安 徽 皖 通 高 速 公 路 股 份 有 限 公 司

ANHUI EXPRESSWAY COMPANY LIMITED

(Incorporated in the People's Republic of China with limited liability as a joint stock limited company)

(Stock code: 995)

2011 Interim Results Announcement

The Board of Directors of Anhui Expressway 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 2011 ("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 2011, together with comparative figures for the corresponding period in 2010:

Condensed Consolidated Profit and Loss Account

For the six months ended 30 June 2011

(All amounts in Renminbi thousands unless otherwise stated)

	Note	Unaudited Six months ended 30 June 2011	Unaudited 2010
Revenues		1,481,634	1,177,212
Cost of sales		(743,117)	(559,493)
Gross profit		738,517	617,719
Other gains-net		5,764	19,337
Administrative expenses		(42,464)	(36,909)
Operating profit		701,817	600,147
Finance costs		(64,021)	(74,837)
Share of profit of associates		900	857
Profit before income tax		638,696	526,167
Income tax expense	3	(153,845)	(123,909)
Profit for the period		484,851	402,258
Attributable to			
Equity holders of the Company		440,904	365,453
Non-controlling interests		43,947	36,805
		484,851	402,258
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)	4	0.2658	0.2203
Dividends	5	—	—

Condensed Consolidated Profit and Loss Account

For the six months ended 30 June 2011

(All amounts in Renminbi thousands unless otherwise stated)

	Unaudited	Unaudited
	Six months ended 30 June	
	2011	2010
Profit for the period	484,851	402,258
Other comprehensive income	—	—
Other comprehensive income for the period, net of tax	—	—
Total comprehensive income for the period	484,851	402,258
Total comprehensive income attributable to:		
Equity holders of the Company	440,904	365,453
Non-controlling interests	43,947	36,805
	484,851	402,258

Condensed consolidated interim balance sheet

As at 30 June 2011

(All amounts in Renminbi thousands unless otherwise stated)

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

Condensed consolidated interim balance sheet *(continued)*
As at 30 June 2011
(All amounts in Renminbi thousands unless otherwise stated)

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

Condensed consolidated interim statement of changes in equity

For the six months ended 30 June 2011

(All amounts in Renminbi thousands unless otherwise stated)

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

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

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

Condensed consolidated cash flow statement

For the six months ended 30 June 2011

(All amounts in Renminbi thousands unless otherwise stated)

	Note	(Unaudited) 2011	(Unaudited) 2010
		For the six months ended	
Cash flows from operating activities			
Cash generated from operations		618,557	550,295
Interest paid		(9,929)	(14,898)
Income tax paid		(144,377)	(77,908)
Net cash generated from operating activities		464,251	457,489
Cash flows from investing activities			
Purchase of property, plant and equipment		(57,574)	(3,778)
Purchase of intangible assets		(496)	—
Proceeds from sales of property, plant and equipment		526	14,063
Interest received		3,863	4,159
Net cash (used in) / generated from investing activities		(53,681)	14,444
Cash flows from financing activities			
Proceeds from borrowings		91,000	135,000
Repayments of borrowings		(90,000)	(855,000)
Cash generating from a non-controlling interest's contribution to a subsidiary		45,000	13,500
Dividends paid to minority shareholders		(58,983)	(51,411)
Dividends paid to the Company's shareholders		(348,308)	(331,722)
Net cash used in financing activities		(361,291)	(1,089,633)
Net increase / (decrease) in cash and cash equivalents		49,279	(617,700)
Cash and cash equivalents at beginning of the period		756,507	1,042,968
Exchange gains on cash and cash equivalents		63	112
Cash and cash equivalents at end of the period		805,849	425,380

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

Notes to the condensed consolidated financial information

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with HKFRSs.

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 2010, as described in those annual financial statements.

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

(a) The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

  - o The name of the government and the nature of their relationship;
  - o The nature and amount of any individually significant transactions; and
  - o The extent of any collectively-significant transactions qualitatively or quantitatively.

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

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

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

- Amendment to HKAS 32 "Classification of rights issues" is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

- Amendment to HK(IFRIC) - Int-14 “Prepayments of a minimum funding requirement” is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

- HK(IFRIC) - Int 19 ”Extinguishing financial liabilities with equity instruments” is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by both IASB and the HKICPA, except for amendment to HKAS 34 “Interim financial reporting” as disclosed in Note 3(a), all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

(c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- HKFRS 9 “Financial instruments” addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. There will be no impact on the Group’s accounting for financial assets and financial liabilities, as the Group does not have any such assets or liabilities. The derecognition rules have been transferred from HKAS 39 “Financial instruments: Recognition and measurement” and have not been changed. The Group has not yet decided when to adopt HKFRS 9.

