安徽皖通高速公路股份有限公司
ANHUI EXPRESSWAY COMPANY LIMITED

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

(Stock code 995)

2008 Interim Results Announcement

The Board of Directors of Anhui Expresways Company Limited (the "Company") is pleased to announce the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 ("the reporting period"). The unaudited accounts as set out in the interim results were reviewed by the Audit Committee of the Company.

Set out below are the unaudited condensed consolidated accounts prepared in accordance with the Hong Kong Accounting Standards of the Group for the first six months of 2008, together with comparative figures for the corresponding period in 2007:

Condensed Consolidated Profit and Loss Account
For the six months ended 30 June 2008
(All amounts in Renminbi thousands unless otherwise Stated)

		For the six months ended 30 June	
	Note	**2008**	**2007**
		(unaudited)	*(restated)* *(unaudited)*
Revenues		1,332,019	1,081,867
Cost of sales		(732,814)	(471,491)
Gross profit		599,205	610,376
Other gains -net		3,209	2,252
Administrative expenses		(57,387)	(50,038)
Operating profit		545,027	562,590
Finance costs		(32,828)	(35,625)
Share of profit of associates		486	104
Profit before income tax		512,685	527,069
Income tax expense	3	(137,861)	(225,877)
Profit for the period		374,824	301,192

	Note	For the six months ended 30 June 2008 (unaudited)	2007 (restated) (unaudited)
Attributable to:			
Equity holders of the Company		347,501	273,614
Minority interest		27,323	27,578
		374,824	301,192
Basic earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RMB per share)	4	0.2095	0.1650
Dividends		—	—

Condensed Consolidated Balance Sheet
As at 30 June 2008
(All amounts in Renminbi thousands unless otherwise stated)

	As at 30 June 2008 *(unaudited)*	As at 31 December 2007 *(audited)*
ASSETS		
Non-current assets		
Property, plant and equipment	2,034,290	1,506,710
Investment property	22,356	22,841
Land use rights	562,672	574,381
Intangible assets	5,737,139	5,812,754
Interest in associates	3,905	7,409
Available-for-sale financial assets	18,000	18,000
	8,378,362	7,942,095
Current assets		
Inventories	3,158	2,983
Trade and other receivables	22,967	15,391
Cash and cash equivalents	492,027	407,178
	518,152	425,552
Total assets	8,896,514	8,367,647
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Ordinary share capital	1,658,610	1,658,610
Share premium	1,415,593	1,415,593
Other reserves	1,754	3,385
Retained earnings		
-Proposed final dividend	—	331,722
-Others	2,358,530	2,009,398
	5,434,487	5,418,708
Minority interest	257,957	218,634
Total equity	5,692,444	5,637,342

	As at 30 June 2008 *(unaudited)*	As at 31 December 2007 *(audited)*
LIABILITIES		
Non-current liabilities		
Long-term payable	242,211	235,070
Deferred income tax liabilities	290,875	274,307
Deferred income	47,000	48,000
	580,086	557,377
Current liabilities		
Trade and other payables	602,139	574,867
Current income tax liabilities	86,845	208,061
Borrowings	1,935,000	1,390,000
	2,623,984	2,172,928
Total liabilities	3,204,070	2,730,305
Total equity and liabilities	8,896,514	8,367,647
Net current liabilities	(2,105,832)	(1,747,376)
Total assets less current liabilities	6,272,530	6,194,719

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2008
(All amount in Renminbi thousands unless otherwise stated)

	Attributable to equity holders of the Company				Minority Interest	Total
	Ordinary share capital	Share premium	Other reserves	Retained earnings		
Balance at 1 January 2007 (audited)	1,658,610	1,447,459	(41,689)	2,331,971	65,110	5,461,461
Profit for the half-year (unaudited)	—	—	—	273,614	27,578	301,192
Utilization of Enterprise Safety Fund (unaudited)	—	—	(713)	713	—	—
Total recognized income for the period ended 30 June 2007 (unaudited)	—	—	(713)	274,327	27,578	301,192
Dividends relating to 2006 (unaudited)	—	—	—	(414,653)	—	(414,653)
Balance at 30 June 2007 (unaudited)	1,658,610	1,447,459	(42,402)	2,191,645	92,688	5,348,000
Balance at 1 January 2008 (audited)	1,658,610	1,415,593	3,385	2,341,120	218,634	5,637,342
Profit for the half-year (unaudited)	—	—	—	347,501	27,323	374,824
Utilization of Enterprise Safety Fund (unaudited)	—	—	(1,631)	1,631	—	—
Total recognized income for the period ended 30 June 2008 (unaudited)	—	—	(1,631)	349,132	27,323	374,824
Capital contribution by minority shareholder (unaudited)	—	—	—	—	12,000	12,000
Dividends relating to 2007 (unaudited)	—	—	—	(331,722)	—	(331,722)
Balance at 30 June 2008 (unaudited)	1,658,610	1,415,593	1,754	2,358,530	257,957	5,692,444

Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2008
(All amount in Renminbi thousands unless otherwise stated)

	For the six months ended 30 June	
	2008	**2007**
	(unaudited)	*(unaudited)*
Cash flows from operating activities		
Cash generated from operations	640,673	682,040
Interest paid	(49,603)	(26,971)
Income tax paid	(242,509)	(164,205)
Net cash generated from operating activities	348,561	490,864
Cash flows from investing activities		
Purchase of property, plant and equipment	(492,454)	(257,353)
Repaid lease for land use rights	—	(5,800)
Proceeds from disposal of property, plant and equipment	287	—
Interest received	2,277	1,242
Dividends received	900	900
Net cash used in investing activities	(488,990)	(261,011)
Cash flows from financing activities		
Proceeds from borrowings	1,895,000	1,276,000
Repayments of borrowings	(1,350,000)	(1,261,000)
Cash received from capital contributions by minority shareholder	12,000	—
Dividends paid to the Company's shareholders	(331,722)	(197,536)
Net cash generated from/(used in) financing activities	225,278	(182,536)
Net increase in cash and cash equivalents	84,849	47,317
Cash and cash equivalents at beginning of the period	407,178	400,453
Cash and cash equivalents at end of the period	492,027	447,770

Notes to the condensed consolidated financial information

1. **Basis of preparation**

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with HKFRSs.

2. **Accounting policies**

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

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

(a) ***Effect of applying new HK(IFRIC)***

In 2008, the Group applied HK (IFRIC) - Int 12, 'Service concession arrangements', which is relevant to its operations. The comparatives have been adjusted as required, in accordance with relevant requirements.

HK(IFRIC) - Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. The adoption of HK (IFRIC) - Int 12 resulted in a change in accounting for the Group's toll roads. Before adoption of HK(IFRIC) - Int 12, the Group's toll roads were recorded as property, plant and equipment. In accordance with HK(IFRIC) — Int 12, the Group's toll roads shall be recognized as intangible assets-service concession arrangement to the extent that the Group receives a right (a license) to charge users of the public service. And as a toll roads operator, the Group accounts for revenue and costs relating to toll roads construction or upgrade services with HKAS 11 Construction Contracts and accounts for revenue and costs relation to toll roads operation services in accordance with HKAS 18 Revenue.

The adoption of HK(IFRIC) - Int 12 resulted in:

	30 June 2008 *(unaudited)*	**31 December 2007** *(unaudited)*
Increase in intangible assets	5,734,735	5,809,269
Decrease in property, plant and equipment	(5,734,735)	(5,809,269)

	For the six months ended 30 June 2008 (unaudited)	30 June 2007 (unaudited)
Increase in revenues for construction/upgrade services	512,992	276,296
Increase in cost of sales for construction/upgrade services	512,992	276,296

Other than accounts disclosed above, the adoption of HK(IFRIC) — Int 12 does not have significant impact to the condensed consolidated interim financial information for the six months ended 30 June 2008.

(b) The following new standards, amendements to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group:

- HK(IFRIC) 11, HKFRS 2 — 'Group and treasury share transactions'; and

- HK(IFRIC) 14, 'HKAS 19 — the limit on a defined benefit asset, minimum funding requirements and their interaction'.

(c) The following new standards, amendements to standards or interpretations have been issued but are not effective for the financial year beginning 1 January 2008 but have not been early adopted:

- IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. This interpretation is not currently relevant to the Group's operations because none of the Group's companies operate any loyalty programs;

- HKFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. HKFRS 8 is not currently relevant to the Group because apart from operating and managing toll roads, the Group does not conduct other businesses which have significant impact on the Group's results; its revenues are primarily generated in the Anhui Province, PRC and its assets are mainly located in Anhui Province, PRC.;

- HKAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. As the Group is already capitalizing borrowing costs to qualifying assets, if any, this amendment would not have significant impact to the Group's accounts;

- HKFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. This amendment is not currently relevant to the Group's operation;

- HKAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard;

- HKAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to HKAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Group as the Group does not have any puttable instruments; and

- HKFRS 3 (amendment), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group. The Group does not have any joint ventures.

