ningxuanhang project, have exceeded half of the total term. Meanwhile, as acquisition targets are hard to fulfill due to the relatively lower investment income for newly constructed highways and a shortage of high quality road resources, and the higher risk in provincial and foreign project or acquisition, the Company has a slow growth in the scale of road resources and the principal business income.

The Company is prepared to take the following measures: The Group will, under the guidance of "13th Five-Year Plan", actively promote the construction of Ningxuanhang Project to realize the full operation of such highway as soon as possible, and make good efforts to link construction and management so as to give full use of the synchronized effect and minimize the negative impact of the project on the Company's performance. The Group will accelerate the reconstruction and expansion of Hening Expressway, and to explore the possibility of extending the operation period of high quality road assets through expansion of its own road sections so as to enhance the Company's profits. The Group will also pay attention to the connotative development, make good use of its own resources, explore the inherent growth potential, carry out industrial investments like road economy to match the direction of traffic information industrialization, and apply "Internet +" and big data layout vehicle networking industry etc. The Group will take appropriate measures to increase the financial investment, make a layout for funds and equity investment, participate in investment of emerging industry, start from small-scale and small proportion of equity purchase to gradually expand its investment and eventually transform into self-business, and to take the initiative to cultivate new profit growth.

Facing Difficulties in Non-principal Business Development

Due to factors such as relatively monotonous investment direction, relatively high investment concentration, unfavorable industry operating environment, intensified market competition and inherently high industrial risks, the risks of the Group's financial investment projects are becoming prominent. The profitability of holding or partially-holding corporations such as Wantong Pawn, Xin'an Financial, Wantong MicroCredit etc. is not strong and the proportion of returns is relatively small. Especially in recent years, small loan companies, internet finance, guarantee companies and commercial banks have vigorously pursued new financing businesses, imposing greater impact on the pawn industry and resulting in greater loss to similar financial businesses.

The Company is prepared to take the following measures: To prevent financial investment risks, in recent years, the Company has moderately reduced similar financial businesses and transferred shares of Xin'an Financial and reduced mortgage of Wantong Pawn. For the next step, the Company will sum up its experience in managing and controlling financial businesses over the last few years to fully study and demonstrate the industrial norms, and gradually make development strategy clearer to further enhance its ability to resist risks.

3. *Other disclosure*

Applicable Not applicable

Description of progress of the operation plan

The business plan disclosed in the annual report of the Group in 2016 is as follows: Expecting no significant change in the operating environment, the Group has set the 2017 target for overall toll revenue at about RMB 2.486 billion (actual amount in 2016: RMB2.423 billion); as the scope of the entrusted management service enlarged, the maintenance costs, labor costs and administrative expenses for 2017 will record an increase of different degree compared with 2016.

	Planned amount of 2017 (RMB 00'000'000)	Actual amount of this Reporting Period (RMB 00'000'000)
Toll revenue	24.86	12.98
Labor costs	3.68	1.61
Maintenance costs	1.35	0.68
Administrative expenses	0.85	0.35

4. *Liquidity, financial resources and capital structure (in accordance with HKAS)*

The Group's capital management policy is to ensure that the Group can operate continuously to provide returns to the shareholders and other stakeholders. The Group will make timely adjustment to the capital structure and make necessary adaptations in response to changes in the external economic environment. In order to maintain or adjust the capital structure, the Group may issue new shares or control capital expenditures if necessary in order to reduce the debt ratio. The Group uses debt-to-capital ratio to monitor its capital, and the ratio is calculated by dividing net debt by total capital. Net debt equals to total borrowing (including current and non-current borrowing in the consolidated balance sheet) minus the cash and cash equivalents. Total capital equals to equity (as listed in the consolidated balance sheet) plus net debt. As at 30 June 2017, debt-to-capital ratio of the Group was 5.83% (31 December 2016: 8.40%).

During the Reporting Period, the Group's net cash flows from operating activities were RMB 486,848 thousand (corresponding period in 2016: RMB 595,585 thousand), representing a decrease of 18.26% as compared with that in 2016. The change was mainly due to the increase in cash flow paid for the purchase of road operating rights by the Group compared with that of the corresponding period of last year.

During the Reporting Period, the Group's net cash flows from investing activities were RMB -151,295 thousand (corresponding period in 2016: RMB -47,249 thousand). The change was mainly because of the total investment amount of RMB 0.1 billion in the Fund Management Company and Anhui Transportation Fund during the Reporting Period.

During the Reporting Period, the Group's net cash flows from financing activities were RMB 70,920 thousand (corresponding period in 2016: RMB 321,129 thousand), and the year-on-year decrease was 77.92%, because the Company obtained from CDB a special loan of RMB 0.6 billion in the same period last year.

During the Reporting Period, the aggregated sum of bank loans obtained by the Group was RMB 40,000 thousand (corresponding period 2016: RMB 0.672 billion). At the end of the Reporting Period, there was still a remaining bank loan of RMB 1.806 billion (31 December 2016: RMB 1.778 billion). These are all long-term loans with an annual interest rate from 1.2% to 4.9% (31 December 2016: 1.20%-4.90%). They mainly comprised a floating rate loan borrowed from a bank for the construction of Ningxuanhang Expressway and the CDB special loan for the road widening construction work of Hening Expressway. The principal will be repaid between 2017 and 2035.

At the end of the Reporting Period, the cash and the bank balance used for long-term bank credit security of the Group amounted to RMB 0.1 billion (31 December 2016: RMB 0.1 billion) and there were no contingent liabilities (31 December 2016: nil).

The Group has good credit ratings. As at 30 June 2017, the total credit facilities granted was RMB 7.15 billion, and the facilities which have not yet been utilized amounted to RMB 5.587 billion.

For the currency unit of the Group's lending and cash holdings, please refer to note 13 to the condensed consolidated financial statement in this report, and its composition and distribution are roughly the same as at 31 December 2016.

Since the revenue and expenditure of the Group are mainly in RMB, the Group does not expect to incur significant currency risk in the operational activities. The Group did not enter into any foreign exchange hedging arrangements to manage the foreign exchange risk (corresponding period in 2016: nil).

SECTION V MAJOR EVENTS

I. Profile of the General Meeting

Session	Date	Query indexes	Disclosure date of the published resolution
2016 Annual General Meeting	19 May 2017	Shanghai Securities News China Securities Journal http://www.sse.com.cn (SSE website) http://www.hkex.com.hk (SEHK website) http://www.anhui-expressway.net (The Company's website)	20 May 2017 (the disclosure date on the SEHK website is 19 May 2017)

Explanation on the General Meeting

Applicable Not applicable

Resolutions passed in 2016 Annual General Meeting:

- To approve the working report of the Board of Directors, the working report of the Supervisory Committee, the audited financial report and the profit appropriation proposal for the year 2016 (Ordinary resolution);
- To approve the appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's PRC and Hong Kong auditors for the year 2017 and to authorize the Board of Directors in determining their remuneration (Ordinary resolution);
- To approve the contemplated 2017 daily related party transactions (Ordinary resolution);
- To approve the general mandate to authorize the Board of Directors in allotting or issuing new A Shares and/or H Shares of the Company (Special resolution);
- To approve the proposal of amending the Company's Articles of Association (Special resolution).

II. The profit appropriation plan or the plan of transferring reserves to capital

The interim profit appropriation plan or the plan of transferring reserves to capital

Whether to allocate or transfer No

III. Fulfillment of Commitments

The commitments for the Company's actual controllers, shareholders, related persons, purchasers, the Company and other related parties during the Reporting Period or lasting until the Reporting Period.

√ Applicable □ Not applicable

Background of Commitment	Type of commitment	Commitment party	Content of commitment	Time and term of commitment	Whether there is a time limit for performance or not	Whether strictly comply in a timely manner or not
Commitment related to the share reform	other	Anhui Transportation Group	Continue to support the company's future acquisition of the good road assets owned by Anhui Transportation Group and focus on the protection of shareholders' interests as always.	13 February 2006, long-term effective	No	yes
	other	Anhui Transportation Group, China Merchants Highway	After the completion of the split-equity reform, the Board of the Company shall be suggested to develop a long-term incentive plan with equity incentive structure included. In accordance with the relevant provisions of the State, the Board of the Company shall implement it directly or submit it to the general meeting of shareholders of the Company. After their consideration and approval, the long-term incentive plan shall be implemented.	13 February 2006, long-term effective	No	yes
Commitment related to IPO	Solve the competition	Anhui Transportation Group	Promise not to participate in any of the Company's from time to time actual businesses or other business activities which may constitute direct or indirect competition with the Company.	12 October 1996, long-term effective	No	yes

IV. Appointment and Dismissal of Auditors

Explanation on the appointment and dismissal of auditors

Applicable Not applicable

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers were approved to be appointed as the PRC auditors and Hong Kong auditors for the year 2017 respectively at the 2016 Annual General Meeting of the Company.

Explanation on the change of accounting firm during the auditing period

Applicable Not applicable

Explanation of the Company on the "non-standard audit report" prepared by the accounting firm

Applicable Not applicable

Explanation of the Company on the "non-standard audit report" issued by the certified public accountants in respect of the financial statements contained in the annual report last year

Applicable Not applicable

V. Bankruptcy or Reorganization

Applicable Not applicable

VI. Material Litigation and Arbitration

The Company was involved in material litigation or arbitration during the Reporting Period.

The Company was not involved in any material litigation or arbitration during the Reporting Period.

VII Punishment by Regulatory Authorities on the Company, Directors, Supervisors, Senior Management, Controlling Shareholders, the Actual Controller of the Company and Acquirer

Applicable Not applicable

VIII. Explanation on the Credibility of the Company, its Controlling Shareholders and Actual Controllers during the Reporting Period

Applicable Not applicable

The Company, its controlling shareholders and actual controllers are in good standing with no events such as unsatisfied judgements and unsatisfied debt of substantial amounts during the Reporting Period.

IX. Information on Share Incentives Plan, Employee Share Ownership Plan or other Employee Incentives and their Impacts

1. *Relevant share incentive matters which have been disclosed in temporary announcement without any further changes*

Applicable Not applicable

2. *Incentive items which have not been disclosed in the temporary announcements or which have subsequent progress*

Share incentive

Applicable Not applicable

Other description

Applicable Not applicable

Employees' share ownership plan

Applicable Not applicable

Other incentives

Applicable Not applicable

X. Major Related Party/Connected Transactions

1. Related Party/Connected transactions in relation to daily operations

Among the Group's related party transactions or continuing related party transactions for the six months ended 30 June 2017, some of them constituted connected transactions or continuing connected transactions under the Hong Kong Listing Rules.