- HKAS 12 (Amendment) “Deferred tax: Recovery of underlying assets” introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

- HKFRS 7 (Amendment) “Disclosures – Transfers of financial assets” introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity’s balance sheet. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending). The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted.

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 Corporate Income Tax (“CIT”)

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

	For the six months ended	
	30 June 2011 (unaudited)	**30 June 2010 (unaudited)**
Current income tax	157,350	122,954
Deferred income tax	(3,505)	955
	153,845	123,909

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

According to the <Preferential Policies of Corporate Income Tax> promulgated by Ministry of Finance and State Taxation Administration jointly, The undistributed profits of this company generated before 1 January 2008 and distributed to oversea shareholders after 2008 are exempted from income tax that is withheld and paid by the company. The profits newly increased in 2008 and in years after 2008 shall be imposed the income tax that is withheld and paid by the company. According to new CIT law, the company shall pay and withhold 10% of income tax for shareholders when the company pays dividends of 2008 to oversea shareholders in future years. If provisions of the bilateral agreement signed between Chinese government and specific tax jurisdictions are in conflict with the domestic tax law, the provisions of the agreement shall be abide by. Foe example, the income tax rate for dividends that are distributed to oversea shareholders in Hong Kong Special Administrative Zone shall be 5%.

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

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 2011 (unaudited)	**30 June 2010 (unaudited)**
Profit attributable to equity holders of the Company	440,904	365,453
Weighted average number of ordinary shares in issue (thousands)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.2658	0.2203

5. Dividends

The final dividend in respect of 2010 of RMB 0.21 per share, amounting to a total dividend of RMB 348,308,000 was approved at the Annual General Meeting on 29 April 2011. It has been reflected as an appropriation of retained earnings for the six months ended 30 June 2011.

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

6. Capital commitments

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

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

I. Interim Results and Dividends

During the reporting period, in accordance with the PRC Accounting Standards, the Group achieved a revenue of RMB1,138,886 thousand (Corresponding period in 2010: RMB 1,028,476 thousand), representing an increase of 10.74% compared with that of the corresponding period of last year. The total profit was RMB643, 026 thousand (Corresponding period in 2010: RMB530, 786 thousand), representing an increase of 21.15% compared with that of the corresponding period of last year. Unaudited net profit attributable to equity holders of the Company reached RMB444, 623 thousand (Corresponding period in 2010: RMB368, 566 thousand), representing an increase of 20.64% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2681 (Corresponding period in 2010: RMB0.2222), representing an increase of 20.64% year-on-year.

In accordance with the Hong Kong Accounting Standards, the Group achieved a turnover of RMB1, 481,634 thousand representing an increase of 25.86% compared with that of the corresponding period of last year. Profit before income tax was RMB638, 696 thousand, representing an increase of 21.39% compared with that of the corresponding period of last year. Unaudited profit attributable to equity holders of the Company was RMB440, 904 thousand, representing an increase of 20.65% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2658, representing an increase of 20.65% year-on-year.

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

II. Report of the Board of Directors

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

1. Toll Expressways

Company is principally engaged in holding, operating and developing the toll expressways and highways in and outside of Anhui Province. During the reporting period, the Company is principally engaged in operating and managing Hening Expressway (G40 Hushan Expressway Hening Section), Gaojie Expressway (G50 Huyu Expressway Gaojie Section), Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section), Lianhuo Expressway Anhui Section (G30 Lianhuo Expressway Anhui Section), Ninghuai Expressway Tianchang Section and New Tianchang Section of National Trunk 205 with a total mileage of 426km.

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

Operations of Each Road

Items	Share of interests	Converted average daily traffic volumes for entire journey (vehicle) First half of 2011	First half of 2010	Change (%)	Toll income (RMB'000) First half of 2011	First half of 2010	Change (%)
Hening Expressway	100%	21,958	19,691	11.51%	473,075	401,240	17.90%
New Tianchang Section of National Trunk 205	100%	5,896	6,418	-8.13%	26,107	27,981	-6.70%
Gaojie Expressway	100%	11,538	11,695	-1.34%	265,240	250,730	5.79%
Xuanguang Expressway	55.47%	15,705	14,884	5.52%	218,700	196,659	11.21%
Lianhuo Expressway Anhui Section	100%	8,181	7,550	8.36%	94,425	82,558	14.37%
Ninghuai Expressway Tianchang Section	100%	17,385	15,159	14.68%	34,397	29,763	15.57%