3. **Income tax expense**

(a) ***Hong Kong profits tax***

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

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

Effective from 1 January 2008, the Company and its subsidiaries, associated companies shall determine and pay the CIT in accordance with the new CIT Law as approved by the National People's Congress on 16 March 2007. Under the new CIT Law, the CIT rate applicable to the Company and its subsidiaries, associated companies has changed from 33% to 25% from 1 January 2008 onwards.

	For the six months ended	
	30 June 2008	**30 June 2007**
	(unaudited)	*(unaudited)*
Current income tax	121,293	160,988
Deferred income tax	16,568	64,889
	137,861	225,877

4. **Earnings per share**

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

	For the six months ended	
	30 June 2008	**30 June 2007**
	(unaudited)	*(unaudited)*
Profit attributable to equity holders of the Company	347,501	273,614
Weighted average number of ordinary shares in issue (thousands)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.2095	0.1650

5. **Commitments**

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

	30 June 2008	**31 December 2007**
	(unaudited)	*(audited)*
Capital expenditures		
- Approved but not contracted for	301,384	189,162
- Contracted but not provided for	1,326,876	981,784

I. Interim Results and Dividends

During the reporting period, in accordance with the PRC Accounting Standards, the Group achieved a revenue of RMB845,565 thousands (Corresponding period in 2007: RMB832,777 thousands) , representing an increase of 1.54% compared with that of the corresponding period of last year. The total profit was RMB479,344 thousands (Corresponding period in 2007: RMB491,287 thousands) , representing a decrease of 2.43% compared with that of the corresponding period of last year. Unaudited net profit attributable to shareholders of the parent company reached RMB334,097 thousands (Corresponding period in 2007: RMB317,177 thousands), representing an increase of 5.33% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2014 (Corresponding period in 2007: RMB0.1912), representing an increase of 5.33% compared with that of the corresponding period of last year. The increase of net profit was mainly due to the adjustment of income taxation rate of 33% to 25% after implementing the new enterprise income tax law.

In accordance with the Hong Kong Accounting Standards, the Group achieved a turnover of RMB1,332,019 thousands representing an increase of 23.12% compared with that of the corresponding period of last year. Profit before taxation was RMB512,685 thousands, representing a decrease of 2.73% compared with that of the corresponding period of last year. Unaudited profit attributable to equity holders of the Company was RMB347,501 thousands, representing an increase of 27.00% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2095, representing an increase of 26.97% compared with that of the corresponding period of last year. The substantial increase of the Group's turnover was mainly because that , according to HK(IFRIC) — Int 12 and HKAS 18 implemented from 1 January 2008, as a toll roads operator, the Group accounts for turnver relating to toll roads construction or upgrade services. The increase of profit attributable to equity holders of the Company was mainly due to the adjustment of income taxation rate of 33% to 25% after implementing the new enterprise income tax law.

The Board of Directors of the Company recommends that the Company will neither pay the dividends for six months as at 30 June 2008 nor transfer the capital surplus to share capital.

II. Report of the Board of Directors

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

1 *Toll Expressways*

The Company is principally engaged in holding, operating and developing the toll expressways and highways in and outside of Anhui Province. During the reporting period, the Company is principally engaged in operating and managing Hening Expressway (134 km), Gaojie Expressway (110 km), Xuanguang Expressway (84 km), Lianhuo Expressway Anhui Section (54 km), Ninghuai Expressway Tianchang Section (14 km) and New Tianchang Section of National Trunk 205 (30 km) with a total mileage of 426km.