(1) Items which have been disclosed in temporary announcement and without further developments or changes in subsequent implementation

√ Applicable □ Not applicable

Item overview	Indexes of announcements (being the date of uploading respective announcements on the website of the Company)
To provide expressway section entrusted management service	30 December 2016 <i>"Continuing Connected Transactions: Entrusted Management Agreements"</i> ; 31 December 2016 <i>"Anhui Expressway Announcement in relation to Related Party Transactions for Provision of Entrusted Expressway Section Management Service"</i> ; 27 March 2017 <i>"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"</i>
To receive expressway network toll settlement	30 December 2016 <i>"Continuing Connected Transactions: Network Services"</i> ; 31 December 2016 <i>"Anhui Expressway Announcement in relation to 2016 Newly Added Daily Related Party Transactions"</i> ; 27 March 2017 <i>"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"</i> ; 21 June 2017 <i>"Continuing Connected Transaction: Entering into the Network Services Agreement"</i>
To receive construction management service	30 December 2016 <i>"Continuing Connected Transactions: Widening Work Agreements"</i> ; 31 December 2016 <i>"Anhui Expressway Announcement in relation to Related Party Transactions"</i> ; 31 December 2016 <i>"Anhui Expressway Announcement in relation to 2016 Newly Added Daily Related Party Transactions"</i> ; 27 March 2017 <i>"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"</i>
To receive supervisory service of project construction	31 December 2016 <i>"Anhui Expressway Announcement in relation to 2016 Newly Added Daily Related Party Transactions"</i> ; 27 March 2017 <i>"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"</i>

Item overview	Indexes of announcements (being the date of uploading respective announcements on the website of the Company)
To receive construction test	31 December 2016 <i>"Anhui Expressway Announcement in relation to 2016 Newly Added Daily Related Party Transactions"</i> ; 27 March 2017 <i>"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"</i>
To receive property management service	27 March 2017 <i>"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"</i>
To provide the house rental services	27 March 2017 <i>"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"</i>
To provide service area rental services	3 January 2017 <i>"Continuing Connected Transaction: Operating Rights Lease Agreement"</i> ; 27 March 2017 <i>"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"</i>
To provide vehicles and machinery rental services	31 December 2016 <i>"Anhui Expressway Announcement in relation to 2016 Newly Added Daily Related Party Transactions"</i> ; 27 March 2017 <i>"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"</i>

(2) Items which have been disclosed in temporary announcement and with developments or changes in subsequent implementation

Applicable Not applicable

(3) Items which have not been disclosed in temporary announcement

Applicable Not applicable

2. Related Party/Connected transactions in relation to assets or equity acquisition and disposal

(1) Items which have been disclosed in temporary announcement and without further developments or changes in subsequent implementation

Applicable Not applicable

(2) Items which have been disclosed in temporary announcement and with developments or changes in subsequent implementation

Applicable Not applicable

(3) Items which have not been disclosed in temporary announcement

Applicable Not applicable

(4) Performance which shall be disclosed during the Reporting Period (if it involves an agreement of performance)

Applicable Not applicable

3. Significant related party/connected transactions on joint external investment

(1) Items which have been disclosed in temporary announcement and without further developments or changes in subsequent implementation

Applicable Not applicable

Item overview	Indexes of announcements (being the date of uploading respective announcements on the website of the Company)
To invest in the establishment of Fund Management Company and Anhui Transportation Fund	18 March 2017 "Anhui Expressway Announcement in relation to the Investment in Establishing Fund Management Company and Setting Up Fund Partnership the Investment in Establishing Fund Management Company and Setting Up Fund Partnership and Related Party Transactions"; 21 March 2017 "Anhui Expressway Risk Reminder Announcement in relation to the Investment in Establishing Fund Management Company and Setting Up Fund Partnership" 27 April 2017 "Connected Transactions: Investment in Establishment of Fund Management Company and Fund Partnership" 28 April 2017 "Anhui Expressway Announcement in relation to the Progress of the Investment in Establishing Fund Management Company and Setting Up Fund Partnership"

(2) Items which have been disclosed in temporary announcement and with developments or changes in subsequent implementation

Applicable Not applicable

(3) Items which have not been disclosed in temporary announcement

Applicable Not applicable

4. *Related debtor and creditor accounts*

(1) **Items which have been disclosed in temporary announcement and without further developments or changes in subsequent implementation**

Applicable Not applicable

(2) **Items which have been disclosed in temporary announcement and with developments or changes in subsequent implementation**

Applicable Not applicable

(3) **Items which have not been disclosed in temporary announcement**

Applicable Not applicable

Unit: RMB'000

Related parties	Relationship with the parties	The Company provides capital to related parties			Related parties provide capital to the Company		
		Initial Balance	Amount incurred	Closing Balance	Initial Balance	Amount incurred	Closing Balance
ATHC	Controlling shareholder				1,052,667	126,750	1,179,417
XCIC	Other connected persons				480,248	-28,353	451,895
Total					1,532,915	98,397	1,631,312

The circumstances under which the relationship is formed: The investment amount of ATHC and XCIC exceeded the registered capital of the Company. The difference will be counted towards the long-term payables and such an amount is unsecured and without fixed repayment date.

Impact on the Company's operating results and financial situation resulting from the relationship

5. *Other Significant Related Party/Connected Transactions*

Applicable Not applicable

6. *Other*

Applicable Not applicable

XI. Material Contracts and their Implementation

1. *Material custody, subcontracting and leasing items*

Applicable Not applicable

2. *Implementation of guarantee*

Applicable Not applicable

(RMB'00,000,000)

Total amount of guarantees provided by the Company (not including guarantees provided for its subsidiaries)	
Total amount of guarantees provided during the Reporting Period (not including guarantees provided for its subsidiaries)	0
Total balance of guarantees provided as at the end of the Reporting Period (A) (not including guarantees provided for its subsidiaries)	0
Guarantees provided by the Company for its subsidiaries	
Total amount of guarantees provided for the subsidiaries by the Company during the Reporting Period	-0.02
Total balance of guarantees provided for the subsidiaries as at the end of the Reporting Period (B)	1.72
Total amount of guarantees provided by the Company (including guarantees provided for its subsidiaries)	
Total guarantee amount (A+B)	1.72
Total guarantee amount as a percentage of net asset value (%)	1.95
Thereinto:	
Amount of guarantee provided for shareholders, actual controllers and their affiliates (C)	0
Amount of debt guarantee directly or indirectly provided for the guaranteed objects with the ratio of liabilities to assets exceeding 70% (D)	0
Amount of guarantee that exceeds 50% of the net assets (E)	0
The total of the above three amount of guarantee (C+D+E)	0
Several and joint liability which may have to be borne on the outstanding guarantees	
Clarification on guarantee	

The Company provided a guarantee of RMB 500 million for the Company's subsidiary Ningxuanhang Company, which was approved at the 18th meeting of the fifth session of the Board held on 18 August 2010. As at the end of the Reporting Period, balance of guarantees provided by the Company amounted to RMB 0.172 billion.

3. *Other major contracts*

Applicable Not applicable

XII. **Poverty alleviation work of the Company**

Applicable Not applicable

1. *Targeted poverty alleviation plan*

The Group will take full advantage of the feature that its highways and the grassroots units are running across suburbs and rural areas, and actively respond to the national policies of targeted poverty alleviation by mobilizing the management offices and subsidiaries to carry out poverty alleviation, making donations for the construction of infrastructure in rural areas, school funding and other social welfare undertakings. It will also fulfill its social responsibility, and effectively promote the interaction between grassroots units and local residents, so as to organize, manage and establish a mass public base and establish a good corporate image.

2. *Summary of targeted poverty alleviation work during the Reporting Period*

The Group's Gaojie Management Office was paired to provide support for Lishu village, Liuban township, Taihu county. The office established a working party which composed of one deputy director general as the major secretary of Lishu village, one middle-level cadre as the vice captain and one communist as a poverty alleviation professional. The working party commenced work in the village officially on 28 April 2017 and started to carry out specific tasks such as assisting the poor mass, industry and poor children.

3. *Statistics of the targeted poverty alleviation work of the Company during the Reporting Period*

(RMB 0'000)

Index	Quantity and Progress
I. Overall Situation	
Among:1. Funds	1.73
II. The Component Of Investment	
Other Items	
Investment Amount	1.73

4. *Subsequent targeted poverty alleviation plans*

- (1) Continue to carry out poverty alleviation by means of pairing assisted targets and setting poverty alleviation aims and other forms of poverty reduction.
- (2) Make more efforts in poverty alleviation, carry out field research and develop more objective, specific and operational measures for poverty alleviation.
- (3) Utilize our management experience to promote local residents and rural poor people to get out of poverty, and make full use of local resources to develop tourism, breeding and other industries to help the villagers to cultivate specialty industries.

XIII. **Convertible Bonds**

Applicable Not applicable

XIV. **Explanation on the environmental situation of the Company and the subsidiaries which are engaged in heavily polluted industries as specified by the national environmental protection authorities**

Applicable Not applicable

XV. **Analysis of Other Major Events**

1. *The situation and impact of the change of accounting policy, accounting estimates and accounting methods compared with the previous accounting period*

Applicable Not applicable

2. *During the Reporting Period, the situation, corrected amount, reason and impact of the correction of the significant accounting error required to be restated during the Reporting Period*

Applicable Not applicable

3. Other

Applicable Not applicable

Preferential Policies of Road Truck Tolls Adjustment

According to the “Implementation of Views on Cost Reduction to Reduce the Financial Burden of Real Economy of People’s Government of Anhui Province” and the “Notice on Conscientiously Implementing the Preferential Policies for Truck Toll issued by Anhui Provincial Department of Transportation”, trucks that passed by toll roads of Anhui Province with Anhui transportation cards can enjoy another 10% discount on the original 5% discount. The promotional period will last for three years from 12 July 2016 to 11 July 2019 temporarily.

Investment in Fund Management Company and Establishment of Anhui Transportation Fund

In order to implement the Company’s diversified development strategy, enhance the capital operation ability, cultivate new profit growth point, promote the Company to do stronger and better, and promote a healthy and sustainable development of the Company, as approved by the 7th session of the Board of the Company at its 22nd meeting convened on 17 March 2017, the resolution related to the investment in establishing a fund management company and setting up a fund partnership was passed, and the senior management was authorised to manage, revise and sign related legal document(s) involved. The amount of investment borne by the Company is RMB 200,000,000.

On 6 April 2017, the Company, China Merchants Zhiyuan and Transportation Holding Capital completed the industrial and commercial registration procedures for the Fund Management Company.

On 24 April 2017, the Company entered into the “Limited Partnership Agreement on Anhui Transportation China Merchants Industrial Investment Fund (Limited Partnership)” with Transportation Holding Capital, Anhui Anlian Expressway Company Limited, China Merchants Zhiyuan and the Fund Management Company to confirm the establishment of Anhui Transportation Fund and the relevant industrial and commercial registration procedures have been completed on 25 April 2017.

During the Reporting Period, the Company has invested RMB 0.1 billion. As at the date of this report, such fund is subject to the filing procedures with Asset Management Association of China.

XVI. Corporate Governance

The Company has strictly complied with the requirements of laws, regulations and regulatory documents including the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and the Guidelines on Articles of Association of Listed Companies issued by CSRC in the PRC since its establishment and has continued to enhance its corporate governance standards. During the Reporting Period, the Company continued to enhance the governance system and operation procedures based on the work arrangement of the regulatory authorities and the latest regulations. The actual conditions of the Company's corporate governance did not deviate from the requirements of the CSRC's Code of Corporate Governance for Listed Companies and other related laws and regulations. The Company had also fully adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Hong Kong Listing Rules.

