Anhui Expressway Company Limited

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

(Stock Code: 995)

Announcement of Interim Results for the Six Months Ended 30 June 2012

The Board of Directors of Anhui Expressway Company Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012 (the "Reporting Period"). The unaudited consolidated interim results were reviewed by the Audit Committee of the Company.

The unaudited condensed consolidated financial information prepared according to the Hong Kong Accounting Standards ("HKAS") for the six months ended 30 June 2012, together with comparative figures for the corresponding period in 2011, as follows:

Condensed consolidated interim income statement

For the six months ended 30 June 2012

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited	Unaudited
		for the six months ended 30 June 2012	
	Note	**2012**	**2011**
			(Note 1)
Revenues	3	1,359,050	1,538,699
Cost of sales		(665,590)	(772,863)
Gross Profit		693,460	765,836
Other gains-net		2,811	4,760
Administrative expenses		(52,810)	(42,568)
Operating Profit		643,461	728,028
Finance costs- net		(67,819)	(67,530)
Share of profit of associates		967	900
Profit before income tax		576,609	661,398
Income tax expense	3	(143,982)	(159,521)
Profit for the period		432,627	501,877
Attributable to :			
Owners of the Company		391,128	449,587
Non-controlling interests		41,499	52,290
		432,627	501,877
Basic and diluted earnings per share from operations attributible to owners of the Company (expressed in RMB per share)	4	0.2358	0.2711
Dividends	5	—	—

Condensed consolidated interim statement of comprehensive income

For the six months ended 30 June 2012

(All amounts in Renminbi thousands unless otherwise stated)

	Unaudited	Unaudited
	for the six months ended 30 June 2012	
	2012	**2011**
		(Note 1)
Profit for the period	432,627	501,877
Other comprehensive income	—	—
Other comprehensive income for the period, net of tax	—	—
Total comprehensive income for the period	432,627	501,877
Total comprehensive income attributable to:		
Owners of the Company	391,128	449,587
Non-controlling interests	41,499	52,290
	432,627	501,877

Condensed consolidated interim balance sheet

As at 30 June 2012

(All amounts in Renminbi thousands unless otherwise stated)

	Unaudited 30 June 2012	Unaudited 31 December 2011 *(Note 1)*
ASSETS		
Non-current assets		
Concession intangible assets	8,441,306	8,430,757
Land use rights	10,987	11,330
Property, plant and equipment	642,729	811,003
Investment property	349,724	206,873
Intangible assets	2,692	2,367
Investments in an associate	30,252	29,285
Available-for-sale financial assets	400,000	300,000
	9,877,690	9,791,615
Current assets		
Inventories	4,224	3,413
Trade and other receivables	107,787	184,700
Cash and cash equivalents	887,763	603,223
	999,774	791,336
Total assets	10,877,464	10,582,951
EQUITY		
Equity attributable to owners of the Company		
Ordinary share capital	1,658,610	1,658,610
Share premium	1,415,593	1,415,593
Other reserves	118,055	345,042
Retained earnings		
– Proposed final dividend	—	348,308
– Others	3,090,224	2,698,408
	6,282,482	6,465,961
Non-controlling interests	404,106	380,993
Total equity	6,686,588	6,846,954

Condensed consolidated interim balance sheet *(continued)*

As at 30 June 2012

(All amounts in Renminbi thousands unless otherwise stated)

	Unaudited 30 June 2012	Unaudited 31 December 2011 *(Note 1)*
LIABILITIES		
Long-term payables	363,820	379,040
Borrowings	2,444,999	2,398,983
Deferred income tax liabilities	86,522	71,691
Deferred income	42,713	43,799
	2,938,054	2,893,513
Current liabilities		
Trade and other payables	1,133,176	651,522
Current income tax liabilities	32,470	116,896
Provision	6,826	6,826
Borrowings	80,350	67,240
	1,252,822	842,484
Total liabilities	4,190,876	3,735,997
Total equity and liabilities	10,877,464	10,582,951
Net current assets	(253,048)	(51,148)
Total assets less current liabilities	9,624,642	9,740,467