Name of roads	Length (km)	Number of lanes	Number of toll stations	Number of service areas	Terms of operation
Hening Expressway	134	4	8	3	Commencing from 16 August 1996 to 15 August 2026
New Tianchang Section of National Trunk 205	30	4	1	—	Commencing from 1 January 1997 to 31 December 2026
Gaojie Expressway	110	4	3	4	Commencing from 1 October 1999 to 30 September 2029
Xuanguang Expressway	84	4	4	1	Commencing from 1 January 1999 to 31 December 2028 (South Ring Road: Commencing from 1 September 2003 to 31 December 2028)
Lianhuo Expressway Anhui Section	54	4	5	1	Commencing from 1 January 2003 to 30 June 2032
Ninghuai Expressway Tianchang Section	14	6	1	1	Tentatively fixed at three years Commencing from 18 December 2006, The formal toll collection period will be determined by the future evaluation.

Operations of Each Road

Name of roads	Share of interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		First half of 2008	First half of 2007	Change (%)	First half of 2008	First half of 2007	Change (%)
Hening Expressway	100%	13,828	15,113	-8.50	293,901	317,890	-7.55
New Tianchang Section of National Trunk 205	100%	6,537	8,343	-21.64	24,231	34,620	-30.01
Gaojie Expressway	100%	9,721	9,591	1.35	220,695	217,821	1.32
Xuanguang Expressway	55.47%	10,608	10,358	2.41	146,278	142,473	2.67
Lianhuo Expressway Anhui Section	100%	7,410	7,358	0.70	98,777	91,661	7.76
Ninghuai Expressway Tianchang Section	100%	10,451	8,450	23.68	19,656	16,046	22.50

Name of roads	Share of interests	Proportion of passenger vehicles to goods vehicles		Toll income per vehicle (RMB)		
		First half of 2008	First half of 2007	First half of 2008	First half of 2007	Change (%)
Hening Expressway	100%	59:41	60:40	117	116	0.86
New Tianchang Section of National Trunk 205	100%	44:56	41:59	20	23	-13.04
Gaojie Expressway	100%	38:62	39:61	125	126	-0.79
Xuanguang Expressway	55.47%	51:49	49:51	76	76	—
Lianhuo Expressway Anhui Section	100%	35:65	33:67	73	69	5.79
Ninghuai Expressway Tianchang Section	100%	72:28	76:24	10	10	—

Note: Ninghuai Expressway Tianchang Section was opened to traffic on 18 December 2006.

At the beginning of 2008, due to the impact of snow disaster, traffic volumes of each road of the Company had a substantially decrese and the toll income decreased by 16.34% compared with that of the corresponding period of last year. Resulted from the above reason, toll income decreased by 2.07% compared with that of the corresponding period of last year.

During the reporting period, Ninghuai Expressway Tianchang Section's open to traffic diverted the traffic volumes of New Tianchang Section of National Trunk 205, the traffic volumes of which had a substantial decrease compared with that of the corresponding period of last year. With the calculation combining the above two highways, the converted average daily traffic volumes for entire journey for the first half of 2008 was 16,988, representing an increase of 1.16% compared with that of the corresponding period of last year, the toll income was RMB43,887 thousands, representing a decrease of 13.38% compared with that of the corresponding period of last year. The reason for the decrease of toll income was , on one hand, the impact from snow disaster, and on other hand, that the mileage of Ninghuai Expressway was 14 km, which was far shorter compared with New Tianchang Section of National Trunk 205' mileage of 30 km.

Due to the constant denseness of highway networks in the north of Anhui Province and widening of four-lane to eight-lane of Hening Expressway, traffic volumes of Hening Expressway decreased to some extent.

Also, due to the constant denseness of highway networks in the north of Anhui Province, traffic volumes of Lianhuo Expressway Anhui Section increased very slowly.

Reconstruction of Xuanguang Expressway South Ring Road has been finished by the end of 2007 and the traffic volumes are picking up.

2. Operating results of subsidiaries of the Company (In accordance with the PRC Accounting Standards):

Unit: RMB'000

	Revenue	Operating costs	Operating profit	Net profit
Xuanguang Expressway Company Limited	147,491	39,498	74,558	55,924

3. Investment

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

The widening of four-lane to eight-lane of Hening Expressway with the section of Dashushan to inter-connected interchange of Longxi commenced in August 2006. The widening works is to be completed within 3 years with a total length of 42.64 km. A plan of "Principally merging on both sides and partial segregation" is adopted for the widening works. During the widening works in process, Hening Expressway will be operated as usual. The total investment of the widening works is expected to be approximately RMB1.964 billion.

During the reporting period, RMB397 million was invested in the widening works, as at the end of the reporting period, the accumulated investment was RMB1,190 million.