Corporate Governance Code

During the Reporting Period, save and except that both the duties of the remuneration committee and the nomination committee are performed by the Company's human resources and remuneration committee (as the Company considers the long established mode of human resources and remuneration committee has so far been effective and suits the needs of the Company better, and most of the members of the human resources and remuneration committee are independent Directors, which can ensure the protection of the interests of shareholders), the Company has always complied with the CG Code in order to maintain a high standard of corporate governance so as to improve the corporate transparency and protect the interests of the Company's shareholders.

Revising the Articles of Association of the Company

In order to fully protect investors' interests and further standardize and complete the Company's governance structure, in accordance with the relevant regulations in the Company Law, the Securities Law, the Guidelines on Articles of Association of Listed Companies (Revised in 2014) by CSRC, the latest Hong Kong Listing Rules and so on, upon the review and approval at the 23th session of the 7th Board meeting held on 24 March 2017, the Company revised some clauses in the Articles of Association of the Company, which has been approved at the 2016 Annual General Meeting.

Diversification Policy of the Members of the Board

According to the latest requirements of the CG Code, the Company has amended the work duties of the human resources and remuneration committee of the Board. The Company has also adopted a diversification policy of the Board members, which was passed at the sixth session of the Board of the twentieth board meeting.

Liability Insurance for Directors and Supervisors

According to the CG Code, during the Reporting Period, the Company has selected insurance providers of liability insurance and completed insurance arrangements for Directors, Supervisors and senior executives in 2017, thereby providing protection for the Directors, Supervisors and senior executives in their performance of duties.

Audit Committee

As at the date of this report, the audit committee of the Company convened three meetings, which reviewed the 2016 annual report and financial statement prepared in accordance with PRC accounting standards and HKAS, the 2017 first quarterly financial statement, as well as the 2017 interim results announcement and 2017 interim unaudited financial statement prepared in accordance with PRC accounting standards and HKAS.

Independent Non-executive Directors

The Company has appointed enough independent non-executive Directors with professional knowledge in accordance with Rules 3.10(1), 3.10(2) and 3.10A of the Hong Kong Listing Rules. The Company appointed 3 independent non-executive Directors, two of whom are specialized in accounting or related financial management.

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

For the six months ended 30 June 2017, the Company, with respect to securities transactions by Directors and Supervisors, has adopted a code of conducts on terms no less exacting than the provisions in the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code for Securities Transactions") as set out in Appendix 10 of the Hong Kong Listing Rules. After making specific enquiries, all Directors and Supervisors confirmed that they have fully complied with the Model Code for Securities Transactions during the Reporting Period.

Internal Control

A comprehensive and practicable internal control system is fundamental to good corporate governance. The Board is responsible for establishing and maintaining the internal control systems of the Company so as to review the financial, operational and supervisory control procedures, and to protect the interests of shareholders and safety of the Company's assets.

During the Reporting Period, the Board, based on its continuous review of the internal control system of the Company, prepared the "Self-evaluation Report Regarding Internal Control of the Company" to elaborate and explain the objectives of internal control, the composition and implementation of the internal control systems and the overall evaluation results.

The internal audit department of the Group plays an important role in reinforcing the internal monitoring system. It periodically reviews all the operation projects of the Group in a circulation form, so as to assist the Board in deciding whether the internal monitoring system is effective and accords with established procedures and standards. The annual audit plan (including annual audit objectives and audit frequency) was formulated based on the independent risk assessment of the department, and the audit committee of the Company will discuss and approve the annual audit plan at the beginning of every fiscal year. All the major internal audit findings will be submitted to the audit committee of the Company for approval, and all the suggestions of the internal audit department will be properly followed up, so as to make sure that the suggestions can be executed within a reasonable time.

It is considered by the Board that the internal monitoring system of the Group is efficient and effective. The Group will keep checking and updating the system to safeguard the investment of shareholders and assets of the Group.

SECTION VI CHANGE OF ORDINARY SHARES AND SHAREHOLDERS

I. Change of share capital

1. Change of shares

(1) Change of shares

During the Reporting Period, the total number of ordinary shares and capital structure of the Company's ordinary shares was not changed.

(2) Explanation of change of share capital

Applicable Not applicable

(3) The Influence of change of share capital from the time after the Reporting Period to the date of this interim report to financial indicators like earnings per share and net assets per share (If any)

Applicable Not applicable

(4) Other content that the Company deems necessary or the Securities Regulatory Authority requires to disclose

Applicable Not applicable

2. Change of restricted shares

Applicable Not applicable

II. Shareholders

1. Number of shareholders

Number of shareholders of ordinary shares as at the end of the Reporting Period

31,200

2. *The top ten shareholders and top ten tradable shareholders (or unrestricted shareholders) with the highest shareholding percentage as at the end of the Reporting Period*

Unit: shares

Name of shareholders	The top ten shareholders				Number of restricted shares	Shares pledged or locked-up Share status	Nature of shareholders
	Change during the Reporting Period	Total shareholding as at the end of the Reporting Period	Shareholding percentage (%)				
Anhui Transportation Group	0	524,644,220	31.63	0	Nil	State-owned	
HKSCC NOMINEES LIMITED	92,000	489,127,899	29.49	0	Unknown	Overseas legal person	
China Merchants Highway	0	404,191,501	24.37	0	Nil	State-owned legal person	
Wu Juhong	14,000	6,342,652	0.38	0	Nil	Domestic natural person	
Wu Mujun	42,400	5,360,070	0.32	0	Nil	Domestic natural person	
Ding Xiuling	-85,399	5,234,835	0.32	0	Nil	Domestic natural person	
Liu Qiuxi	1,317,300	4,683,181	0.28	0	Nil	Domestic natural person	
Chen Xiaohong	45,000	3,954,539	0.24	0	Nil	Domestic natural person	
Zhang Jian	-2,432,700	3,771,800	0.23	0	Nil	Domestic natural person	
Dai Kang	908,235	3,755,085	0.23	0	Nil	Domestic natural person	

The ten largest unrestricted shareholders

Name of shareholders	Number of unrestricted circulating shares	Type and Number of shares	
		Type	Number
Anhui Transportation Group	524,644,220	RMB ordinary shares	524,644,220
HKSCC NOMINEES LIMITED	489,127,899	Overseas listed foreign shares	489,127,899
China Merchants Highway	404,191,501	RMB ordinary shares	404,191,501
Wu Juhong	6,342,652	RMB ordinary shares	6,342,652
Wu Mujun	5,360,070	RMB ordinary shares	5,360,070
Ding Xiuling	5,234,835	RMB ordinary shares	5,234,835
Liu Qiuxi	4,683,181	RMB ordinary shares	4,683,181
Chen Xiaohong	3,954,539	RMB ordinary shares	3,954,539
Zhang Jian	3,771,800	RMB ordinary shares	3,771,800
Dai Kang	3,755,085	RMB ordinary shares	3,755,085

Explanations of connected relationship between the above-mentioned shareholders or consistent action

There is no connected relationship between the State-owned shareholders and the legal person shareholders in the above chart. The Company does not know if there is any connected relationship amongst other shareholders, or whether they belong to the persons acting in concert under "Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies".

Note:

- At the end of the Reporting Period, the total number of A-share shareholders is 31,134 and H-share shareholders is 66.
- The H shares held by HKSCC NOMINEES LIMITED are held by it on behalf of many clients.

Shareholdings and restrictions of top ten restricted shareholders

Applicable Not applicable

- Strategic investors or ordinary legal person who became the top ten shareholders due to issuance of new shares*

Applicable Not applicable

III. Change of Shareholders and Effective Controllers

Applicable Not applicable

IV. Persons (other than the Directors, Supervisors or chief executive of the Company) who have interests or short positions disclosable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance

As at 30 June 2017, so far as is known to the Directors, or as can be ascertained after reasonable enquiry by the Directors, the persons (other than the Directors, Supervisors or chief executive of the Company) who had, directly or indirectly, interests or had short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were set out as follows:

Name of Shareholders	Capacity	Number of shares	Type of shares	Shareholding in the relevant type of shares	Shareholding in the total number of shares in issue (Note 1)
Anhui Transportation Group	Beneficial owner	524,644,220 (L)	A shares	45.01%	31.63%
China Merchants Highway (Note 2)	Beneficial owner	404,191,501 (L)	A shares	34.68%	24.37%
	Interest in controlled corporation	89,160,000 (L)	H shares	18.08%	5.38%
FIL Limited (Note 3)	Interest in controlled corporation	39,284,000 (L)	H shares	7.97%	2.37%
HSBC Holdings plc (Note 4)	Interest in controlled corporation	98,525,221 (L)	H shares	19.98%	5.94%
		99,825,933 (S)	H shares	20.25%	6.02%
JPMorgan Chase & Co. (Note 5)	Beneficial owner	1,012,000(L)	H shares	0.21%	0.06%
		568,000 (S)	H shares	0.12%	0.03%
	Investment Manager	888,000 (L)	H shares	0.18%	0.05%
	Custodian corporation/ approved lending agent	27,483,579 (L)	H shares	5.57%	1.66%

(L)The letter "L" denotes a long position in the shares.

(S)The letter "S" denotes a short position in the shares.

Notes:

- As at 30 June 2017, the issued share capital of the Company comprises 1,165,600,000 A shares and 493,010,000 H shares, amounting to a total of 1,658,610,000 ordinary shares in issue.

2. According to the disclosure of interest form submitted by China Merchants Highway on 9 March 2016 in accordance with Division XV of the SFO, Cornerstone Holdings Limited ("Cornerstone") holds 89,160,000 H shares (long position) in the Company. China Merchants Highway was deemed to be interested in a total of 89,160,000 H shares (long position) in the Company by virtue of its 100% control over Cornerstone. China Merchants Highway is accustomed to act in accordance with the directions of China Merchants Group Limited.

3. FIL Limited was deemed to be interested in a total of 39,284,000 H shares (long position) in the Company by virtue of its control over several corporations. According to the disclosure of interest form submitted by FIL Limited on 23 June 2017 in accordance with Division XV of the SFO, the following interests in H shares were held by FIL Limited through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	Direct interest		
		Control (%)	(Yes/No)	Number of shares
FIL Asia Holdings Pte Limited	FIL Limited	100.00	No	38,864,000 (L)
FIL Investment Management (Hong Kong) Limited	FIL Asia Holdings Pte Limited	100.00	Yes	20,740,000 (L)
FIL Investment Management (Singapore) Limited	FIL Asia Holdings Pte Limited	100.00	Yes	18,124,000 (L)
FIL Fund Management Limited	FIL Limited	100.00	No	20,632,000 (L)
FIL Genesis Limited	FIL Limited	100.00	No	176,000 (L)
FIL Holdings (Luxembourg) S.A.	FIL Limited	100.00	No	20,632,000 (L)
FIL Investment Management (Luxembourg) S.A.	FIL Holdings (Luxembourg) S.A.	100.00	No	20,632,000 (L)
FIL Holdings (UK) Limited	FIL Limited	100.00	No	18,476,000 (L)
FIL Investment Services (UK) Limited	FIL Holdings (UK) Limited	100.00	No	18,056,000 (L)
FIL Investments International	FIL Holdings (UK) Limited	100.00	No	17,636,000 (L)
FIL PENSIONS MANAGEMENT	FIL Holdings (UK) Limited	100.00	Yes	420,000 (L)

(L)The letter "L" denotes a long position in the shares.

