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 as a joint stock company with limited liability)

(Stock Code: 995)

Announcement of Interim Results for the Six Months Ended 30 June 2016

The board of directors (the "Board") 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 2016 (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 2016, together with comparative figures for the corresponding period in 2015, are as follows:

I. **Financial highlights**

Interim condensed consolidated income statement

For the six months ended 30 June 2016

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	**2016**	**2015**
Revenue	3	1,358,149	1,418,259
Cost of sales		(659,625)	(756,989)
Gross profit		698,524	661,270
Other gains - net	12	38,658	55,439
Administrative expenses		(48,659)	(67,839)
Operating profit		688,523	648,870
Finance costs	4	(65,015)	(31,923)
Share of profit of an associate		4,530	4,249
Profit before income tax		628,038	621,196
Income tax expenses	5	(158,146)	(136,285)
Profit for the period		469,892	484,911
Attributable to:			
Owners of the Company		477,422	466,655
Non-controlling interests		(7,530)	18,256
		469,892	484,911
Basic and diluted earnings per share			
(expressed in RMB per share)	6	0.2878	0.2814

Interim condensed consolidated statement of comprehensive income
For the six months ended 30 June 2016
(All amounts in Renminbi thousands unless otherwise stated)

	Note	Unaudited Six months ended 30 June 2016	Unaudited Six months ended 30 June 2015
Profit for the period		469,892	484,911
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Change in value of AFS financial assets, net of tax		6,364	(37,500)
Total comprehensive income for the period		476,256	447,411
Total comprehensive income attributable to:			
Owners of the Company		483,786	429,155
Non-controlling interests		(7,530)	18,256
		476,256	447,411

Interim condensed consolidated balance sheet

As at 30 June 2016

(All amounts in Renminbi thousands unless otherwise stated)

ASSETS	*Note*	Unaudited 30 June 2016	Audited 31 December 2015
Non-current assets			
Concession intangible assets		9,070,848	9,245,876
Land use rights		10,972	11,450
Property, plant and equipment		988,034	1,046,208
Investment properties		347,349	354,011
Intangible assets		2,841	2,388
Investments in an associate		95,318	90,788
Deferred income tax assets		53,737	51,860
Available-for-sale ("AFS") financial assets		229,611	221,126
		10,798,710	11,023,707
Current assets			
Inventories		5,511	5,287
Trade and other receivables	10	367,495	310,835
Restricted cash		197,000	197,000
Cash and cash equivalents		1,578,826	709,246
		2,148,832	1,222,368
Total assets		12,947,542	12,246,075
EQUITY AND LIABILITIES			
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		123,940	118,083
Retained earnings		5,094,661	4,998,212
		8,292,804	8,190,498
Non-controlling interests		722,811	789,927
Total equity		9,015,615	8,980,425

Interim condensed consolidated balance sheet (continued)
As at 30 June 2016
(All amounts in Renminbi thousands unless otherwise stated)

LIABILITIES	*Note*	**Unaudited 30 June 2016**	**Audited 31 December 2015**
Non-current liabilities			
Long-term payables		920,188	956,264
Borrowings		1,717,876	1,052,649
Deferred income tax liabilities		133,784	152,014
Deferred income		34,019	35,105
		2,805,867	2,196,032
Current liabilities			
Trade and other payables	11	941,588	632,538
Current income tax liabilities		59,989	67,397
Provision		6,896	6,896
Borrowings		117,587	362,787
		1,126,060	1,069,618
Total liabilities		3,931,927	3,265,650
Total equity and liabilities		12,947,542	12,246,075

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2016

(All amounts in Renminbi thousands unless otherwise stated)