Items	Share of interests	Proportion of passenger vehicles to goods vehicles First half of 2011	First half of 2010	Toll income per vehicle (RMB) First half of 2011	First half of 2010	Change (%)
Hening Expressway	100%	67:33	60:40	119.03	118.66	0.31
New Tianchang Section of National Trunk 205	100%	38:62	37:63	24.46	19.61	24.73
Gaojie Expressway	100%	50:52	44:56	127.01	114.99	10.45
Xuanguang Expressway	55.47%	64:36	57:43	76.93	73.60	4.52
Lianhuo Expressway Anhui Section	100%	56:44	47:53	63.77	70.59	9.66
Ninghuai Expressway Tianchang Section	100%	76:24	78:22	10.93	11.08	-1.35

Principal operations by segment or by product

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

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

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

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

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

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

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

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

2. Project Investment

(i) Investment of fund-raising

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

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

(ii) Investments of non-fund-raising

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

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

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

(2) Reconstruction of Gaojie Expressway

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

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

(3) Reconstruction of National Trunk 205

In order to further enhance service level and link up the built asphalt roads on both ends of Jiangsu at the same time, our company launched the "Black" reconstruction on Tianchang Section of National Trunk 205 in March, 2011. The budgeting according to working drawing was verified at RMB253 million and the work period is 16 months.

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

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

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

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

(5) Construction of Ningxuanhang Expressway Xuancheng-Ningguo Section

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

During the reporting period, RMB219 million was invested in the reconstruction works, as at the end of the reporting period, the accumulated investment was RMB764 million.

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

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

Revenue

During the reporting period, the Group achieved a revenue of RMB1, 138,886 thousand, an increase of 10.74% year-on-year. The increase of revenue was mainly due to the increase of toll income. The change of toll income of each road was due to the change of traffic volumes. For traffic volumes' analysis, see "Business Operation Analysis" supra.

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

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

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

Operating costs

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

Percentage of specific operating costs (%)

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

Administrative expenses

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

Finance costs

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

Return on Investment

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

Non operating expense

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

Income tax

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

Net profit

During the reporting period, the net profit of the Group was RMB488,098 thousand, net profit attributable to shareholders of the parent company was RMB444,623 thousand, representing an increase of 20.63% and 20.64% respectively year-on-year. The basic earnings per share was RMB 0.2681 for the reporting period.

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

Total assets

As at the end of the reporting period, the total assets of the Group was RMB9,614,593 thousand, a 2.16% increase compared with that at the end of last year, which was mainly due to the increased monetary capital caused the group's enhanced profit ability, as well as the increased working quantity of Ningxuanhang Road included in intangible assets.

Current liabilities and short-term debt paying ability

As at 30 June 2010, the Group's current liabilities was RMB830,322 thousand (As at 31 December 2010: RMB812,810 thousand), of which RMB60,000 thousand was short term borrowings, RMB417,399 thousand was accounts payables, RMB50,094 thousand was interests payables, RMB56,541 thousand was staff wages payables, RMB116,537 thousand was tax payables, RMB86,364 thousand was other payables, (including RMB20,758 thousand of toll income collected on behalf of the inter-network settlement center, RMB 47,119 thousand of deposit from engineering projects and other payables was RMB18,487 thousand), other current liabilities was RMB29,820 thousands. Pursuant to the current working capital conditions, the facilities not yet utilized and future funding arrangements, the Group expects that it will have sufficient funds to repay the amounts due to as mentioned above.

Long-term liabilities and debt paying ability

The Group's non-current liabilities were RMB2, 671,894 thousand, including 5-year corporate bonds of RMB1, 974,440 thousand and long-term minority payables of RMB341,829 thousand. The total issuance of corporate bonds was RMB2 billion with terms of 5 years. The corporate bonds were charged by simple interest annually starting from 17 December 2009 ending at 16 December 2014 with fixed annual interests of 5%, and paid interests annually, repay at maturity without redeeming. The long-term minority payables were free of interests and paid in accordance with the contract signed by the Group and minority shareholders. The non-current liabilities of the Group were as follows by paying terms:

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

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

Shareholders' equities

As at 30 June 2011, the Group's shareholders' equities (excluding minority interests) was RMB5,853,948 thousand, representing an increase of RMB88,241 thousand from RMB5,756,707 thousand at the beginning of the year, which was mainly due to the accumulation of the Company's operating profit during the reporting period.

Cash flows of the Group

As at 30 June 2011, the Group's cash and cash equivalent were RMB805, 849 thousand, representing a decrease of RMB49, 342 thousand compared with that of the corresponding period last year.