The interests of FIL Limited in the Company included 1,092,000 H shares (long position) which were held through derivatives, the category of which was through cash settled unlisted securities.

4. HSBC Holdings plc was deemed to be interested in a total of 98,525,221 H shares (long position) and 99,825,933 H shares (short position) in the Company by virtue of its control over several corporations. According to the disclosure of interest form submitted by HSBC Holdings plc on 17 December 2014 in accordance with Division XV of the SFO, the following interests in H shares were held by HSBC Holdings plc through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	Control (%)	Direct interest	
			(Yes/No)	Number of shares
HSBC Bank plc	HSBC Holdings plc	100.00	Yes	70,822,636 (L)
				79,246,633 (S)
HSBC Finance (Netherlands)	HSBC Holdings plc	100.00	No	27,702,585 (L)
				20,579,300 (S)
HSBC Holdings BV	HSBC Finance (Netherlands)	100.00	No	27,688,585 (L)
				20,579,300 (S)
HSBC Asia Holdings (UK) Limited	HSBC Holdings BV	100.00	No	27,688,585 (L)
				20,579,300 (S)
HSBC Asia Holdings BV	HSBC Asia Holdings (UK) Limited	100.00	No	27,688,585 (L)
				20,579,300 (S)
The Hongkong and Shanghai Banking Corporation Limited	HSBC Asia Holdings BV	100.00	Yes	27,389,085 (L)
				20,579,300 (S)
HSBC Private Banking Holdings (Suisse) SA	HSBC Finance (Netherlands)	100.00	No	14,000 (L)
				0 (S)
HSBC Private Bank (Suisse) SA	HSBC Private Banking Holdings (Suisse) SA	100.00	Yes	14,000 (L)
				0 (S)
The Hongkong and Shanghai Banking Corporation Limited	HSBC Asia Holdings BV	100.00	No	299,500 (L)
				0 (S)
HSBC Insurance (Asia-Pacific) Holdings Limited	The Hongkong and Shanghai Banking Corporation Limited	100.00	No	299,500 (L)
				0 (S)
HSBC Insurance (Asia) Limited	HSBC Insurance (Asia-Pacific) Holdings Limited	100.00	No	299,500 (L)
				0 (S)
HSBC Life (International) Limited	HSBC Insurance (Asia) Limited	100.00	Yes	299,500 (L)
				0 (S)

(L)The letter "L" denotes a long position in the shares.

(S)The letter "S" denotes a short position in the shares.

5. JPMorgan Chase & Co. was deemed to be interested in a total of 29,383,579 H shares (long position) and 568,000 H shares (short position) in the Company by virtue of its control over several corporations. According to the disclosure of interest form submitted by JPMorgan Chase & Co. on 3 April 2017 in accordance with Division XV of the SFO, the following interests in H shares were held by JPMorgan Chase & Co. through its controlled corporations, the details of which are as follows:

Name of controlled corporation	Name of controlling shareholder	Control (%)	Direct interest	
			(Yes/No)	Number of shares
J.P. Morgan Securities LLC	J.P. Morgan Broker-Dealer	100.00	Yes	94,000 (L)
	Holdings Inc			0 (S)
JF Asset Management Limited	JPMorgan Asset Management	100.00	Yes	888,000 (L)
	(Asia) Inc.			0 (S)
J.P. Morgan Securities plc	J.P. Morgan Capital Financing	0.59	Yes	918,000 (L)
	Limited			568,000 (S)
J.P. Morgan Securities plc	J.P. Morgan Chase International	99.41	Yes	918,000 (L)
	Holdings			568,000 (S)
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	Yes	27,483,579 (L)
				0 (S)
J.P. Morgan Capital Financing Limited	JPMorgan Chase & Co.	100.00	No	918,000 (L)
				568,000 (S)
J.P. Morgan Broker-Dealer Holdings Inc	JPMorgan Chase & Co.	100.00	No	94,000 (L)
				0 (S)
J.P. Morgan Capital Holdings Limited	J.P. Morgan Overseas	27.27	No	918,000 (L)
	Capital Corporation			568,000 (S)
Bank One International Holdings Corporation	J.P. Morgan International Inc.	100.00	No	1,836,000 (L)
				1,136,000 (S)
J.P. Morgan International Inc.	JPMorgan Chase Bank, N.A.	100.00	No	1,836,000 (L)
				1,136,000 (S)
J.P. Morgan Chase International Holdings	J.P. Morgan Chase (UK)	100.00	No	918,000 (L)
	Holdings Limited			568,000 (S)

Name of controlled corporation	Name of controlling shareholder	Control (%)	Direct interest	
			(Yes/No)	Number of shares
J.P. Morgan Capital Holdings Limited	J.P. Morgan International Finance Limited	72.73	No	918,000 (L) 568,000 (S)
JPMorgan Asset Management Holdings Inc	JPMorgan Chase & Co.	100.00	No	888,000 (L) 0 (S)
JPMorgan Asset Management (Asia) Inc.	JPMorgan Asset Management Holdings Inc	100.00	No	888,000 (L) 0 (S)
J.P. Morgan Chase (UK) Holdings Limited	J.P. Morgan Capital Holdings Limited	100.00	No	918,000 (L) 568,000 (S)
J.P. Morgan Overseas Capital Corporation	J.P. Morgan International Finance Limited	100.00	No	918,000 (L) 568,000 (S)
JPMorgan Chase Bank, N.A.	JPMorgan Chase & Co.	100.00	No	1,836,000 (L) 1,136,000 (S)
J.P. Morgan International Finance Limited	Bank One International Holdings Corporation	100.00	No	1,836,000 (L) 1,136,000 (S)

(L) The letter "L" denotes a long position in the shares.

(S) The letter "S" denotes a short position in the shares.

Among the interests and short positions of JPMorgan Chase & Co. in the Company, there were 27,483,579 H shares lending pool. Further, the interests and short positions included 12,000 H shares (long position) and 312,000 H shares (short position) which were held through derivatives, the category of which was through physically settled unlisted securities.

Except as disclosed in this report, the register maintained in accordance with Section 336 of the SFO on 30 June 2017 shows that the Company has not received any other information about the interests or short positions in the shares and underlying shares of the Company held by other persons.

V. Purchase, Sale and Redemption of the Company's Securities

For the six months ended 30 June 2017, neither the Company nor any of its subsidiaries and joint ventures purchased, sold or redeemed any of the listed securities of the Company.

VI. 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 VII RELATED INFORMATION OF PREFERENCE SHARES

Applicable Not applicable

SECTION VIII DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Changes of Shareholdings

1. *Change in shareholdings of Directors, Supervisors and senior management (current or resigned during the Reporting Period)*

Applicable Not applicable

2. *Equity incentives awarded to Director, Supervisor, senior management during the Reporting Period*

Applicable Not applicable

II. Change in Directors, Supervisors and Senior Management during the Reporting Period

Applicable Not applicable

Name	Position	Change
Yang Mianzhi	independent non-executive Director	Vacated
Yang Yicong	employees' representative Supervisor	Vacated
Meng Jie	deputy general manager	Vacated
Han Rong	secretary to the Board	Vacated
Dai Hui	employees' representative Supervisor	Elected
Dong Huihui	secretary to the Board	Engaged

Mr. Yang Mianzhi tendered his resignation as an independent non-executive Director (and, at the same time, ceased to be the chairman of the audit committee of the Board) due to personal reason. The Company has consented to the resignation of Mr. Yang at the 25th meeting of the 7th session of the Board held on 19 May 2017. Since the resignation of Mr. Yang will result in the number of independent Directors falling below one third of the members of the Board, the resignation letter shall not take effect until the Company appoints a new independent Director at its general meeting to fill the vacancy. Prior to that, Mr. Yang will continue to perform his duties as an independent Director in accordance with relevant laws and regulations and the Articles of Association of the Company.

Due to work requirements, China Merchants Highway ceased to recommend Mr. Meng Jie to act as the deputy general manager of the Company. Mr. Meng Jie applied to resign from the post of deputy general manager of the Company. Due to work adjustments, Ms. Han Rong, secretary to the Board, resigned from the office of secretary to the Board of the Company, and ceased to act as secretary to the strategic development and investment committee of the Board. At the 23rd meeting of the 7th session of the Board of the Company convened on 24 March 2017, their resignations were approved. According to the nomination made by Mr. Qiao Chuanfu, our Chairman, and reviewed by the human resources and remuneration committee of the Board, consent was granted to appoint Ms. Dong Huihui as the secretary to the Board as well as the secretary to the strategic development and investment committee of the Board. Her term of office commenced on the date of the Board meeting approving her appointment until the expiry date of the current session of the Board (i.e. 16 August 2017).

Mr. Yang Yicong, the employees' representative Supervisor of the Company, resigned from the office of Supervisor due to his retirement. The Company held the employee representatives' general meeting on 23 March 2017 and Mr. Dai Hui was elected as the employees' representative Supervisor. His term of office will end on the expiry date of the current session of the Supervisory Committee (i.e. 16 August 2017).

Changes of Directors, Supervisors and senior management of the Company

Applicable Not applicable

III. Information on other issues

Applicable Not applicable

On 16 August 2017, the members of the 7th Board of Directors and the 7th Supervisory Committee completed their term of office. On 16 August 2017, the Company held the first 2017 extraordinary general meeting of shareholders to select the new Board of Directors and the new Supervisory Committee. Mr. Qiao Chuanfu, Mr. Chen Dafeng, Mr. Xu Zhen and Mr. Xie Xinyu were elected as the executive Directors of the 8th Board of Directors; Mr. Yang Xudong and Mr. Du Jian were elected as the non-executive Directors of the 8th Board of Directors; Mr. Kong Yat Fan, Mr. Jiang Jun and Mr. Liu Hao were elected as the independent non-executive Directors of the 8th Board of Directors; Ms. Chen Yuping and Mr. Jiang Yue were elected as the shareholders' representative Supervisors of the 8th Supervisory Committee (Mr. Dai Hui was elected as the employees' representative Supervisor of the 8th Supervisory Committee). The above personnel had their term of office lasting for 3 years from 17 August 2017.

At the first meeting of the 8th Board held on 17 August 2017, Mr. Qiao Chuanfu was elected as the chairman of the Company; Mr. Xie Xinyu and Ms. Dong Huihui were appointed as the company secretary and secretary to the Board respectively; Mr. Xu Zhen was appointed as the general manager and Mr. Xie Xinyu, Mr. Li Huimin and Mr. Chen Jiping were appointed as the deputy general managers.

It was approved at the first meeting of the 8th Supervisory Committee on 17 August 2017 that Ms. Chen Yuping was elected to be the chairman of the Supervisory Committee of the Company.

The Board is deeply grateful for the assiduous work of the retiring Directors and Supervisors.

IV. Disclosure of Interests of the Directors, Supervisors and Chief Executive

As at 30 June 2017, none of the Directors, Supervisors, chief executive nor their associates had or were deemed to have any interests or short positions in any shares, or underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the SEHK and to be disclosed herein pursuant to the Model Code for Securities Transactions.