(2) Reconstruction of Gaojie Expressway

The reconstruction of Gaojie Expressway was commenced at the end of 2007 with the budgetary estimate of RMB970 million within two years. During the reconstruction, Gaojie Expressway will keep running as usual.

During the reporting period, RMB116 million million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB116 million.

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

The construction of Wantong Expressway Hi-tech Industrial Park was commenced at the beginning of 2007 with the budgetary estimate of approximately RMB137 million and will be finished at the end of 2009.

During the reporting period, RMB11 million was invested in the construction of Wantong Expressway Hi-tech Industrial Park and the accumulated investment was RMB65 million.

(4) Investment to establish Ningxuanhang Company

A resolusion was passed at the Board meeting held in march 2008 that the the Company partnered with Xuancheng City Transportation Construction Investment Company Limited to set up Ningxuanhang Company for joint investment in the construction of Nanjing-Xuancheng-Hangzhou Expressway Anhui Section. The registered capital of Ningxuanhang Company was RMB100 million, the Company invested RMB70 million to hold 70% shares.

During the reporting period, the Company has paid the initial investment of RMB28,000 thousands. The second investment of RMB42,000 thousands was paid in July 2008.

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

Key financial index	**January-June 2008** *(RMB'000)*	**January-June 2007** *(RMB'000)*	**Change** *(%)*
Revenue	845,565	832,777	1.54
Operating costs	253,163	230,975	9.61
Administrative expenses	56,743	49,369	14.94
Finance costs	31,196	35,054	-11.01
Operating profit	479,312	491,177	-2.42
Net profit attributable to shareholders of parent company	334,097	317,177	5.33

Revenue

During the reporting period, the Group achieved a revenue of RMB845,565 thousands, representing an increase of 1.54% compared with that of the corresponding period of last year. Among which, Hening Expressway, New Tianchang Section of National Trunk 205, Ninghuai Expressway Tianchang Section, Gaojie Expressway, Xuanguang Expressway and Lianhuo Expressway Anhui Section and represented an increase of -1.17%, -32.82%, 29.90%, 4.62%, 2.95% and 9.86% compared with that of the corresponding period of last year respectively.

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

	January-June 2008 (RMB'000)			**January-June 2007 (RMB'000)**		
Name of the roads	**Toll income (RMB'000)**	**Other business income (RMB'000)**	**As a percentage of the total income (%)**	**Toll income (RMB'000)**	**Other business income (RMB'000)**	**As a percentage of the total income (%)**
Hening Expressway	293,901	24,458	37.65	317,890	4,233	38.68
New Tianchang Section of National Trunk 205	24,231	220	2.89	34,620	1,775	4.37
Gaojie Expressway	220,695	11,276	27.43	217,821	3,902	26.63
Xuanguang Expressway	146,278	1,214	17.44	142,473	789	17.20
Lianhuo Expressway Anhui Section	98,777	3,507	12.10	91,661	1,441	11.18
Ninghuai Expressway Tianchang Section	19,656	1,352	2.49	16,046	126	1.94
Total	803,538	42,027	100	820,511	12,266	100

Operating costs

During the reporting period, the operating costs related to toll roads of the Group was RMB253,163 thousands, representing an increase of 9.61%, which was mainly due to the increase of operating costs of other roads.

Percentage of specific operating costs (%)

Project of Costs	Depreciation andamortization	Road maintenance expenses	Other costs	Total
First half of 2008	68.27	16.77	14.96	100.00
First half of 2007	74.91	18.03	7.06	100.00

Administrative expenses

During the reporting period, the Group's administrative expenses were RMB56,743 thousands, representing an increase of 14.94% compared with that of the corresponding period of last year, which was mainly due to the increase of labor costs.

Finance costs

During the reporting period, the Group's finance costs were RMB31,196 thousands, representing a decrease of 11.01% compared with that of the corresponding period of last year, which was mainly because that as stated in the 2007 Annual Report, pursuant to a resolution at the 9th meeting of second Board of Directors of Xuanguang Company, the settlement period for the long-term payables to Xuancheng Highway Management was substantially changed. The difference between carrying amount of the original and new financial liability resulted in a decrease of amortization of long-term payables as compared with prior year, so the finance during the reporting period decreased as compared with prior year.

Operating profit

Owing to the above composite factors, the operating profit of the Group during the reporting period decreased by 2.42% to RMB479,312 thousands. The gross profit margin of the Group during the reporting period was 70.06% (Corresponding period of 2007: 72.26%).