Condensed consolidated interim statement of changes in equity

For the six months ended 30 June 2012

(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 1 January 2011 (unaudited)	1,658,610	1,415,593	264,142	2,614,609	352,337	6,305,291
Comprehensive income						
Profit for the half-year (unaudited)	—	—	—	449,587	52,290	501,877
Other comprehensive income (unaudited)	—	—	—	—	—	—
Total comprehensive income for the period ended 30 June 2011 (unaudited)	—	—	—	449,587	52,290	501,877
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 subsidiaries (unaudited)	—	—	—	—	(77,677)	(77,677)
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	263,416	2,716,614	342,529	6,396,762

Condensed consolidated interim statement of changes in equity *(continued)*

For the six months ended 30 June 2012

(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 1 January 2012 (unaudited)	1,658,610	1,415,593	345,042	3,046,716	380,993	6,846,954
Comprehensive income						
Profit for the half-year (unaudited)	—	—	—	391,128	41,499	432,627
Other comprehensive income (unaudited)	—	—	—	—	—	—
Total comprehensive income for the period ended 30 June 2012 (unaudited)	—	—	—	391,128	41,499	432,627
Profit appropriation (unaudited)	—	—	—	—	—	—
Others (unaudited)	—	—	688)	688	—	—
Transactions with owners						
2011 final dividends (unaudited)	—	—	—	(348,308)	—	(348,308)
2011 dividends to non-controlling interests by subsidiaries (unaudited)	—	—	—	—	(70,475)	(70,475)
Non-controlling interests' contributions to the Group (unaudited)	—	—	—	—	60,000	60,000
Consideration paid to the then equity owners for acquisition of an entity under common control (unaudited)	—	—	(215,330)	—	—	(215,330)
Changes in ownership interests in a subsidiary without change of control (unaudited)		—	(10,969)	—	(7,911)	(18,880)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax (unaudited)	—	—	—	—	—	—
Balance at 30 June 2012 (unaudited)	1,658,610	1,415,593	118,055	3,090,224	404,106	6,686,588

Condensed consolidated cash flow statement

For the six months ended 30 June 2012

(All amounts in Renminbi thousands unless otherwise stated)

	Unaudited	Unaudited
	Six months ended 30 June	
	2012	**2011**
		(Note 2)
Cash flows from operating activities		
Cash generated from operations	593,557	618,102
Interest paid	(6,326)	(7,873)
Interest paid	(213,756)	(148,526)
Net cash generated from operating activities	373,475	461,703
Cash flows from investing activities		
urchase of property, plant and equipment	(25,163)	(57,574)
Purchase of intangible assets	(779)	(496)
Purchase of available-for-sale financial assets	(100,000)	—
Payment for acquisition of an entity under common control	(165,330)	—
Changes in ownership interests in subsidiaries without change of control	(18,880)	—
Proceeds from sales of property, plant and equipment	269	526
Interest received	2,561	3,930
Net cash used in investing activities	(307,322)	(53,614)
Cash flows from financing activities		
Proceeds from borrowings	96,300	91,000
Repayments of borrowings	(40,000)	(135,500)
Cash generating from a non-controlling interest's contribution to subsidiaries	200,000	45,000
Dividends paid to minority shareholders	(37,836)	(58,983)
Dividends paid to the Company's shareholders	—	(348,308)
Net cash generated from/(used in) financing activities	218,464	(406,791)
Net increase in cash and cash equivalents	284,617	1,298
Cash and cash equivalents at beginning of the period	603,223	818,350
Exchange gains on cash and cash equivalents	(77)	63
Cash and cash equivalents at end of the period	887,763	819,711

Notes to the Condensed Consolidated Interim Financial Information
For the six months ended 30 June 2012
(All amounts in Renminbi thousands unless otherwise stated)

1、 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2012 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 2011, which have been prepared in accordance with HKFRSs.

As mentioned in Note 7(a) to the condensed consolidated interim financial information, the comparative figures of this condensed consolidated interim financial information have been restated due to the acquisition of an entity under common control. These restated comparative figures have not been audited.

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 2011, 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 2012.

- HKFRS 7 (Amendment), "Disclosures – Transfers of financial assets"is effective for annual periods beginning on or after 1 July 2011. It will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The change in accounting policy only results in additional disclosures.

(b) Amendments and interpretations to existing standards effective in 2012 but not relevant to the Group.

- HKAS 12 (Amendment), "Deferred tax: Recovery of underlying assets" is effective for annual periods beginning on or after 1 January 2012. It 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. This is not currently applicable to the Group, as it has not made any investment property measured at fair value.