V. Employees remuneration and training

As at 30 June 2017, the Group (including the main subsidiaries) employed approximately 2,692 employees (as at 30 June 2016: 2,323 employees), which included 2,054 production staff, 132 technicians, 36 financial staff and 470 administrative staff (as at 30 June 2016, the number respectively is 1,667, 110, 36 and 510).

The Company carried out a reform of the remuneration system with the introduction of broadband pay system. The system formulates remuneration scales for different positions, and makes different classifications according to the characteristics of each job. By making close connections among the labor remuneration of employees, value of positions, accumulated contributions, work performance and many others, it has built multiple channels of career development and pay promotion for employees. Through the establishment of pay promotion standards, the enthusiasm of employees has been mobilized and the incentive effect on the implementation of the remuneration system has been ensured.

During the Reporting Period, staff salaries are of RMB 161,000 thousand (corresponding period in 2016: RMB 127,170 thousand). The Company strictly complies with the State's social insurance policies. According to the relevant State's stipulation, the Company has arranged the old-age insurance, unemployment insurance, basic medical insurance, injury insurance and child-bearing insurance for the staff.

The Company constantly attaches great importance to staff education training and revised its "Interim measures for staff training management". At the beginning of each year, annual training plans are established based on training needs. Various trainings are conducted orderly according to relevant systems and plans and the educational and training levels are improved constantly. During the Reporting Period, the Company and its various departments have consolidated actual work requirements and departmental business functions, and have carried out training in operational management, which enhanced the skills and professional knowledge of the staff greatly. In terms of integrated management, the Company focused on training and has held a special training course on the basic knowledge of listed companies based on the Company's development situation. In terms of network learning, the Company has encouraged employees to participate in self-learning by promoting E-learning and online study. The Company also utilized new platforms such as mobile phone application and online interactive functions to encourage learning and communication.

SECTION IX FINANCIAL REPORT

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

(All amounts in Renminbi thousands unless otherwise stated)

ASSETS	Note	Unaudited 30 June 2017	Audited 31 December 2016
Non-current assets			
Concession intangible assets	7	9,211,335	9,236,927
Land use rights	7	11,015	10,493
Property, plant and equipment	7	891,140	954,173
Investment properties	7	340,429	338,391
Intangible assets	7	2,798	3,548
Investments in an associate		108,511	104,591
Deferred income tax assets		27,476	55,995
Available-for-sale ("AFS") financial assets	8	335,000	235,000
		<u>10,927,704</u>	<u>10,939,118</u>
Current assets			
Inventories		5,291	5,276
Trade and other receivables	9	352,080	260,073
Restricted cash	25	100,000	110,000
Cash and cash equivalents	25	2,307,213	1,900,812
		<u>2,764,584</u>	<u>2,276,161</u>
Total assets		<u><u>13,692,288</u></u>	<u><u>13,215,279</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary share capital	10	1,658,610	1,658,610
Share premium	10	1,415,593	1,415,593
Other reserves	11	127,080	127,587
Retained earnings		5,681,843	5,542,709
		<u>8,883,126</u>	<u>8,744,499</u>
Non-controlling interests		<u>644,098</u>	<u>740,743</u>
Total equity		<u><u>9,527,224</u></u>	<u><u>9,485,242</u></u>

LIABILITIES	Note	Unaudited 30 June 2017	Audited 31 December 2016
Non-current liabilities			
Long-term payables	16	1,075,237	960,837
Borrowings	13	1,678,209	1,649,833
Deferred income tax liabilities		129,972	140,281
Deferred income	15	31,845	32,931
		<u>2,915,263</u>	<u>2,783,882</u>
Current liabilities			
Trade and other payables	12	991,729	671,382
Current income tax liabilities		99,458	124,083
Provision	14	30,562	22,069
Borrowings	13	128,052	128,621
		<u>1,249,801</u>	<u>946,155</u>
Total liabilities		<u>4,165,064</u>	<u>3,730,037</u>
Total equity and liabilities		<u>13,692,288</u>	<u>13,215,279</u>

The notes on pages 69 to 96 are an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information on pages 62 to 96 were approved by the Board of Directors on 25 August 2017 and the interim condensed consolidated balance sheet was signed on its behalf by:

Director (喬傳福)

Director (許振)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

(All amounts in Renminbi thousands unless otherwise stated)

	Note	Unaudited	
		Six months ended 30 June	
		2017	2016
Revenue	18	1,651,101	1,358,149
Cost of sales	19	(866,861)	(659,625)
Gross profit		784,240	698,524
Other gains - net	17	29,610	38,658
Administrative expenses	19	(30,845)	(48,659)
Operating profit		783,005	688,523
Finance costs	20	(44,920)	(65,015)
Share of profit of an associate		3,920	4,530
Profit before income tax		742,005	628,038
Income tax expenses	21	(230,351)	(158,146)
Profit for the period		511,654	469,892
Attributable to:			
Owners of the Company		520,107	477,422
Non-controlling interests		(8,453)	(7,530)
		511,654	469,892
Basic and diluted earnings per share			
(expressed in RMB per share)	22	0.3136	0.2878

The notes on pages 69 to 96 are an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

(All amounts in Renminbi thousands unless otherwise stated)

	Note	Unaudited	
		Six months ended 30 June	
		2017	2016
Profit for the period		511,654	469,892
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in value of AFS financial assets, net of tax	8	—	6,364
Total comprehensive income for the period		511,654	476,256
Attributable to:			
Owners of the Company		520,107	483,786
Non-controlling interests		(8,453)	(7,530)
		511,654	476,256

The notes on pages 69 to 96 are an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

(All amounts in Renminbi thousands unless otherwise stated)

Note	Attributable to equity holders of the Company				Non-controlling Interests	Total
	Ordinary share capital (Note 10)	Share premium (Note 10)	Other reserves (Note 11)	Retained earnings		
Balance at 1 January 2016 (audited)	1,658,610	1,415,593	118,083	4,998,212	789,927	8,980,425
Comprehensive income						
Profit/(loss) for the period (unaudited)	—	—	—	477,422	(7,530)	469,892
Other comprehensive income (unaudited)						
– Fair value gains on AFS financial assets, net of tax	—	—	6,364	—	—	6,364
Total comprehensive income/(loss) for the period ended 30 June 2016 (unaudited)	—	—	6,364	477,422	(7,530)	476,256
Others (unaudited)	—	—	(507)	507	—	—
Transactions with owners						
Dividends relating to 2015 (unaudited)	—	—	—	(381,480)	—	(381,480)
Dividends paid to a non-controlling interest of subsidiaries relating to 2015 (unaudited)	—	—	—	—	(88,127)	(88,127)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax (unaudited)	16	—	—	—	28,541	28,541
Balance at 30 June 2016 (unaudited)	1,658,610	1,415,593	123,940	5,094,661	722,811	9,015,615

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2017

(All amounts in Renminbi thousands unless otherwise stated)

	Note	Attributable to equity holders of the Company				Non-controlling Interests	Total
		Ordinary share capital (Note 10)	Share premium (Note 10)	Other reserves (Note 11)	Retained earnings		
Balance at 1 January 2017 (audited)		1,658,610	1,415,593	127,587	5,542,709	740,743	9,485,242
Comprehensive income							
Profit/(loss) for the period (unaudited)		—	—	—	520,107	(8,453)	511,654
Other comprehensive income (unaudited)							
– Fair value gains on AFS financial assets, net of tax	8	—	—	—	—	—	—
Total comprehensive income/(loss) for the period ended 30 June 2017 (unaudited)		—	—	—	520,107	(8,453)	511,654
Others (unaudited)		—	—	(507)	507	—	—
Transactions with owners							
Dividends relating to 2016 (unaudited)	23	—	—	—	(381,480)	—	(381,480)
Dividends paid to a non-controlling interest of subsidiaries relating to 2016 (unaudited)		—	—	—	—	(101,780)	(101,780)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax (unaudited)	16	—	—	—	—	13,588	13,588
Balance at 30 June 2017 (unaudited)		1,658,610	1,415,593	127,080	5,681,843	644,098	9,527,224

The notes on pages 69 to 96 are an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2017

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2017	2016
Cash flows from operating activities			
Cash generated from operations		767,895	841,728
Interest paid		(39,752)	(48,846)
Income tax paid		(241,295)	(197,297)
Net cash generated from operating activities		486,848	595,585
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(3,809)	(2,347)
Purchase of intangible assets	7	(6)	(916)
Purchase of investment properties	7	(3,852)	—
Purchase of AFS financial assets	8	(100,000)	—
Net decrease in restricted cash	25	10,000	—
Net increase in financial products	9	(70,000)	(95,000)
Proceeds from sales of property, plant, equipment and investment properties		261	160
Interest received		16,111	7,834
Dividends received from AFS financial assets	9(c)	—	43,020
Net cash used in investing activities		(151,295)	(47,249)
Cash flows from financing activities			
Proceeds from bank borrowings		171,350	722,730
Repayments of bank borrowings		(41,849)	(323,302)
Dividends paid to the non-controlling interests		(58,581)	(78,299)
Net cash generated from financing activities		70,920	321,129
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		1,900,812	709,246
Exchange gains on cash and cash equivalents		(72)	115
Cash and cash equivalents at end of the period	25	2,307,213	1,578,826

The notes on pages 69 to 96 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

(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 (the "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. Besides, the Group has commenced to operate pawn business since 2012.

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 Wangjiang Road, Hefei, Anhui, the PRC.

As at 30 June 2017, the Group's toll roads and concession period granted are shown as follows:

Toll road	Length kilometres	Concession periods granted
Hening Expressway	134	From 16 August 1996 to 15 August 2026
National Trunk 205 Tianchang Section	30	From 1 January 1997 to 31 December 2026
Xuanguang Expressway	67	From 1 January 1999 to 31 December 2028
Gaojie Expressway	110	From 1 October 1999 to 30 September 2029
Lianhuo Expressway Anhui Section	54	From 1 January 2003 to 30 June 2032
Xuanguang Expressway Nanhuan Section	17	From 1 September 2003 to 31 December 2028
Ninghuai Expressway Tianchang Section	14	From 18 December 2006 to 17 June 2032
Guangci Expressway	14	From 29 July 2004 to 29 July 2029
Ningxuanhang Expressway Anhui Section	122	Under construction as at 30 June 2017*

* In 2013, the section of Xuancheng to Ningguo of Ningxuanhang Expressway Anhui Section was officially opened to traffic. The length of toll road is 46 kilometres and the temporary granted concession period is 5 years starting from 8 September 2013. In 2015, the section of Ningguo to Qianjiuguan of Ningxuanhang Expressway Anhui Section was officially opened to traffic. The length of toll road is 40 kilometres and the temporary granted concession period is 5 years starting from 19 December 2015. The formal granted concession period for Ningxuanhang Expressway Anhui Section will be determined according to future assessment and relevant provisions. As at 30 June 2017, the remaining road section is still under construction.

The condensed consolidated interim financial information is presented in thousands of Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was reviewed by audit committee of the Company and approved for issue by the Board of Directors on 25 August 2017.

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 2017 has been prepared in accordance with Hong Kong Accounting Standard ("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 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRS effective for the financial year ending 31 December 2017.