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

Unit: RMB'000

Name of roads	**Revenue**	**Operating costs**	**Gross profit margin (%)**	**Change in revenues (%)**	**Change in costs (%)**	**Change in gross profit margin (%)**
Hening Expressway	318,359	88,769	72.12	-1.17	29.31	-8.35
New Tianchang Section of National Trunk 205	24,451	11,905	51.31	-32.82	8.21	-26.46
Gaojie Expressway	231,972	56,784	75.52	4.62	-4.84	3.33
Xuanguang Expressway	147,491	39,498	73.22	2.95	9.16	-2.04
Lianhuo Expressway Anhui Section	102,284	44,546	56.45	9.86	1.89	6.42
Ninghuai Expressway Tianchang Section	21,008	11,661	44.49	29.90	-0.76	62.74
Total	845,565	253,163	70.06	1.54	9.61	-3.05

Net profit

During the reporting period, the total profit of the Group was RMB479,344 thousands, net profit attributable to shareholders of the parent company was RMB334,097 thousands, representing an increase of -2.42% and 5.33% respectively compared with that of the corresponding period of last year. During the reporting period, the basic earnings per was RMB0.2014. The main reason for the increase in net profit was that the income taxation rate was adjusted from 33% to 25% after implementing the new enterprise income tax law in 2008, the income tax expenses represented a decrease of 19.59% compared with that of the corresponding period of last year.

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

Total assets

As at the end of the reporting period, the total assets of the Group was RMB7,880,919 thousands, representing an increase of 6.67% compared with that at the end of last year, which was mainly due to the increase of investment in widening of four-lane to eight-lane of Hening Expressway, reconstruction of Gaojie Expressway and the construction of Wantong Expressway Hi-tech Industrial Park.

Current liabilities

As at 30 June 2008, the Group's current liabilities was RMB2,623,984 thousands (As at 31 December 2007: RMB2,172,928 thousands), of which RMB1,935,000 thousands was short term borrowings, RMB454,530 thousands was accounts payables, RMB3,496 thousands was interests payables, RMB43,179 thousands was staff wages payables, RMB99,242 thousands was tax payables, RMB88,537 thousands was other payables, (including RMB29,832 thousands of toll income collected on behalf of the inter-network settlement center, RMB38,505 thousands of deposit from engineering projects, RMB7,220 thousands was provision on road maintenance and central control maintenance expenses and other payables was RMB12,980 thousands). Pursuant to the current working capital conditions, the facilities not yet utilized and future funding arrangements, the Group expects that it will have sufficient funds to repay the amounts due to as mentioned above.

Long-term liabilities

As at 30 June 2008, the Group's long term liabilities was RMB373,709 thousands (As at 31 December 2007: RMB370,955 thousands), which was mainly the balances of RMB242,211 thousands accrued from the total payables of the investment in Xuanguang Company by Xuancheng Highway Management Company Limited and the registered capital, the remaining of RMB33,072 thousands of the Group's provision for enterprise safety fund, deferred taxation liabilities of RMB51,426 thousands and government subsidies of RMB47,000 thousands confirmed as revenue of Ninghuai Expressway Tianchang Section.

Shareholders' equities (including minority interests)

As at 30 June 2008, the Group's shareholders' equities was RMB4,883,226 thousands representing an increase of RMB39,207 thousands from that at the beginning of the year, which was mainly due to the investment of RMB12,000 thousands of minority interests of Ningxuanhang Company during the reporting period and increase of RMB27,207 thousands of the Group's operation accumulation.

Cash flows of the Group

As at 30 June 2008, the Group's cash and cash equivalent were RMB492,027 thousands, representing a net increase of RMB44,257 thousands compared with that of the corresponding period last year.

During the reporting period, the Group's net operating cash inflow was RMB398,164 thousands, representing a decrease of RMB119,671 thousands compared with that of the corresponding period last year, which was mainly dbecause that during the reporting period, the Group's tax expenses increased RMB67,373 thousands compared with that of the corresponding period last year, staff wages increased RMB37,709 thousands compared with that of the corresponding period last year and other operating costs increased RMB29,370 thousands compared with that of the corresponding period last year.