(c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2012 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 2015 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

  There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such 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.

- HKFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 13 "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group intends to adopt HKFRS 13 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 7 (Amendment) "Financial instruments: Disclosures - Offsetting financial assets and financial liabilities" is not applicable until 1 January 2013. It requires new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

- HKAS 32 (Amendment) "Financial instruments: Presentation – Offsetting financial assets and financial liabilities" is not applicable until 1 January 2014 but is available for early adoption. It clarifies the requirements for offsetting financial instruments on the statement of financial position:

  (i) the meaning of 'currently has a legally enforceable right of set-off'; and

  (ii) that some gross settlement systems may be considered equivalents to net settlement.

- HKAS 19 (Amendment) "Employee benefits" eliminates the corridor approach and calculate finance costs on a net funding basis. The Group is yet to assess the amendments to IAS/HKAS 19's impact.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. Income tax expense

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.

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 2012 (unaudited)	**30 June 2011 (unaudited)**
Current income tax	129,331	163,026
Deferred income tax	14,651	(3,505)
	143,982	159,521

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

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

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 2012 (unaudited)	**30 June 2011 (unaudited)**
Profit attributable to equity holders of the Company	391,128	449,587
Weighted average number of ordinary shares in issue (thousands)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.2358	0.2711

5. Dividends

The final dividend in respect of 2011 of RMB 0.21 per share, amounting to a total dividend of RMB 348,308,100 was approved at the Annual General Meeting on 25 May 2012.

The directors did not recommend the payment of a dividend in respect of the six months ended 30 June 2012 (same period of 2011: nil).

6. Capital commitments

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

	30 June 2012 (unaudited)	**31 December 2011 (unaudited)**
Concession intangible assets		
– Approved but not contracted for	—	—
– Contracted but not provided for	221,224	269,352

I. Interim results and dividends

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group achieved a revenue of RMB1,123,156 thousand (Corresponding period in 2011: RMB1,174,518 thousand) , representing a decline of 4.37% compared with that of the corresponding period of last year. The total profit was RMB583,286 thousand (Corresponding period in 2011: RMB665, 729 thousand), representing a decline of 12.38% compared with that of the corresponding period of last year. Unaudited net profit attributable to shareholders of the parent company reached RMB395, 811thousand (Corresponding period in 2011: RMB453, 307thousand), representing a decline of 12.68% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2386 (Corresponding period in 2011: RMB0.2733), representing a decline of 12.68% compared with that of the corresponding period of last year.

In accordance with the Hong Kong Accounting Standards, the Group achieved a turnover of RMB1,359,050 thousand representing a decline of 11.68% compared with that of the corresponding period of last year. Profit before taxation was RMB576, 609 thousand, representing a decline of 12.82% compared with that of the corresponding period of last year. Unaudited profit attributable to equity holders of the Company was RMB391,128 thousand, representing a decline of 13.00%; compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2358, representing a decline of 13.00% compared with that of the corresponding period of last year.

(During the Reporting Period, Guangci Company was acquired by the Company. Since the acquisition involved entities under common control, the comparative figures of the Consolidated Interim Financial Statements have been restated, in accordance with the Accounting Standards for Business Enterprises ("CAS"). These restated comparative figures have not been audited. For more details, please refer to Note 6 of the Consolidated Interim Financial Statements prepared in accordance with CAS.)

The Board of Directors of the Company recommends that the Company will neither pay the dividends for six months as at 30 June 2012 nor transfer the capital surplus to share capital.

II. Report of the board of directors

I. Business Review (In accordance with CAS)

1. The Company is principally engaged in holding, operating and developing the toll expressways and highways in and outside of Anhui Province. During the Reporting Period, the Company is principally engaged in operating and managing Hening Expressway (G40 Hushan Expressway Hening Section), Gaojie Expressway (G50 Huyu Expressway Gaojie Section), Xuanguang Expressway (G50 Huyu Expressway Xuanguang Section), Guangci Expressway (G50 Huyu Expressway Guangci 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 440km.