(a) *Amendments of HKFRS effective in 2017 adopted by the Group*

The following amendments have been adopted by the Group for the first time for its financial year beginning on 1 January 2017:

- Amendments to HKAS 12 "Income Taxes"
- Amendments to HKAS 7 "Statement of Cash Flows"
- Amendment to HKFRS 12 "Disclosure of interest in other entities"

The adoption of above amendments of HKFRS did not have any any significant impact on the condensed consolidated interim financial information.

3 Accounting policies (Continued)

(b) New standards and amendments of HKFRS issued but are not yet effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group

A number of new standards and amendments of HKFRS are effective for the financial year beginning after 1 January 2017 and have not been applied in preparing these consolidated financial statements. The Group is yet to assess the full impact of these new standards and amendments and intends to adopt them no later than the respective effective dates of these new standards and amendments. These new standards and amendments are set out below:

- HKFRS 15 "Revenue from Contracts with Customers", effective for annual accounting periods beginning on or after 1 January 2018
- HKFRS 9 "Financial Instruments", effective for annual accounting periods beginning on or after 1 January 2018
- Amendments to HKFRS 4 on applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts", effective for annual periods beginning on or after 1 January 2018
- Amendment to HKFRS 1 "First Time Adoption of HKFRS", effective for annual periods beginning on or after 1 January 2018
- Amendment to HKAS 28 "Investments in Associates and Joint Ventures", effective for annual accounting periods beginning on or after 1 January 2018
- HK (IFRIC) 22 "Foreign Currency Transactions and Advance Consideration", effective for annual accounting periods beginning on or after 1 January 2018
- HKFRS 16 "Leases", effective for annual accounting periods beginning on or after 1 January 2019
- Amendments to HKFRS 10 and HKAS 28 regarding sale or contribution of assets between an investor and its associate or joint venture. The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

4 Estimates

The preparation of interim financial information 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 expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, 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 consolidated financial statements for the year ended 31 December 2016.

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk.

The interim condensed consolidated financial information 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 2016.

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

5.2 Liquidity risk

Compared to 31 December 2016, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 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).

The following table presents the Group's financial assets that are measured at fair value at 30 June 2017 and 31 December 2016.

As at 30 June 2017 (unaudited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
AFS financial assets	—	—	335,000	335,000
As at 31 December 2016 (audited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
AFS financial assets	—	—	235,000	235,000

6 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategy steering committee that makes strategic decisions.

The strategic steering committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the strategic steering committee for the purposes of allocating resources and assessing performance.

The Group's operations are mainly organised under the following business segments:

- Toll roads services, including construction, operation, management and development of toll roads; and
- Pawn services, including pawn loan services.

Since the reported revenue, reported profit or loss and assets of the pawn services business were much less than 10% of the relevant combined totals, the Group considered that it is not meaningful to treat the pawn services business as separate reportable operating segment. Meanwhile, there are no other significant businesses other than the toll roads services. Thus, no segment information is presented for the six months ended 30 June 2017.

The Group is domiciled in Anhui Province, the PRC. Its revenue is generated from Anhui Province, the PRC. As at 30 June 2017 and 31 December 2016, all non-current assets of the Group are located in the PRC.

7 Capital Expenditures

	Concession intangible assets	Intangible assets	Property, plant and equipment	Investment properties	Land use rights
Six months ended 30 June 2016					
Opening net book amount as at 1 January 2016 (audited)	9,245,876	2,388	1,046,208	354,011	11,450
Additions	108,146	916	2,347	—	—
Disposals	—	—	(342)	—	—
Depreciation/amortisation (Note 19)	(283,174)	(463)	(60,179)	(6,662)	(478)
Closing net book amount as at 30 June 2016 (unaudited)	<u>9,070,848</u>	<u>2,841</u>	<u>988,034</u>	<u>347,349</u>	<u>10,972</u>
Six months ended 30 June 2017					
Opening net book amount as at 1 January 2017 (audited)	9,236,927	3,548	954,173	338,391	10,493
Additions	257,236	6	3,809	3,852	—
Transfers	—	265	(8,386)	7,121	1,000
Disposals	—	—	(5,174)	—	—
Depreciation/amortisation (Note 19)	(282,828)	(1,021)	(53,282)	(8,935)	(478)
Closing net book amount as at 30 June 2017 (unaudited)	<u>9,211,335</u>	<u>2,798</u>	<u>891,140</u>	<u>340,429</u>	<u>11,015</u>

As at 30 June 2017, the toll roads under the Service Concessions and their respective concession periods granted are disclosed in Note 1.

Borrowing costs of RMB 14,891 thousand have been capitalised in the six months ended 30 June 2017 at an average annual interest rate of 5.552% (same period of 2016: RMB 4,502 thousand; 5.077%).

8 AFS financial assets

	Equity interest in unlisted companies					Total
	AXFG (a)	ATZIF (b)	AXCM (a)	WTMC (c)	ATZFM (b)	
Opening balances (audited)	137,000	—	83,000	15,000	—	235,000
Additions (unaudited)	—	99,625	—	—	375	100,000
Fair value gains on AFS financial assets recognised in other comprehensive income (unaudited)	—	—	—	—	—	—
Closing balances (unaudited)	<u>137,000</u>	<u>99,625</u>	<u>83,000</u>	<u>15,000</u>	<u>375</u>	<u>335,000</u>

(a) As at 30 June 2017, AFS financial assets represented 6.62% equity interests in Anhui Xin'an Financial Group Co., Ltd. ("安徽新安金融集團股份有限公司", "AXFG") with a fair value of RMB 137,000 thousand (31 December 2016: 6.62% and fair value of RMB 137,000 thousand) and 6.62% equity interests in Anhui Xin'an Capital Operation Management Co., Ltd. ("安徽新安資本運營管理股份有限公司", "AXCM") with a fair value of RMB 83,000 thousand (31 December 2016: 6.62% and fair value of RMB 83,000 thousand) respectively.

(b) Anhui Transportation Zhaoshang Fund Management Co., Ltd. ("安徽交控招商基金管理有限公司", "ATZFM") is an equity joint venture established by the Company, Anhui Transportation Capital Investment Management Co., Ltd. ("安徽交控資本投資管理有限公司", "ATCIM") and Zhaoshang Zhiyuan Capital Investment Co., Ltd. ("招商致遠資本投資有限公司", "ZZCI") in March 2017. The total registered capital of ATZFM was RMB 30,000 thousand. ATZFM is principally engaged in management and investment consulting of Anhui Transportation Zhaoshang Industry Investment Fund LP ("安徽交控招商產業投資基金(有限合夥)", "ATZIF"). As at 30 June 2017, the Company has invested in RMB 375 thousand and held 2.50% equity interest in ATZFM. Since the Company has no control or significant influence over ATZFM, the investment was recognised as AFS financial assets.

ATZIF is a limited partnership established by the Company, ATZFM, Anhui Anlian Expressway Co., Ltd. ("安徽安聯高速公路有限公司", "ALEC"), ATCIM and ZZCI in April 2017. The total registered capital of ATZIF was RMB 3,000,000 thousand. ATZIF is principally engaged in fund investments. As at 30 June 2017, the Company has invested in RMB 99,625 thousand. As a limited partner, the Company do not engage in management or decision-making of ATZIF. Since the Company has no control or significant influence over ATZIF, the investment was recognised as AFS financial assets.

(c) AFS financial assets represented 10% equity interests in Hefei Wan Tong Microcredit Co., Ltd. ("合肥市皖通小額貸款有限公司", "WTMC").

9 Trade and other receivables

	30 June 2017 (unaudited)	31 December 2016 (audited)
Financial products	200,000	130,000
Pawn loans to customers (a)	153,577	175,573
Toll roads income receivable (b)	40,602	41,725
Interest receivable	13,148	7,813
Dividends receivable (c)	3,464	—
Others	49,508	19,688
	<u>460,299</u>	<u>374,799</u>
Less: Provision for impairment of pawn loans (a)	(106,187)	(112,732)
Provision for others (d)	(2,032)	(1,994)
	<u>352,080</u>	<u>260,073</u>

(a) Pawn loans to customers

As at 30 June 2017 and 31 December 2016, the analysis of pawn loans to customers is as follows:

	30 June 2017 (unaudited)	31 December 2016 (audited)
Pawn loans to customers		
– Principal	153,577	175,573
– Interest	—	—
	<u>153,577</u>	<u>175,573</u>
Less: Impairment allowances		
– Individually assessed	(86,859)	(93,250)
– Collectively assessed	(19,328)	(19,482)
	<u>(106,187)</u>	<u>(112,732)</u>
Pawn loans to customers, net	<u>47,390</u>	<u>62,841</u>

9 Trade and other receivables (Continued)

(a) Pawn loans to customers (Continued)

Pawn loans to customers are arising from the Group's pawn loans business. The loan periods granted to customers are from one to six months and bore fixed interest rates ranging from 21.60% to 26.40% for the six months ended 30 June 2017 (2016: bore fixed interest rates ranging from 21.60% to 26.40%). The Group ceased interest accrual once pawn loans were over due.

As at 30 June 2017, the Group's pawn loans to certain third party customers with carrying amounts of RMB 1,774 thousand (31 December 2016: RMB 20,143 thousand) were secured by their trade receivables of RMB 14,080 thousand (31 December 2016: RMB 83,230 thousand), which were due from Anhui Transportation Construction Management Co., Ltd ("安徽省交控建設管理有限公司", "ATCMC", formerly named "Anhui Expressway Construction Headquarter") who is subsidiary of Anhui Transportation Holding Group Co., Ltd. ("安徽省交通控股集團有限公司", "ATHC").

Reconciliation of provision account for loss on pawn loans to customers is as follows:

	For the six months ended 30 June	
	2017	2016
Beginning of the period (audited)	(112,732)	(97,119)
Impairment losses reversed/(recognised) (unaudited) (Note 19)	6,545	(2,650)
End of the period (unaudited)	(106,187)	(99,769)

- (b) As at 30 June 2017, toll roads income receivable mainly represented receivable from Anhui Expressway Network Operations Co., Ltd. ("安徽高速公路聯網運營有限公司", "AENO", the toll settlement centre of Anhui Province) of RMB 36,803 thousand (31 December 2016: RMB 39,713 thousand) for uncollected toll roads income.
- (c) Anhui Expressway Advertisement Co., Ltd. ("安徽高速傳媒有限公司", "AEAC") declared a cash dividend of RMB 3,464 thousand to the Company in the six months ended 30 June 2017, which has not been received by the Company.

9 Trade and other receivables (Continued)

- (d) As at 30 June 2017, other receivables of RMB 2,929 thousand (31 December 2016: RMB 3,008 thousand) were impaired. The according provision was amounted to RMB 2,032 thousand (31 December 2016: RMB 1,994 thousand). The individually impaired receivables mainly related to customers of from Hefei Wan Tong Pawn Co., Ltd. (“合肥皖通典当有限公司”, “Wan Tong Pawn”), which were in unexpectedly difficult economic situations. It was assessed that a portion of the receivables was expected to be recovered. The ageing of these receivables is as follows:

	30 June 2017 (unaudited)	31 December 2016 (audited)
Up to 1 year	239	373
1 to 2 years	171	461
2 to 3 years	2,519	2,174
	2,929	3,008

Reconciliation of provision account for loss on other receivables is as follows:

	For the six months ended 30 June	
	2017	2016
Beginning of the period (audited)	(1,994)	(1,617)
Impairment losses recognised (unaudited) (Note 19)	(38)	(117)
End of the period (unaudited)	(2,032)	(1,734)

- (e) As at 30 June 2017 and 31 December 2016, the ageing analysis of the trade and other receivables is as follows:

	30 June 2017 (unaudited)	31 December 2016 (audited)
Up to 1 year	301,406	193,359
1 to 2 years	329	19,818
2 to 3 years	5,129	39,651
Over 3 years	153,435	121,971
	460,299	374,799

As at 30 June 2017 and 31 December 2016, all trade and other receivables balances were denominated in RMB. Except for pawn loans to customers which are analysed in Note (a) and (d), all trade and other receivables balances were fully performing.