		Attributable to equity holders of the Company					
	Note	Ordinary share capital	Share premium	Other reserves	Retained earnings	Non-controlling Interests	Total
Balance at 1 January 2015 (audited)		1,658,610	1,415,593	161,060	4,449,189	847,613	8,532,065
Comprehensive income							
Profit for the period (unaudited)		—	—	—	466,655	18,256	484,911
Other comprehensive loss (unaudited)							
- Fair value losses on AFS financial assets, net of tax		—	—	(37,500)	—	—	(37,500)
Total comprehensive (loss)/income (unaudited)		—	—	(37,500)	466,655	18,256	447,411
Others (unaudited)		—	—	(507)	507	—	—
Transactions with owners							
Dividends relating to 2014 (unaudited)		—	—	—	(381,480)	—	(381,480)
Dividends paid to a non-controlling interest of subsidiaries relating to 2014 (unaudited)		—	—	—	—	(83,125)	(83,125)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax (unaudited)		—	—	—	—	2,709	2,709
Balance at 30 June 2015 (unaudited)		1,658,610	1,415,593	123,053	4,534,871	785,453	8,517,580
Balance at 1 January 2016 (audited)		1,658,610	1,415,593	118,083	4,998,212	789,927	8,980,42
Comprehensive income							
Profit/(loss) for the period (unaudited)		—	—	—	477,422	(7,530)	469,892
Other comprehensive income (unaudited)							
- Fair value gains on AFS financial assets, net of tax		—	—	6,364	—	—	6,364
Total comprehensive income/(loss) (unaudited)		—	—	6,364	477,422	(7,530)	476,256
Others (unaudited)		—	—	(507)	507	—	—
Transactions with owners							
Dividends relating to 2015 (unaudited)		—	—	—	(381,480)	—	(381,480)
Dividends paid to a non-controlling interest of subsidiaries relating to 2015 (unaudited)		—	—	—	—	(88,127)	(88,127)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax (unaudited)		—	—	—	—	28,541	28,541
Balance at 30 June 2016 (unaudited)		1,658,610	1,415,593	123,940	5,094,661	722,811	9,015,615

Interim condensed consolidated cash flow statement

For the six months ended 30 June 2016

(All amounts in Renminbi thousands unless otherwise stated)

	Note	Unaudited Six months ended 30 June 2016	2015
Cash flows from operating activities			
Cash generated from operations		841,728	575,735
Interest paid		(48,846)	(39,531)
Income tax paid		(197,297)	(223,516)
Net cash generated from operating activities		595,585	312,688
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,347)	(5,593)
Purchase of intangible assets		(916)	(87)
Net increase in restricted cash		—	(50,000)
Net increase in financial products		(95,000)	(100,000)
Proceeds from sales of property, plant, equipment and investment properties		160	423
Interest received		7,834	2,435
Dividends received from AFS financial assets		43,020	—
Net cash used in investing activities		(47,249)	(152,822)
Cash flows from financing activities			
Proceeds from bank borrowings		722,730	431,578
Repayments of bank borrowings		(323,302)	(443,126)
Dividends paid to the non-controlling interests		(78,299)	(62,342)
Net cash generated from/(used in) financing activities		321,129	(73,890)
Net increase in cash and cash equivalents		869,465	85,976
Cash and cash equivalents at beginning of the period		709,246	462,945
Exchange gains on cash and cash equivalents		115	35
Cash and cash equivalents at end of the period		1,578,826	548,956

Notes:

1 **Basis of preparation**

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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 2015, 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) New amendments and interpretation of HKFRS effective in 2016 that have been adopted by the Group

The following amendments have been adopted by the Group for the first time for its financial year beginning on 1 January 2016:

- HKFRS 14 "Regulatory Deferral Accounts".
- Amendment to HKFRS 11 "Accounting for Acquisitions of Interests in Joint Operation".
- Amendments to HKAS 16 and HKAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation".
- Amendment to HKAS 27 "Equity Method in Separate Financial Statements".
- Annual Improvements in 2014, including:
  - — Amendment to HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
  - — Amendment to HKFRS 7 "Financial Instruments: Disclosures"
  - — Amendment to HKAS 19 "Employee Benefits"
  - — Amendment to HKAS 34 "Interim Financial Reporting"

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 “Investment Entities: Applying the Consolidation Exception”.

- Amendments to HKAS 1 “Disclosure Initiative”.

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

(b) New amendments of HKFRS effective in 2016 but not relevant to the Group

- Amendments to HKAS 16 and HKAS 41 “Agriculture: bearer plants”.