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)
Guangci Expressway (G50 Huyu Expressway Guangci Section)	14	4	3	1	Commencing from 20 July 2004 to 20 July 2029
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 2012	First half of 2011	Flux (%)	Toll income (RMB'000) First half of 2012	First half of 2011	Flux (%)
Hening Expressway	100%	22,889	21,958	4.23%	473,435	473,075	0.08%
New Tianchang Section of National Trunk 205	100%	5,003	5,896	-15.14%	22,277	26,107	-14.67%
Gaojie Expressway	100%	10,434	11,538	-9.56%	227,938	265,240	-14.06%
Xuanguang Expressway	55.47%	16,679	15,705	6.20%	201,296	218,700	-7.96%
Lianhuo Expressway Anhui Section	100%	9,142	8,181	11.74%	97,646	94,425	3.41%
Ninghuai Expressway Tianchang Section	100%	18,222	17,385	4.81%	37,047	34,397	7.70%
Guangci Expressway	55.47%	16,511	18,177	-8.94%	35,218	35,632	-1.16%

Items	Share of interests	Proportion of passenger vehicles to goods vehicles First half of 2012	First half of 2011	Daily toll income per kilometer (RMB) First half of 2012	First half of 2011	Flux (%)
Hening Expressway	100%	70:30	67:33	19,413	19,505	-0,47%
New Tianchang Section of National Trunk 205	100%	41:59	38:62	4,080	4,808	-15.14%
Gaojie Expressway	100%	55:45	50:50	11,386	13,322	-14.53%
Xuanguang Expressway	55.47%	71:29	64:36	13,167	14,384	-8.46%
Lianhuo Expressway Anhui Section	100%	61:39	56:44	9,935	9,661	2.84%
Ninghuai Expressway Tianchang Section	100%	75:25	76:24	14,539	13,574	7.11%
Guangci Expressway	55.47%	72:28	65:35	13,822	14,062	-1.71%

Principal operations by segment or by product

By segment or by product	Operating income (RMB'000)	Operating cost (RMB'000)	Operating profit margin (%)	Flux of operating income compared to the corresponding period of last year (%)	Flux of operating cost compared to the corresponding period of last year (%)	Flux of operating profit margin compared to the corresponding period of last year (%)
By segment						
operation of highway	1,107,047	371,734	61.79	-4.29	4.55	-3.25
By product						
Hening Expressway	480,347	151,887	63.63	0.40	-1.87	0.28
New Tianchang Section of National Trunk 205	22,277	16,583	20.97	-14.67	62.51	-35.98
Gaojie Expressway	231,451	74,018	63.19	-13.56	7.56	-6.75
Xuanguang Expressway	201,296	60,759	65.99	-7.96	9.48	-4.51
Lianhuo Expressway Anhui Section	98,491	44,368	50.47	3.70	2.41	0.26
Ninghuai Expressway Tianchang Section	37,967	14,845	56.46	8.33	-0.45	2.95
Guangci Expressway	35,218	9,274	66.60	-1.16	15.66	-7.47

During the Reporting Period, due to the further slowdown of the economic growth of the country, the Group achieved total toll income of RMB1,094,857 thousand, representing a decrease of 4.59% from the same period in 2011. During the Reporting Period, the traffic volume of goods vehicles of the Group increased at a lower rate or even declined. The increase main derived from the passenger vehicles, especially small passenger vehicles, which resulted in the change of the distribution of vehicle types. The main factors of the decline of the toll income are the decrease of the traffic volume of goods vehicles and the increase of vehicles influenced by the policy of "Green Passageway".

During the Reporting Period, the toll income on the Hening Expressway was RMB473,435 thousand, representing an increase of 0.08% from the same period in 2011; the converted average daily traffic volumes for the whole expressway were 22,889, representing an increase of 4.23% year-on-year.

During the Reporting Period, the toll income on the Gaojie Expressway was RMB227,938 thousand, representing a decline of 14.06% from the same period in 2011. The converted average daily traffic volumes for the whole expressway were 10,434, representing a decrease of 9.56% year-on-year, mainly due to the decline in the volume of goods vehicles and the traffic diverging since the Liuwu Expressway was open to traffic.

During the Reporting Period, the toll income on the Xuanguang Expressway was RMB201,296 thousand, representing a decrease of 7.96% from the same period in 2011. The converted average daily traffic volumes for the whole expressway were 16,679, representing an increase of 6.20% year-on-year. The main reason for an increase in traffic volume but decrease in toll income was the stable increase of the number of passenger vehicles, especially the rapid increase of the small type of passenger vehicles and the decline of the number of goods vehicles, which resulted in the change of the distribution of vehicle types and a decrease of 13.80% of the income of each vehicle year-on-year.