As at 30 June 2017 and 31 December 2016, the fair values of the trade and other receivables of the Group, except for the prepayments which are not financial assets, approximated their carrying amounts.

10 Ordinary share capital and share premium

	Number of A shares (thousands)	Number of H shares (thousands)	Ordinary Share capital	Share premium	Total
At 1 January 2016 (audited)	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the period (unaudited)	—	—	—	—	—
At 30 June 2016 (unaudited)	<u>1,165,600</u>	<u>493,010</u>	<u>1,658,610</u>	<u>1,415,593</u>	<u>3,074,203</u>
At 1 January 2017 (audited)	1,165,600	493,010	1,658,610	1,415,593	3,074,203
Changes in the period (unaudited)	—	—	—	—	—
At 30 June 2017 (unaudited)	<u>1,165,600</u>	<u>493,010</u>	<u>1,658,610</u>	<u>1,415,593</u>	<u>3,074,203</u>

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

Share premium is the amount by which the fair value of the consideration received exceeds the nominal value of shares issued, net of transaction cost.

11 Other reserves

	Capital surplus	Statutory surplus reserve fund	Discretionary surplus reserve fund	Enterprise safety fund	Merger reserve	Excess of the consideration over carrying amount of the non-controlling interests acquired	Fair value change of AFS financial assets, net of tax	Total
					(a)	(b)	(Note 8)	
Balance at 1 January 2016								
(audited)	2,243	955,881	658	51,185	(186,362)	(710,116)	4,594	118,083
Usage of enterprise safety fund (unaudited)	—	—	—	(507)	—	—	—	(507)
Changes in fair value of AFS financial assets, net of tax (unaudited)	—	—	—	—	—	—	6,364	6,364
Balance at 30 June 2016	<u>2,243</u>	<u>955,881</u>	<u>658</u>	<u>50,678</u>	<u>(186,362)</u>	<u>(710,116)</u>	<u>10,958</u>	<u>123,940</u>
Balance at 1 January 2017								
(audited)	2,243	955,881	658	50,283	(186,362)	(710,116)	15,000	127,587
Usage of enterprise safety fund (unaudited)	—	—	—	(507)	—	—	—	(507)
Changes in fair value of AFS financial assets, net of tax (unaudited)	—	—	—	—	—	—	—	—
Balance at 30 June 2017	<u>2,243</u>	<u>955,881</u>	<u>658</u>	<u>49,776</u>	<u>(186,362)</u>	<u>(710,116)</u>	<u>15,000</u>	<u>127,080</u>

Upon approval from the Board of Directors, capital surplus, other than those relating to receipts of donated non-cash assets and equity investments held can be used to increase capital. Capital surplus arising from receipts of donated non-cash assets and equity investments can only be used to increase capital after the donated assets or investments have been disposed of.

The Company appropriates discretionary surplus reserve after shareholders' meeting approves the Board of Directors' proposal. The discretionary surplus reserve can be used to make up for the loss or increase capital after approval.

11 Other reserves (Continued)

- (a) The merger reserve as at 30 June 2017 and 31 December 2016 represented the excess of consideration over the Company's share of paid-in capital of Xuancheng Guangci Expressway Co., Ltd. ("宣城市廣祠高速公路有限責任公司", "Guangci") acquired under common control.

	30 June 2017 (unaudited)
The Company's share of paid-in capital of Guangci	28,968
Less: consideration paid to the then equity owner for acquisition of Guangci under common control	(215,330)
Merge reserve	(186,362)

- (b) The reserve of excess of the consideration over carrying amount of the non-controlling interests acquired represented RMB 699,147 thousand arising from acquisition of 49% equity interests of Gaojie Expressway in 2006 and RMB 10,969 thousand arising from acquisition of 4.47% equity interests of Guangci in 2012.

12 Trade and other payables

	30 June 2017 (unaudited)	31 December 2016 (audited)
Dividends payable	424,680	—
Payables on acquisition of concession intangible assets	348,572	499,556
Staff salaries and welfare	74,796	26,664
Deposits for construction projects	55,483	60,736
Toll road fees collected on behalf	22,514	14,345
Other taxation payables	17,844	20,101
Current portion of long-term payables (Note 16)	15,540	31,078
Interest payable	3,932	5,504
Others	28,368	13,398
	991,729	671,382

As at 30 June 2017, trade and other payables of RMB 206,744 thousand were aged over one year (31 December 2016: RMB 232,833 thousand). These payables were mainly for construction projects and will be settled after project is completed.

As at 30 June 2017 and 31 December 2016, all trade and other payables were denominated in RMB.

As at 30 June 2017 and 31 December 2016, the fair values of trade and other payables, except for staff salaries and welfare, approximated their fair values.

13 Borrowings

	30 June 2017		31 December 2016	
	Interest rate per annum (unaudited)	Amount	Interest rate per annum (audited)	Amount
Long-term bank borrowings				
Denominated in RMB				
– guaranteed (a)	4.41%-4.90%	926,314	4.410%-4.900%	893,358
– unsecured (a)	4.41%	172,416	4.41%	174,269
– pledged (b)	1.20%	600,000	1.20%	600,000
Denominated in HKD				
– pledged (c) (RMB equivalents)	2.194%	107,531	2.194%	110,827
Total borrowings		1,806,261		1,778,454
Less: current portion				
Denominated in RMB				
– guaranteed (a)	4.90%	(16,350)	4.410%-4.900%	(14,088)
– unsecured (a)	4.41%	(4,171)	4.41%	(3,706)
Denominated in HKD				
– pledged (c) (RMB equivalents)	2.194%	(107,531)	2.194%	(110,827)
		(128,052)		(128,621)
Non-current borrowings		1,678,209		1,649,833

- (a) The bank borrowings of RMB 261,900 thousand were guaranteed by Xuancheng Communication Investment Co., Ltd. (“宣城市交通投資有限公司”, “XCIC”), a non-controlling interest of subsidiaries; RMB 664,414 thousand were guaranteed by the ATHC and RMB 172,416 thousand were guaranteed by the Company as at 30 June 2017 (31 December 2016: RMB 227,900 thousand were guaranteed by XCIC; RMB 665,458 thousand were guaranteed by the ATHC; and RMB 174,269 thousand were guaranteed by the Company).
- (b) As at 30 June 2017, the bank borrowings of RMB 600,000 thousand was guaranteed by estimated future toll roads cash inflow from the completion of reform and expansion of Hening Expressway (31 December 2016: RMB 600,000 thousand).
- (c) The bank borrowings of HKD 123,898 thousand (equivalent to RMB 107,531 thousand) were pledged by bank deposits of RMB 100,000 thousand as at 30 June 2017 (31 December 2016: HKD 123,898 thousand (equivalent to RMB 110,827 thousand) were pledged by bank deposits of RMB 100,000 thousand) (Note 25).

13 Borrowings (Continued)

As at 30 June 2017 and 31 December 2016, the Group's borrowings are repayable as follows:

	30 June 2017 (unaudited)	31 December 2016 (audited)
Within 1 year	128,052	128,621
Between 1 and 2 years	92,442	32,457
Between 2 and 5 years	668,000	632,017
Over 5 years	917,767	985,359
	<u>1,806,261</u>	<u>1,778,454</u>

The Group has the following un-drawn borrowing facilities at the balance sheet date:

	30 June 2017 (unaudited)	31 December 2016 (audited)
Expiring within one year	<u>5,586,890</u>	<u>6,226,890</u>

14 Provision - maintenance/resurfacing obligation

Balance at 1 January 2017 (audited)	22,069
Addition of provision (unaudited)	76,045
Utilisation of provision (unaudited)	<u>(67,552)</u>
Balance at 30 June 2017 (unaudited)	<u>30,562</u>

15 Deferred income

	30 June 2017 (unaudited)	31 December 2016 (audited)
Government grants	<u>31,845</u>	<u>32,931</u>

Deferred income represents government grants relating to assets and is amortised over 25 years.

16 Long-term payables

The carrying amounts and fair values of long-term payables (including current portion) are as follows:

	Carrying Amounts		Fair values	
	30 June 2017 (unaudited)	31 December 2016 (audited)	30 June 2017 (unaudited)	31 December 2016 (audited)
Long-term payables to ATHC (a)	791,366	670,539	838,455	718,541
Long-term payables to XCIC (b)	299,411	321,376	320,528	343,890
Long-term payables - total	1,090,777	991,915	1,158,983	1,062,431
Less: current portion of long-term payables (Note 12)	(15,540)	(31,078)	(15,706)	(31,412)
	1,075,237	960,837	1,143,277	1,031,019

- (a) Long-term payables to ATHC represents ATHC's share of total investment in Anhui Ningxuanhang Expressway Investment Company Limited ("安徽 宣杭高速公路投資有限公司", "Ningxuanhang") in excess of ATHC's equity contribution in Ningxuanhang. This amount is non-guaranteed. As at 30 June 2017, the balances represented interest-free loans of RMB 658,087 thousand and interest-bearing loans of RMB 521,330 thousand.
- (b) Long-term payables to XCIC represents XCIC's share of total investment in Xuan Guang Expressway Company Limited ("宣廣高速公路有限責任公司", "Xuan Guang") and Ningxuanhang in excess of XCIC's equity contribution in Xuan Guang and Ningxuanhang. This amount is non-guaranteed. As at 30 June 2017, the balances represented interest-free loans of RMB 451,895 thousand.

As at 30 June 2017, the undiscounted amount of long-term payables to XCIC and ATHC was RMB 451,895 thousand and RMB 1,179,417 thousand respectively (31 December 2016: RMB 480,248 thousand and RMB 1,052,667 thousand respectively).

The fair values of long-term payables are based on cash flows discounted using 4.90%, the annual interest rate published by the People's Bank of China for long-term bank loans as at 30 June 2017 (31 December 2016: 4.90%).