(c) New standards and amendments of HKFRS issued but are not yet effective for the financial year beginning on 1 January 2016 and have not been early adopted by the Group

A number of new standards and amendments of HKFRS are effective for the financial year beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. The Group is yet to assess the full impact of these new standards and amendments and intends to adopt them no later than the respective effective dates of these new standards and amendments. These new standards and amendments are set out below:

- Amendments to HKAS 12 “Income Taxes”, effective for annual accounting periods beginning on or after 1 January 2017.

- Amendments to HKAS 7 ”Statement of Cash Flows”, effective for annual accounting periods beginning on or after 1 January 2017.

- HKFRS 15 “Revenue from Contracts with Customers”, effective for annual accounting periods beginning on or after 1 January 2018.

- HKFRS 9 “Financial Instruments”, effective for annual accounting periods beginning on or after 1 January 2018.

- HKFRS 16 “Leases”, effective for annual accounting periods beginning on or after 1 January 2019.

- Amendments to HKFRS 10 and HKAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”. The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

3 **Revenue-the Group**

	Unaudited For the six months ended 30 June 2016	2015
Toll roads income, rental income and others	1,250,003	1,194,497
Revenue from construction or upgrade work under Service Concessions	108,146	216,311
Interest income from pawn loans to customers	—	7,451
	1,358,149	1,418,259

4 **Finance costs- the Group**

	Unaudited For the six months ended 30 June 2016	2015
Interest expenses on:		
- bank borrowings	46,704	18,005
- amortisation of long-term payables	18,311	13,918
	65,015	31,923

5 **Income tax expenses — the Group**

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

	Unaudited For the six months ended 30 June 2016	2015
Current taxation - CIT (a)	189,889	162,477
Deferred taxation credited to the consolidated income statement	(31,743)	(26,192)
	158,146	136,285

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

The Company and its subsidiaries, associated companies determine and pay the PRC CIT in accordance with the CIT Law as approved by the National People's Congress on 16 March 2007. Under the CIT Law, the CIT rate applicable to the Company and its subsidiaries (except Anhui Expressway (H.K.) Limited ("安徽皖通高速公路股份(香港)有限公司", "AEHK")), associated companies is 25%. And the CIT rate applicable to AEHK is 16.5%.

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

Pursuant to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation, where the Company declares dividend in or after 2008 and beyond out of the cumulative retained earnings as of 31 December 2007 (i.e. 2007 retained earnings), such dividends earned by the foreign shareholders are exempted from WHT; for dividend which arises from the Company's profit earned after 1 January 2008, WHT is levied on the foreign institute shareholders. Pursuant to the new CIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from 1 January 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. The Company has fulfilled the obligation of WHT for dividends related to 2015 which was paid to foreign shareholders until 30 June 2016.

6 Earnings per share

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

	Unaudited For the six months ended 30 June	
	2016	**2015**
Profit attributable to equity holders of the Company	477,422	466,655
Weighted average number of ordinary shares in issue (thousands)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.2878	0.2814

7 Dividends

The final dividend in respect of 2015 of RMB 0.23 per share, amounting to a total dividend of RMB 381,480 thousand was approved at the Annual General Meeting in May 2016.

The directors did not recommend the payment of a dividend in respect of the six months ended 30 June 2016 (same period of 2015: nil).

8 Commitments

(a) *Capital commitments*

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

	30 June 2016 (unaudited)	**31 December 2015 (audited)**
Contracted but not provided for		
- concession intangible assets	359,401	398,386
- property, plant and equipment	93	1,063
	359,494	399,449

9 **Capital Expenditures**

	Concession intangible assets	Intangible assets	Property, plant and equipment	Investment properties	Land use rights
Six months ended 30 June 2015					
Opening net book amount as at 1 January 2015 (audited)	9,222,294	1,698	888,336	372,172	12,407
Additions	216,311	87	5,593	—	—
Transfer	(42,654)	—	42,654	—	—
Disposals	—	—	(2,250)	(348)	—
Depreciation/amortisation	(251,562)	(364)	(50,836)	(8,912)	(478)
Closing net book amount as at 30 June 2015 (unaudited)	9,144,389	1,421	883,497	362,912	11,929
Six months ended 30 June 2016					
Opening net book amount as at 1 January 2016 (audited)	9,245,876	2,388	1,046,208	354,011	11,450
Additions	108,146	916	2,347	—	—
Disposals	—	—	(342)	—	—
Depreciation/amortisation	(283,174)	(463)	(60,179)	(6,662)	(478)
Closing net book amount as at 30 June 2016 (unaudited)	9,070,848	2,841	988,034	347,349	10,972

Borrowing costs of RMB 4,502 thousand have been capitalised in the six months ended 30 June 2016 at an average annual interest rate of 5.077 % (same period of 2015: RMB 28,167 thousand; 5.931%).