During the Reporting Period, the toll income on the Lianhuo Expressway Anhui section was RMB97,646 thousand, representing an increase of 3.41% from the same period in 2011. The converted average daily traffic volumes for the whole expressway were 9,142, representing an increase of 11.74% year-on-year. The growth rate of the toll income was smaller than that of the traffic volume of vehicles, mainly due to the increase of the number of passenger vehicles, with a decline of 7.97% of the income of each vehicle year-on-year.

During the Reporting Period, the toll income on the New Tianchang Section of National Trunk 205 was RMB22,277 thousand, representing a decrease of 14.67% from the same period in 2011. The converted average daily traffic volumes for the whole expressway were 5,003, representing a decrease of 15.14% year-on-year. The toll income and the traffic volume both dropped because of the decrease of freight traffic and the impact of the traffic diverging nearby resulted by the reconstruction of the old National Trunk 205.

During the Reporting Period, the toll income on the Ninghuai Expressway Tianchang section was RMB37,047 thousand, representing an increase of 7.70% from the same period in 2011. The converted average daily traffic volumes for the whole expressway were 18,222, representing an increase of 4.81% year-on-year.

During the Reporting Period, the toll income on the Guangci Expressway was RMB35,218 thousand, representing a decrease of 1.16% from the same period in 2011. The converted average daily traffic volumes for the whole expressway were 16,551, representing a decrease of 8.94% 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 the 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 had been all utilized in 2010, consistent with the use promised in the fund-raising brochure.

(ii) Investments of non-fund-raising

Reconstruction of National Trunk 205

In order to further improve road service level and link up to the asphalt roads built at the two ends of Jiangsu, the Company launched functional reconstruction project on Tianchang Section of National Trunk 205 called as "Black" in March, 2011. The total budget was approximately RMB 253 million and the expected work period (from the day of commencement of work) was 16 months.

The main construction project of the road was completed in 2011. During the Reporting Period, the Company achieved an investment of RMB 5 million on this project. The accumulated investment was up to RMB 186 million as at the end of the Reporting Period.

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 RMB2,678 million, which began to be constructed in September 2009.

During the Reporting Period, RMB181 million was invested in the reconstruction works, as at the end of the Reporting Period, the accumulated investment was RMB1,221 million.

Construction of Ningxuanhang Expressway Ningguo-Qianqiu Section

Ningxuanhang Expressway Ningguo-Qianqiu Section is a part of Ningxuanhang Expressway Anhui Section with a total mileage of 40km and investment of RMB2, 928 million, which began to be constructed in March 2011.

During the Reporting Period, RMB19 million was invested in the reconstruction works, as at the end of the Reporting Period, the accumulated investment was RMB173 million.

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 RMB362 million. The construction is expected to complete at the end of 2011.

During the Reporting Period, RMB7 million was invested in the reconstruction works, as at the end of the Reporting Period, the accumulated investment was RMB361 million.

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

Key financial index	January-June 2011 (RMB'000)	January-Jun 2010 (RMB'000)	Flux (%)
Revenue	1,123,156	1,174,518	-4.37
Operating costs	384,971	364,894	5.50
Administrative expenses	52,699	42,286	24.63
Finance costs	65,369	63,883	2.33
Operating profit	583,036	664,898	-12.31
Net profit attributable to shareholders of parent company	395,811	453,307	-12.68

Revenue

During the Reporting Period, the Group achieved a revenue of RMB1,123,156 thousand, a decrease of 4.37% from the same period in 2011. The decrease of revenue was mainly due to the decrease of toll income. The change of toll income of each road was due to the change of traffic volumes. For traffic volumes' analysis, please refer to the above "Business Operation Analysis".