During the reporting period, the Group's net cash outflow used in investment was RMB488,990 thousands, which was mainly used in Widening of Hening Expressway, reconstruction of Gaojie Expressway and building of Wantong new and hi-tech industrial park.

During the reporting period, the Group's net cash inflow from financing activities was RMB175,675 thousands, which was mainly due to the increase of bank loans compared with that of the corresponding period last year.

During the reporting period, the Group's bank loans were RMB1,895,000 thousands in aggregate. As at the end of the reporting period, the balance of bank loans was RMB1,935,000 thousands. Interests rate for the bank loans above were 5.832% to 7.0965% (corresponding period of 2007: 5.265%).

Capital expenditures

During the reporting period, the Group's capital expenditure totaled RMB492,454 thousands, which was mainly composed of the Widening of Hening Expressway, reconstruction of Gaojie Expressway and building of Wantong new and hi-tech industrial park, which was funded by the Group's internal funds and bank loans.

As at the end of the reporting period, outstanding capital commitments of the Group were as follows:

The capital expenditure commitment of the widening of four-lane to eight-lane of Hening Expressway was RMB102,728 thousands authorized by the Board but not contracted for; RMB670,988 thousands contracted for but not necessarily confirmed in the financial statement.

The capital expenditure commitment of the reconstruction of Gaojie Expressway was RMB198,656 thousands authorized by the Board but not contracted for; RMB655,888 thousands contracted for but not necessarily confirmed in the financial statement.

Capital Structure

	As at 30 June 2008		**As at 31 December 2007**	
	Amount (RMB'000)	**Percentage (%)**	**Amount (RMB'000)**	**Percentage (%)**
Current liabilities	2,623,984	33.30	2,172,928	29.41
Long-term liabilities	373,709	4.74	370,955	5.02
Shareholders' equities	4,627,759	58.72	4,625,384	62.61
Minority interests	255,466	3.24	218,634	2.96

The structure of shareholders' equities and liabilities of the Group was reasonable. As at 30 June 2008, the Group held total cash and cash equivalent of RMB492,027 thousands and bank loans of RMB1,935,000 thousands. The gearing ratio was 38.04% (34.43% on 31 December 2007).

IV **Change of Taxation Policies**

According to the PRC Enterprise Income Tax Law implemented from 1 January 2008, during the first half of 2008, the Company and its subsidiaries' enterprise income taxation rate was adjusted to 25% (corresponding period of 2007: 33%). During the reporting period, the Group's income taxation expenses were RMB120,415 thousands, representing a decrease of 19.59% compared with that of the corresponding period last year.

In addion, through the Company's active application, the Department of Finance of Anhui Province has agreed to return 40% (Divided part of provincial finance) of the repaid enterprise income tax approximately RMB150 million subject to an income tax rate of 33% for the year 2006, the amount was about RMB36,700 thousands, which will be regarded as non-operating income for the period when received.

V **Contingent Liabilities**

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

III. **Major Events**

1. Material Litigation and Arbitration

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

2. Material Acquisition and Disposals of Assets and Mergers

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

3. Material Connected Transactions

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

4. Material Contracts and their Implementation

   (1). Material custody, subcontracting and leasing items

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

(2). Material guarantee

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

(3). Financial entrustment

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

(4). Entrusted deposit and overdue fixed deposit

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

5. Commitments of the Company and shareholders with more than 5% equities

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

(2) Particular undertakings made by the shareholders of non-circulating shares of the Company during the Share Segregation Reform and their implementation.

(i) Within twelve months from the day of granting listing status to the Non-circulating Shares of the Company held by them, they would not trade or transfer such shares, and that, within twelve and twenty four months, respectively, subsequent to the aforesaid period, the numbers of the originally Non-circulating Shares subsequently listed for trading on the stock exchange would not exceed five per cent and ten per cent, respectively, of the total number of shares of the Company;

(ii) The Shareholders of Non-circulating Shares have undertaken to pay relevant expenses arising from the Share Segregation Reform proportional to the respective percentages of the Company's Non-circulating Shares held by them immediately prior to the implementation of the Share Segregation Reform;

(iii) Within 3 years from the implementation date of the Share Segregation Reform Proposal, the Shareholders of Non-circulating Shares will sell their shares with the price not less than RMB8.28 (such price to be calculated on an ex-rights basis if dividends distribution, allotment of shares and capitalization of capital reserve are implemented). The proceeds from any sale by Shareholders of Non-circulating Share in breach of such undertaking shall be reverted to the Company's account for the benefit of all shareholders of the Company;