10 Trade and other receivables

	30 June 2016 (unaudited)	31 December 2015 (audited)
Pawn loans to customers (a)	181,887	182,487
Financial products	180,000	85,000
Toll roll income receivable(b)	59,000	103,523
Interest receivable	13,363	8,552
Dividends receivable (c)	—	18,212
Others	34,748	11,797
	468,998	409,571
Less: provision for impairment	(101,503)	(98,736)
- provision for impairment of pawn loans (a)	(99,769)	(97,119)
- provision for other impairment (d)	(1,734)	(1,617)
	367,495	310,835

(a) ***Pawn loans to customers***

As at 30 June 2016 and 31 December 2015, the analysis of pawn loans to customers is as follows:

	30 June 2016 (unaudited)	31 December 2015 (audited)
Pawn loans to customers		
- principle	181,887	182,487
- interest	—	—
	181,887	182,487
Less: Impairment allowances		
- individually assessed	(80,707)	(80,707)
- collectively assessed	(19,062)	(16,412)
	(99,769)	(97,119)
Pawn loans to customers, net	82,118	85,368

Pawn loans to customers are arising from the Group's pawn loans business. The loan periods granted to customers are from one to six months and bore fixed interest rates ranging from 21.60% to 26.40% for the period ended at 30 June 2016 (31 December 2015: bore fixed interest rates ranging from 21.60% to 26.40%). The Group ceased interest accrual once pawn loans were over due.

As at 30 June 2016, the Group's pawn loans to certain third party customers with carrying amounts of RMB 18,694 thousand (31 December 2015: RMB 20,743 thousand) were secured by their trade receivables of RMB 83,230 thousand (31 December 2015: RMB 83,230 thousand), which were due from Anhui Expressway Construction Headquarter ("安徽省高等級公路建設指揮部", "AECH") and Expressway Properties Group (Fuyang) Co., Ltd. ("高速地產集團阜陽有限公司"), who are subsidiaries of the Anhui Transportation Holding Group Co., Ltd.("安徽省交通控股集團有限公司", "ATHC").

Reconciliation of allowance account for losses on pawn loans to customers as follows:

	For the six months ended 30 June	
	2016	**2015**
At beginning of the period (audited)	(97,119)	(71,043)
Impairment losses recognised (unaudited)	(2,650)	(17,959)
At end of the period (unaudited)	(99,769)	(89,002)

(b) As at 30 June 2016, toll roads income receivable mainly represented receivable from Anhui Expressway Network Operations Co., Ltd. ("安徽高速公路聯網運營有限公司", the toll settlement centre of Anhui Province) of RMB 57,367 thousand (31 December 2015: RMB 101,983 thousand) for uncollected toll roads income.

(c) AXFG declared a cash dividend of RMB 24,809 thousand to the Company in 2016. The above dividend together with the dividends declared in 2015 of RMB 43,020 thousand had been received by the Company.

(d) As at 30 June 2016, other receivables of RMB 2,845 thousand (31 December 2015: RMB 2,758 thousand) were impaired. The according provision was amounted to RMB 1,734 thousand (31 December 2015: RMB 1,617 thousand). The individually impaired receivables mainly related to customers of from Hefei Wan Tong Pawn Co., Ltd. ("合肥皖通典當有限公司", "Wan Tong Pawn"), which were in unexpectedly difficult economic situations. It was assessed that a portion of the receivables was expected to be recovered. The ageing of these receivables is as follows:

	30 June 2016 (unaudited)	**31 December 2015 (audited)**
Up to 1 year	242	584
1 to 2 years	2,603	2,174
	2,845	2,758

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

	For the six months ended 30 June	
	2016	**2015**
Beginning of the period (audited)	(1,617)	—
Impairment losses recognised (unaudited)	(117)	—
End of the period (unaudited)	(1,734)	—

(e) As at 30 June 2016 and 31 December 2015, the ageing analysis of the trade and other receivables is as follows:

	30 June 2016 (unaudited)	**31 December 2015 (audited)**
Up to 1 year	281,749	240,215
1 to 2 years	25,751	41,738
2 to 3 years	127,289	108,552
Over 3 years	34,209	19,066
	468,998	409,571

As at 30 June 2016 and 31 December 2015, all trade and other receivables balances were denominated in RMB. Except for pawn loans to customers which are analysed in Note (a) and (d), all trade and other receivables balances were fully performing.

As at 30 June 2016 and 31 December 2015, the fair values of the trade and other receivables of the Group, except for the prepayments which are not financial assets, approximated their carrying amounts.

11 Trade and other payables

	30 June 2016 (unaudited)	31 December 2015 (audited)
Dividends payable	395,761	4,453
Payables on acquisition of concession intangible assets	319,061	443,265
Deposits for construction projects	67,882	70,016
Staff salaries and welfare	58,962	27,004
Current portion of long-term payables	31,078	31,078
Other taxation payables	13,418	23,254
Interest payable	11,038	9,227
Toll road fees collected on behalf	10,497	5,983
Payables on repair and maintenance projects	7,711	3,715
Others	26,180	14,543
	941,588	632,538

As at 30 June 2016, trade and other payables of RMB 197,623 thousand were aged over one year (31 December 2015: RMB 227,638 thousand). These payables were mainly for construction projects and will be settled after project is completed.

As at 30 June 2016 and 31 December 2015, all trade and other payables were denominated in RMB.

As at 30 June 2016 and 31 December 2015, the fair values of trade and other payables, except for staff salaries and welfare, approximated their fair values.

12 Other gains - net

	Unaudited For the six months ended 30 June	
	2016	2015
Dividends income	24,808	50,000
Interest income	12,821	6,481
Amortisation of government grants relating to assets	1,086	1,086
Net losses from disposal of property, plant and equipment	(181)	(2,176)
Others	124	48
	38,658	55,439

II. Interim results and dividends

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group achieved a revenue of RMB 1,250,003 thousand (Corresponding period in 2015: RMB 1,201,948 thousand) , representing an increase of 4.00% compared with that of the corresponding period of last year. The total profit was RMB 633,796 thousand (Corresponding period in 2015: RMB 626,954 thousand), representing an increase of 1.09% compared with that of the corresponding period of last year. Unaudited net profit attributable to shareholders of the parent company reached RMB 481,662 thousand (Corresponding period in 2015: RMB 470,895 thousand), representing an increase of 2.29% compared with that of the corresponding period of last year. Basic earnings per share was RMB0.2904 (Corresponding period in 2015: RMB0.2839), representing an increase of 2.29% compared with that of the corresponding period of last year.

In accordance with Hong Kong accounting standards, the Group achieved a revenue of RMB 1,358,149 thousand (corresponding period of 2015: RMB1,418,259 thousand), representing a decrease of 4.24% compared with that of the corresponding period of last year; profit before income tax was RMB 628,038 thousand (corresponding period of 2015: RMB621,196 thousand), representing an increase of 1.10% compared with that of the corresponding period of last year; unaudited profit attributable to equity holders of the Company was RMB 477,422 thousand (corresponding period in 2015: RMB466,655 thousand), representing an increase of 2.31% compared with that of the corresponding period of last year; basic earnings per share was RMB 0.2878 (corresponding period in 2015: RMB0.2814), representing an increase of 2.27% compared with that of the corresponding period of last year.

The 2015 profit appropriation plan of the Company was approved at the 2015 annual general meeting of the Company held on 20 May 2016, details are as follows: To pay a final dividend of RMB381,480,300 on the basis of RMB 2.3 for every 10 shares (tax inclusive) based on the total number of 1,658,610,000 shares.