17 Other gains - net

	Unaudited	
	For the six months ended 30 June	
	2017	2016
Interest income	21,348	12,821
Dividend income	3,464	24,808
Government grants relating to profits	3,302	—
Amortisation of government grants relating to assets	1,086	1,086
Losses from disposal of property, plant and equipment	(43)	(181)
Others	453	124
	<u>29,610</u>	<u>38,658</u>

18 Revenue

	Unaudited	
	For the six months ended 30 June	
	2017	2016
Toll roads income, rental income and others	1,397,493	1,250,003
Revenue from construction or upgrade work under Service Concessions	252,910	108,146
Interest income from pawn loans to customers	698	—
	<u>1,651,101</u>	<u>1,358,149</u>

19 Expenses by nature

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

	Unaudited	
	For the six months ended 30 June	
	2017	2016
Depreciation and amortisation expenses (Note 7)	346,544	350,956
Costs payable to vendors for construction or upgrade work under the Service Concessions	252,910	108,146
Employee benefit expenses	161,004	127,171
Repair expenses	76,045	30,049
Tax related to revenues (a)	12,182	33,103
Auditor's remuneration		
- Annual audit services	1,050	1,240
Impairment for other receivables (Note 9)	38	117
(Reversal of impairment)/impairment for pawn loans to customers (Note 9)	(6,545)	2,650
Others	54,478	54,852
	897,706	708,284

(a) Taxes related to revenue

Before 1 May 2016, the Group is subject to Business Tax ("BT") at the rate of 3% for toll roads income and of 5% for others respectively.

From 1 May 2016, the above BT was replaced by Value-added Tax ("VAT") thoroughly. The tax rate under simple collection method for toll roads income is 3% or 5%. The tax rate under simple collection method for rental income is 5%. The tax rate for road-damaged compensation and pawn loan interest is 0% and 6%. The tax rate of all other income is 6%.

Revenue from construction or upgrade work under the Service Concessions is not subject to BT or VAT.

In addition to BT, the Group is subject to the following supplemental turnover taxes:

- (i) Urban Construction and Maintenance Tax - levied at 5% or 7% of BT payable or VAT payable.
- (ii) Local Education Surcharge - levied at 3% of BT payable or VAT payable.

20 Finance costs

	Unaudited	
	For the six months ended 30 June	
	2017	2016
Interest expenses on:		
- bank borrowings	26,995	46,704
- amortisation of long-term payables	17,925	18,311
	44,920	65,015

21 Taxation

The amount of taxation charged to the interim condensed consolidated income statement represents:

	Unaudited	
	For the six months ended 30 June	
	2017	2016
Current taxation - CIT (a)	216,670	189,889
Deferred taxation charged/(credited) to the consolidated income statement	13,681	(31,743)
	230,351	158,146

(a) Hong Kong profits tax and the PRC Corporate Income Tax ("CIT")

The Company and its subsidiaries, associated companies determine and pay the PRC 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 (except for Anhui Expressway (H.K.) Limited ("安徽皖通高速公路股份(香港)有限公司", "AEHK")), associated companies is 25%. And the CIT rate applicable to AEHK is 16.5%.

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

Pursuant to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation, where the Company declares dividend in or after 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. Pursuant 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 1 January 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. The Company has fulfilled the obligation of WHT for dividends related to 2016 which was paid to foreign shareholders until 30 June 2017.

22 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.

	Unaudited	
	For the six months ended 30 June	
	2017	2016
Profit attributable to equity holders of the Company	520,107	477,422
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	<u>0.3136</u>	<u>0.2878</u>

23 Dividends

The final dividend in respect of 2016 of RMB 0.23 per share, amounting to a total dividend of RMB 381,480 thousand was approved at the Annual General Meeting in May 2017.

The directors did not recommend the payment of a dividend in respect of the six months ended 30 June 2017 (same period of 2016: nil).

24 Commitments

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

	30 June 2017 (unaudited)	31 December 2016 (audited)
Contracted but not provided for concession intangible assets	<u>2,665,946</u>	<u>2,806,213</u>

25 Cash and cash equivalents and restricted cash

	30 June 2017 (unaudited)	31 December 2016 (audited)
Cash at bank and on hand	2,407,213	2,010,812
Less: restricted cash	<u>(100,000)</u>	<u>(110,000)</u>
Cash and cash equivalents at end of the period	<u>2,307,213</u>	<u>1,900,812</u>

As at 30 June 2017, the restricted cash represented bank deposits with original maturities over three months, including bank deposits of RMB 100,000 thousand (31 December 2016: RMB 100,000 thousand) pledged as collateral for the Group's borrowings of HKD 123,898 thousand (equivalent to RMB 107,531 thousand) (31 December 2016: HKD 123,898 thousand, equivalent to RMB 110,827 thousand) (Note 13(c)).

26 Related party transactions

(a) Name of related party and relationship

The Company's parent company is ATHC, a state-owned enterprise established in Anhui Province, the PRC, and is controlled by the PRC government. It owns a significant portion of the expressway assets in Anhui Province.

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 ATHC 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 ATHC as well as their close family members.

26 Related party transactions (Continued)

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

Name	Relationship with the Group
ATHC	Parent company
XCIC	Non-controlling interest of the Group
AEAC	Associate
WTMC	Subsidiary of ATHC
ALEC	Subsidiary of ATHC
ATCMC	Subsidiary of ATHC
AENO	Subsidiary of ATHC from 1 September 2016
Anhui Yida Toll Road Service Sector Management Co., Ltd. (“安徽省驛達高速公路服務區經營管理有限公司”, “YTMC”)	Subsidiary of ATHC
Anhui Wuyan Expressway Co., Ltd. (“安徽省蕪雁高速公路有限公司”, “AWEC”)	Subsidiary of ATHC
Anhui Expressway Petrochemical Co., Ltd. (“安徽省高速石化有限公司”, “AEPC”)	Subsidiary of ATHC
Anhui Modern Transportation Facilities Co., Ltd. (“安徽省現代交通設施工程有限公司”, “MTFC”)	Subsidiary of ATHC
Anhui Expressway Experiment Research Centre (“安徽省高速公路試驗檢測科研中心”, “AERC”)	Subsidiary of ATHC
Hefei Bangning Property Management Company (“合肥市邦物業管理有限公司”, “BNMC”)	Subsidiary of ATHC
Anhui Expressway Finance Lease Co., Ltd. (“安徽高速融資租賃有限公司”, “AWFC”)	Subsidiary of ATHC
Anhui Transport Consulting & Design Institute Co., Ltd. (“安徽省交通規劃設計研究總院股份有限公司”, “ATCD”)	Subsidiary of ATHC
Anhui Qixing Project Testing Co., Ltd (“安徽省七星工程測試有限公司”, “AQPT”)	Subsidiary of ATHC
Anhui Anqing Expressway and Bridge Co., Ltd (“安徽安慶長江公路大橋有限責任公司”, “AAEBC”)	Subsidiary of ATHC
Anhui Wangqian Expressway Co., Ltd (“安徽望潛高速公路有限公司”, “AWQEC”)	Subsidiary of ATHC
Anhui Yangji Expressway Co., Ltd (“安徽省揚績高速公路有限公司”, “AYEC”)	Subsidiary of ATHC
Anhui Liguang Expressway Co., Ltd (“安徽省溧廣高速公路有限公司”, “ALGEC”)	Subsidiary of ATHC
China Merchants Hua Jian Highway Investment Co., Ltd. (“招商局華建公路投資有限公司”, “HJHI”)	Shareholder of the Company

26 Related party transactions (Continued)

*(b) Related party transactions***(i) Service income from management of toll roads**

	Unaudited	
	For the six months ended 30 June	
	2017	2016
ATHC	43,270	9,417
AYEC	6,783	—
AAEBC	6,674	—
AWQEC	5,149	—
ALGEC	4,693	—
ALEC	—	1,225
AWEC	—	83
	<u>66,569</u>	<u>10,725</u>

(ii) Rental income

	Unaudited	
	For the six months ended 30 June	
	2017	2016
AEPC	12,434	12,930
YTMC	5,351	5,439
ATHC	3,251	1,621
MTFC	461	510
ALEC	283	361
AWFC	212	219
ATCMC	201	1,415
WTMC	106	110
BNMC	14	14
	<u>22,313</u>	<u>22,619</u>

26 Related party transactions (Continued)

(b) Related party transactions (Continued)

(iii) Paid and payable for construction, testing service and property management

	Unaudited	
	For the six months ended 30 June	
	2017	2016
MTFC	3,974	679
BNMC	1,500	1,479
AERC	1,469	1,301
	<u>6,943</u>	<u>3,459</u>

(iv) Toll roads income received on behalf of the Group

	Unaudited	
	For the six months ended 30 June	
	2017	2016
AENO	<u>1,253,001</u>	<u>—</u>

(v) Service fee for the collection of toll roads income

	Unaudited	
	For the six months ended 30 June	
	2017	2016
AENO	<u>9,437</u>	<u>—</u>

26 Related party transactions (Continued)

(b) Related party transactions (Continued)

(vi) Interest expenses for interest bearing long-term payables

	Unaudited	
	For the six months ended 30 June	
	2017	2016
ATHC	11,881	11,304
XCIC	900	—
	<u>12,781</u>	<u>11,304</u>

(vii) Guarantee received

As at 30 June 2017, long-term bank borrowings of RMB 261,900 thousand were guaranteed by XCIC and RMB 664,414 thousand were guaranteed by ATHC (Note 13).

(viii) Key management compensation

Key management includes directors (executive and non-executive) and the Company secretary. The compensation paid or payable to key management for employee services is shown below:

	Unaudited	
	For the six months ended 30 June	
	2017	2016
Salaries and other short-term employee benefits	<u>900</u>	<u>836</u>

26 Related party transactions (Continued)

(c) Related party balances

(i) Trade and other receivables (excluding current portion of loans to subsidiaries)

	30 June 2017 (unaudited)	31 December 2016 (audited)
AENO	36,803	39,713
AEPC	13,022	—
ATHC	5,265	—
ALGEC	4,975	—
YTMC	4,911	—
AYEC	3,595	—
AWQEC	2,729	—
	<u>71,300</u>	<u>39,713</u>

(ii) Dividends receivable

	30 June 2017 (unaudited)	31 December 2016 (audited)
AEAC	<u>3,464</u>	<u>—</u>

(iii) Trade payables

	30 June 2017 (unaudited)	31 December 2016 (audited)
MTFC	9,182	15,290
AERC	1,730	1,789
AEPC	960	960
ATCD	21	21
AEAC	10	10
BNMC	4	4
AQPT	—	580
	<u>11,907</u>	<u>18,654</u>

26 Related party transactions (Continued)

(c) Related party balances (Continued)

(iv) Other payables

	30 June 2017 (unaudited)	31 December 2016 (audited)
AENO	22,514	14,615
YTMC	3,911	4,811
ATHC	870	741
MTFC	547	452
ATCD	192	—
WTMC	100	100
AERC	55	—
AEPC	6	6
AEAC	2	2
	<u>28,197</u>	<u>20,727</u>

(v) Dividends payable

	30 June 2017 (unaudited)	31 December 2016 (audited)
ATHC	120,668	—
HJHI	92,964	—
XCIC	43,199	—
	<u>256,831</u>	<u>—</u>

26 Related party transactions (Continued)

(c) Related party balances (Continued)

(vi) Long-term payables (including current portion) (Note 16)

	30 June 2017	31 December 2016
	(unaudited)	(audited)
ATHC	791,366	670,539
XCIC	299,411	321,376
	1,090,777	991,915

As at 30 June 2017 and 31 December 2016, amounts due from and due to the related parties as afore mentioned, except for long term payables as disclosed in Note 16, mainly arose from the above transactions and payments made by the Group and related parties on behalf of each other. These amounts are unsecured, interest-free and repayable within 1 year.



Anhui Expressway Company Limited