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

Name of the roads	January-June 2012			January-June 2011		
	Principal business income (RMB'000)	Other business income (RMB'000)	As a percentage of the total income (%)	Principal business income (RMB'000)	Other business income (RMB'000)	As a percentage of the total income (%)
Hening Expressway	480,347	7,499	43.43	478,410	10,926	41.67
New Tianchang Section of National Trunk 205	22,277	577	2.03	26,107	418	2.26
Gaojie Expressway	231,451	4,131	20.98	267,763	3,353	23.08
Xuanguang Expressway	201,296	996	18.01	218,700	1,289	18.73
Lianhuo Expressway Anhui Section	98,491	1,545	8.91	94,975	1,497	8.21
Ninghuai Expressway Tianchang Section	37,967	461	3.42	35,047	401	3.02
Guangci Expressway	35,218	900	3.22	35,632	0	3.03
Total	1,107,047	16,109	100	1,156,634	17,884	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 RMB384,971 thousand, representing an increase of 5.50% from the same period in 2011. The increase of operating costs was mainly due to the increase of depreciation and amortization expenses as a result of the completion of reconstruction of New Tianchang Section of National Trunk 205.

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 2012	255,974	35,189	93,808	384,971
First half of 2011	244,689	39,727	80,478	364,894
Change (%)	4.61%	-11.42%	16.56%	5.50%

Administrative expenses

During the Reporting Period, the Group's administrative expenses were RMB52,699 thousand, representing an increase of 24.63% from the same period in 2011. Such increase was mainly attributable to the higher office expenses due to the increase in headcount of the Group and the completion and commencement of production of Wantong Expressway Hi-tech Industrial Park.

Finance costs

During the Reporting Period, the Group's finance costs were RMB65,369 thousand, representing an increase of 2.33% from the same period in 2011. The main reason was that the Company obtained the income on financial product in the same period of 2011 while there was no such income in 2012.

Return on Investment

During the Reporting Period, investment income of the Group was RMB 967,000, representing an increase of 7.44% from the corresponding period in 2011, due to the slight increase of investment income recognized on the associated company, Anhui Expressway Advertisement Co., Ltd., based on the equity method.

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 were RMB 145,652 million, representing a decrease of 9.31% from the corresponding period in 2011. That was mainly caused by the decreased taxable income with the slight decrease of the Group's operating revenue.

Net profit

During the Reporting Period, the net profit of the Group was RMB437,635 thousand, and the net profit attributable to shareholders of the Company was RMB395,811 thousand, representing a decrease of 13.36% and 12.68% respectively from the same period in 2011. The basic earnings per share was RMB 0.2386 for the Reporting Period.

III Analysis of Financial Condition (in accordance with CAS)

Total assets

As at 30 June 2012, the total assets of the Group were RMB10,759,649 thousand, representing an increase of 2.90% compared with that at the end of last year, which was mainly due to the increase of monetary capital and the increased intangible assets of Ningxuanhang Road.

Current liabilities and short-term debt paying ability

As at 30 June 2012, the Group's current liabilities were RMB1,252,823 thousand (31 December 2011: RMB842,483 thousand), including short-term borrowings of RMB46,300 thousand, current portion of long-term bank borrowings of RMB34,050 thousand, accounts payable of RMB356,618 thousand, interests payable of RMB51,523 thousand, staff salaries payable of RMB60,679 thousand, tax payables of RMB39,349 thousand, other payables of RMB247,059 thousand, (representing toll income collected on behalf of the inter-network settlement center of RMB21,837 thousand, deposit for construction projects of RMB 46,338 thousand and others of RMB178,884 thousand), dividends payable of RMB394,549 thousand and other current liabilities of RMB22,696 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 RMB2,925,352 thousand, including 5-year corporate bonds of RMB1,984,949 thousand and long-term payables to minority interests of RMB363,820 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 and ending at 16 December 2014 with fixed annual interest rate of 5%. The Company pays interests annually and repays principal at maturity date without redeeming. The long-term payables to minority interests are interest free and repaid in accordance with the contract signed by the Group and non-controlling shareholders. The non-current liabilities of the Group were listed into relevant maturity groupings based on the remaining period as follows:

RMB'000	**Less than one year**	**1-2 years**	**2-5 years**	**More than 5 years**
The Group				
30 June 2012				
Corporate bonds and relevant interests	112,119	149,428	2,242,498	353,490
Long-term minority payables	–	–		

According to the above payment terms, estimation of operating cash flows and fund arrangements, the management believes the Group has sufficient funds to repay the mature non-current liabilities. As at 30 June 2012, the Group had no material charges on Group assets or contingent liabilities. The debt-to-equity ratio of the Group was approximately 38.83% as at 30 June 2012.

Shareholders' equity

As at 30 June 2012, shareholders' equity (excluding minority interests) of the Group was RMB 6,177,816 thousand, representing a decrease of RMB179,193 thousand from RMB6,357,009 thousand at the beginning of the year, mainly due to the acquisition of an entity under common control.