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

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

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

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

Capital expenditures

During the reporting period, the Group's capital expenditure totaled RMB381 million which was mainly composed of construction of Ningxuanhang Expressway, reconstruction of New Tianchang Section of National Trunk 205, widening of Hening Expressway and building of Wantong Expressway Hi-tech Industrial Park, which was funded by the Group's own funds, proceeds from corporate bonds and bank loans.

As at the end of the reporting period, the capital expenditure commitment was RMB568 million contracted for but not necessarily confirmed in the financial statement (mainly used as investment for the construction of Ningxuanhang Expressway).

Capital Structure

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

In terms of interest rates:

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

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

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, details of connected transactions of the Group please see note 24 of the condensed consolidated statement in the Interim Report 2011 of the Company.

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

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

5. Material Contracts and their Implementation

(1) Material custody, subcontracting and leasing items

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

(2) Implementation of guarantee

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

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

(RMB'000,000,000)

Guarantees provided by the Company to its controlling subsidiaries	
Total amount of guarantees provided for the controlling subsidiaries by the Company during the reporting period	0.51
Total balance of guarantees provided for the controlling subsidiaries as at the end of the reporting period	1.81
Total amount of guarantees provided by the Company (including guarantees provided for the controlling subsidiaries)	
Total guarantee amount	1.81
Total guarantee amount as a percentage of net asset value (%)	3.09

(3). Financial entrustment and entrusted deposit

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

(4) Other material contracts.

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

6. Fulfillment of Commitments

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

Commitments	Contents of commitments	Implementation of their commitments
Commitments of Share Segregation Reform	(1) The Shareholders of Non-circulating Shares have undertaken to pay relevant expenses arising from the Share Segregation Reform proportional to the respective percentages of the Company's Non-circulating Shares held by them immediately prior to the implementation of the Share Segregation Reform; (2) Within 3 years from the implementation date of the Share Segregation Reform Proposal, the Shareholders of Non-circulating Shares undertook to sell their shares, if they need to, with the price not less than RMB8.28 (such price to be calculated on an ex-rights basis if dividends distribution, allotment of shares and capitalization of capital reserve are implemented); The proceeds from any sale by Shareholders of Non-circulating Share in breach of such undertaking shall be reverted to the Company's account for the benefit of all shareholders of the Company;	Implemented their undertakings carefully without breach.

Commitments	Contents of commitments	Implementation of their commitments
	(3) All Shareholders of Non-circulating Shares undertook that, during three continuous years immediately following the completion of implementation of the Reform Proposal, they should propose at the annual general meeting of the Company that the Company's dividends distributable in cash shall not be less than 60% of the period available for distribution to the shareholders for the corresponding periods and undertook to vote for such resolutions at the annual general meeting; (4) In the future, Anhui Expressway Holding Corporation will continue to support the Company to purchase good-quality road assets owned by Anhui Expressway Holding Corporation, as always, pay attention to protect shareholders' interests; (5) Shareholders of Non-circulating Shares undertook that, upon the completion of this Share Segregation Reform, they will make recommendation for formulation of long term incentive scheme, including the share incentive scheme, to the Board of Directors of the Company. Such long-term incentive scheme will be implemented by Board of Directors in accordance with the relevant regulation of the State or upon approval by the general meeting of shareholders.	

(1) Are there any unimplemented results commitments as of the disclosure date of interim report: no

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

IV. Other Major Events

1. Code on Corporate Governance Practice

For the six months ended 30 June 2011, Directors of the Company confirmed that the Company has complied with the relevant requirements of the Appendix 14 "Code on Corporate Governance Practice" of the Listing Rules of the Stock Exchange of Hong Kong Limited ("Listing Rules")

2. Audit Committee

During the reporting period, the Audit Committee convened three meetings, which reviewed the 2010 Annual Results Report and Financial Statement prepared in accordance with the PRC and Hong Kong Accounting Standards, the 2011 First Quarterly Report, as well as the 2011 Interim Results 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 2011, the Company has adopted the code provisions on the trading of shares of the Company by relevant directors contained in the "Model Code for Securities Transactions by Directors and Supervisors of Listed Issuers" ("Model Code for Securities Transactions") as set out in the Appendix 10 of the "Listing Rules". After making specific enquiries of all directors and supervisors, the Company confirms that all directors and supervisors fully complied with the "Model Code for Securities Transactions".

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

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

V. Outlook

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

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

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

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

By order of the Board
Zhou Renqiang
Chairman

Hefei, The PRC, 26August 2011

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: Zhou Renqiang, Tu Xiaobei, Li Junjie, Li Jiezhi, Liu Xianfu, Meng Jie, Hu Bin, Yang Mianzhi and To Cheng Chi.

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