(iv) All Shareholders of Non-circulating Shares undertook that, during three continuous years immediately following the completion of implementation of the Reform Proposal, they should propose at the annual general meeting of the Company that the Company's dividends distributable in cash shall not be less than 60% of the period available for distribution to the shareholders for the corresponding periods and undertook to vote for such resolutions at the annual general meeting;

(v) Shareholders of Non-circulating Shares undertakes that, upon the completion of this Share Segregation Reform, they will make recommendation for formulation of long term incentive scheme, including the share incentive scheme, to the Board of Directors of the Company. Such long-term incentive scheme will be implemented by Board of Directors in accordance with the relevant regulation of the State or upon approval by the general meeting of shareholders;

(vi) In the future, Anhui Expressway Holding Corporation will continue to support the Company to purchase good-quality road assets owned by Anhui Expressway Holding Corporation, and as always, pay attention to protect shareholders' interests.

IV. **Other Major Events**

1. Code on Corporate Governance Practice

   For the six months ended 30 June 2008, Directors of the Company confirmed that the Company has complied with the relevant requirements of the Appendix 14 "Code on Corporate Governance Practice" of the Listing Rules of the Stock Exchange of Hong Kong Limited ("Listing Rules")

2. Audit Committee

   During the reporting period, the Audit Committee convened three meetings, which reviewed the 2007 Annual Results Report and Financial Statement prepared in accordance with the PRC and Hong Kong Accounting Standards, the 2008 First Quarterly Report, as well as the 2008 Interim Results Report and Unaudited Financial Statement prepared in accordance with the PRC and Hong Kong Accounting Standards.

3. Independent Non-executive Director

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

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

   For the six months ended 30 June 2008, the Company has adopted the code provisions on the trading of shares of the Company by relevant directors contained in the "Model Code for Securities Transactions by Directors and Supervisors of Listed Issuers" ("Model Code for Securities Transactions") as set out in the Appendix 10 of the "Listing Rules". After making specific enquiries of all directors and supervisors, the Company confirms that all directors and supervisors fully complied with the "Model Code for Securities Transactions".

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

   During the reporting period, the Company did not repurchase any of its listed shares, not purchased or re-sold any listed shares of the Company.

V. Outlook

Under the setting of global economic difficulty, the Chinese economy's quest for a soft landing and the structural adjustment of industries, the Chinese economy will continue to function on high ground but with a slowdown in growth, which would have a certain effect on the demand of transport and the traffic of vehicles. The trend of urbanization and the growth in vehicle ownership will become the major driving force for future development of the industry, and the Company's regional advantage will enable it to fully benefit from regional economic restructuring and the upgrade of industry structure. Anhui has been duly included in the planning of the Yangtze River Delta area, which has provided an important opportunity for Anhui's economy to achieve leaping development and speedy advancement. At the same time, as the industries in the eastern area and along the coastal area continue to shift, the central area will become an area with the most vitality and promising future.

The continuous growth of the Chinese economy, enormous development potential of the regional economy, favourable development prospect of the industry and the fast vehicle ownership growth within the region all created a favourable external environment for the Group's development. However, the Group is facing problems such as the widening difficulty in project acquisition, the re-allocation of overall vehicle traffic following the capacity expansion of road networks and competition from other transportation modes, etc. From now on, the Company will continue to improve its management standards and extensively enhance its core competitiveness. It will continue to rely on the support of its substantial shareholders and expand the scale of operation of the Company through ongoing uncovering and acquisition of quality expressway projects in order to move forward in its path to success.

By order of the Board
Wang Shui
Chairman

Hefei, The PRC, 18August 2008

Documents Available for Inspection

The original copy of the Interim Report and Interim Financial Report signed by the Chairman;

Place of inspection:

The Office of the Secretary to the Board of Directors
Anhui Expressway Company Limited
520, Wangjiang West Road, Hefei, Anhui Province, The PRC (postal Code: 230088)

As at the date of this Announcement, the board of directors of the Company comprises: Wang Shui, Li Yungui, Tu Xiaobei, Li Junjie, Liu Xianfu, Meng Jie, Leung Man Kit, Li Mei and Guo Shan.

A detailed interim results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be subsequently published on the Stock Exchange's website in due course: http://www.hkex.com.hk