Cash flows of the Group

As at 30 June 2012, the Group's cash and cash equivalent were RMB887,763 thousand, representing a decrease of RMB284,540 thousand compared with that of the corresponding period in 2011.

During the Reporting Period, the Group's net cash inflows from operating activities were RMB712,302 thousand, representing a decrease by RMB154,500 thousand or 17.82% compared with that of the corresponding period last year, mainly because that during the Reporting Period, the Group's cash received from sales of goods decreased by RMB32,997 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 RMB4,951 thousand, RMB 102,415 thousand and RMB21,043 thousand.

During the Reporting Period, the Group's net cash outflows from investing activities were RMB639,900 thousand, which was mainly used in investment in Anhui Xin'an Financial Group Co., Ltd., construction of Ningxuanhang Expressway, reconstruction of New Tianchang Section of National Trunk 205, building of Wantong Expressway Hi-tech Industrial Park and the acquisition of Guangci Company.

During the Reporting Period, the Group's net cash outflows from financing activities were RMB212,138 thousand, mainly due to the proceeds from banks' and a minority interest' loan of RMB236,300 thousand and cash generating from a minority interest's contribution of RMB60,000 thousand.

The Group was awarded with good credit ratings. As at 30 June 2012, the total credit facilities granted during the year was RMB2, 078 million, and the facilities not yet utilized were RMB2, 032 million.

Capital expenditures

During the Reporting Period, the Group's capital expenditure was RMB240 million in total, 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, and bank borrowings.

As at the end of the Reporting Period, the capital expenditure commitment was RMB221 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 2012		As at 31 December 2011	
	Amount (RMB'000)	**Percentage (%)**	**Amount (RMB'000)**	**Percentage (%)**
Current liabilities	1,252,823	11.64	842,483	8.06
Long-term liabilities	2,925,352	27.19	2,876,485	27.51
Shareholders' equity	6,177,816	57.42	6,357,009	60.79
Minority interests	403,657	3.75	380,538	3.64

In terms of interest rates

	30 June 2012 (%)	31 December 2011 (%)
Interest-bearing liabilities	23.61	23.60
Interest-free liabilities	15.22	11.97
Shareholders' equity attributable to the Company	57.42	60.79
Minority interests	3.75	3.64

In 2009, the Group issued the corporate bonds of RMB2 billion, which resulted in the 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.

Exposure to Fluctuation in Exchange Rates

During the period under review, the Group conducted its business transactions principally in Renminbi. The Group has not experienced any material difficulties or negative impacts on its operations as a result of fluctuations in currency exchange rates. As at 30 June 2012, the Group did not have any foreign exchange contracts or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group was not exposed to any material interest and exchange risks.

The Number and Remuneration of Employees

As at 30 June 2012, the Group employed approximately 1,680 employees with staff salaries RMB97,270 thousand. The Group determines staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages including performance bonuses and entitlements to share options are reviewed on regular basis.

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

According to the public information issued by Anhui Assets and Equity Exchange, Anhui Expressway Holding Group Co., Ltd. and Xuancheng Highway Management Co., Ltd. publicly nominal quotation transferred their 51% and 4.47% equity interest in Guangci Company on 11 November 2011 and 8 December 2011, respectively. The quotation price was RMB 23,421 million.

In order to further expanding the assets scale of the Company, the board of directors decided to participate in the public bidding within the investment authority and authorized the management to handle the related matters, after the deliberation and obtaining approval of the fifth session of the sixth board of directors meeting held on 7 December 2011. According to the final confirmation issued by Anhui Assets and Equity Exchange, the Company successfully bid for the equity interest. The transaction price was RMB23,421 million. On 21 February 2012, the Company entered into an acquisition contract with Anhui Expressway Holding Group Co., Ltd. and Xuancheng Highway Management Co., Ltd. to acquire 51% equity interest and 4.47% equity interest in Guangci Company, for cash considerations of RMB21,533 million and RMB1,888 million respectively.

After the acquisition, Guangci Company became a subsidiary of the Company. From 1 January 2012, the operating profit or loss is enjoyed or assumed by the Company and Xuancheng Highway Management Co., Ltd. in proportion.

3. Material Connected Transactions

During the Reporting Period, details of connected transactions of the Group please refer to note 24 of the condensed consolidated interim financial information for the six months ended 30 June 2012.

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

It was approved that the Company could provide guarantee within RMB 500 million to the controlling subsidiary, Ningxuanhang Company, 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
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 (%)	2.93

(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;	

Commitments	Contents of commitments	Implementation of their commitments
	(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

The Company had adopted the Code on Corporate Governance Practices (the "CGP Code") during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code ("CG Code") during the period from 1 April 2012 to 30 June 2012 introduced in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited by the Stock Exchange to maintain a high standard of corporate governance so as to improve the corporate transparency and protect the interests of the Company's shareholders. Save and except that both the duties of a remuneration committee and a nomination committee are performed by the Company's Human Resources and Remuneration Committee (as the Company considers the long established mode of Human Resources and Remuneration Committee has so far been effective and suits the needs of the Company better, and the members of the Human Resources and Remuneration Committee are all independent directors, which can ensure the protection of the interests of shareholders), the Company has complied with the CGP Code during the period from 1 January 2012 to 31 March 2012 and the CG Code during the period from 1 April 2012 to 30 June 2012.

2. Liability Insurance for Directors, Supervisors

According to the Stock Exchange of Hong Kong's latest regulations of the CG Code, through the deliberation and approval of the Board of Directors meeting on 27 March 2012, on the premise that the insured limit of liability is RMB50 million and the total budget of annual premiums is RMB200,000 at most, purchase liability insurance for directors, supervisors and senior management of the Company and authorize the executive directors or the secretary of the board, in the case of no significant adjustment of liability limits and premiums budget matters, to handle subsequent annual renewal of insurance. This bill had been examined and approved in the 2011 annual shareholders' annual general meeting which was held on May 25, 2012.

During the Reporting Period, the Company has completed the insurance formalities of the liability insurance mentioned above.

3. Audit Committee

During the Reporting Period, the Audit Committee convened three meetings, which reviewed the 2011 Annual Results Report and Financial Statement prepared in accordance with CAS and HKAS, the 2012 First Quarterly Report, as well as the 2012 Interim Results Report and Unaudited Financial Statement prepared in accordance with CAS and HKAS.

4. 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.

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

For the six months ended 30 June 2012, 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".

6. 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

During the next half year, the government's macro-control policy will help to improve the external environment of corporate operation. Proactive fiscal policy and gradually loosened monetary policy are expected to increase market fund supply, which will reduce the Company's financing pressure and financing cost. Now China has made some achievements in fighting inflation, with the price level controlled and social inflation pressure relieved. Besides, Anhui Province still maintains rapid economic growth speed at two digits and the regional economy also sustains favourable growth and vitality. Thus, the economic environment of the Company is supposed to improve greatly.

Nevertheless, the Company cannot ignore the negative impact to it due to the pressure from policies and traffic distributaries. Since the "Green Channel" policy was put into practice in a comprehensive way, the toll-cut policy has an obvious influence on the Company's toll revenue. In the second half of the year, the toll-cut policy will be put into practice on major holidays, hence, the Company will suffer from greater pressure to make improvement in toll revenue. Meanwhile, constantly affecting by distributaries of Gaojie Expressway in charge of the company, there has been a big decrease in traffic volume and toll revenue in the first half year. Along with the improvement of expressway network gradually in Anhui Province, the development and variation of road network structure may still affect the traffic volume of expressway sections in the charge of the company.

In the second half year of 2012, the Company will carry out a analysis about current situation carefully and make adjustments accordingly and promote all work plans orderly and actively according to the key points of working formulated in the beginning of the year The Company will continue to increase investment, promote the construction of Xuanhang Expressway in order, enhance the operation and management of Guangci Expressway and develop major business of highways; strengthen market research and analysis, supervise and facilitate the optimization and standardization of joint-stock companies' operation, improve their risk awareness and management level, seek new items for investment actively, and richen and develop diversified business; advance internal control system, standardize the implementation of internal control system, consolidate the supervision and inspection of internal control and improve the scientific level, standardization and accuracy of corporate management; promote cultural management and systematic cultural construction, carry out in-depth management reform, improve management procedures to promote the overall enhancement of corporate management and operation of the Company.

By order of the Board
Zhou Renqiang
Chairman

Hefei, The PRC, 24 August 2012

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