According to the authorization given at the general meeting, the Board published the announcements containing the resolutions of 2015 annual general meeting on 21 May 2016 on the Shanghai Securities Post and the China Securities Post and on 20 May 2016 on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and determined a dividend for H shares of HK$0.2734 (tax inclusive) each, which was priced in RMB and paid in HK$. The registration date of the H Shareholders was 1 June and the dividend payout date was 20 July.

On 12 July 2016, the Company published the 2015 profit appropriation implement announcement on the Shanghai Securities Post and the China Securities Post and determined that the Domestic Shareholders' registration date was 18 July , the ex-dividend date was 19 July and the dividend payout date was 19 July.

The 2015 profit appropriation proposal has been implemented in July 2016.

The Board recommends that the Company will neither pay interim dividends for six months ended 30 June 2016 (2015 interim: nil) nor transfer the capital surplus to share capital.

III. Report of the Board

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

Toll Expressway Business

During the Reporting Period, the Group achieved total toll income of RMB1,207,460 thousand (the corresponding period of 2015: RMB1,151,410 thousand), representing an increase of 4.87% compared with that of the corresponding period of last year, and it nearly achieves the goal made at the beginning of the year.

The slow growth of the economy, the free and favorable policy, the impact of the network and other factors were the main factors which influenced the toll revenue.

In the first half of 2016, the national and regional economic growth became stable and the main economic indicators became better. The growth rate of national GDP in the first half of the year is 6.7%, and the GDP growth rate of Anhui province in the first half of year is 8.6%. The influence of the slow growth of economy is that the growth of the goods vehicles volumes is slower than the passenger vehicles volumes, and thus the percentage of the passenger vehicles becomes larger. During the reporting period, passenger vehicles volumes and goods vehicles volumes has grown by 16.42% and 4.55% respectively compared with that of the corresponding period of last year.

During the Reporting Period, it continued to implement all toll-free policies. The total amount of all deductions of favorable policies of the Group was RMB 324,410 thousand (the corresponding period of 2015: RMB308,170 thousand), representing an increase of 5.27% compared with that of the corresponding period of last year. Among which are:

The exempted amount of green passing cars was about RMB 175,320 thousand (the corresponding period of 2015: RMB163,530 thousand), representing an increase of 7.21%, the number of the exempted cars reached 564,000;

The exempted amount in the Spring Festival, Qing Ming Festival and the International Labor Day was RMB 118,800 thousand (the corresponding period of 2015: RMB114,820 thousand), representing an increase of 3.47%, the number of the exempted cars reached 2,970,100;

Anhui transportation card holders have enjoyed credit card preference amounting to approximately RMB 16,630 thousand off (the corresponding period of 2015: RMB15,200 thousand), which has increased 9.41% compared with last year;

The amount of other policy exemptions was RMB 13,660 thousand (the corresponding period of 2015: RMB14,630 thousand), representing a decrease of 6.63%.

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

Operation of each road in the first half of 2016:

		Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
Items	**Interests**	**First half of 2016**	**First half of 2015**	**Flux (%)**	**First half of 2016**	**First half of 2015**	**Flux (%)**
Hening Expressway	100%	25,950	25,087	3.44	475,399	470,820	0.97
New Tianchang Section of National Trunk 205	100%	5,027	4,762	5.56	27,235	24,262	12.25
Gaojie Expressway	100%	14,047	11,810	18.94	270,275	239,931	12.65
Xuanguang Expressway	55.47%	21,715	19,762	9.88	229,357	216,651	5.86
Lianhuo Expressway Anhui Section	100%	12,856	11,146	15.34	103,645	103,199	0.43
Ninghuai Expressway Tianchang Section	100%	34,076	30,255	12.63	51,594	48,432	6.53
Guangci Expressway	55.47%	21,892	18,982	15.33	39,035	35,271	10.67
Ningxuanhang Expressway	51%	3,903	2,578	51.40	21,901	12,844	70.52

Items	Interests	Ratio of passenger vehicles to goods vehicles First half of 2016	First half of 2015	Toll income per vehicle (RMB) First half of 2016	First half of 2015	Flux (%)
Hening Expressway	100%	76:24	75:25	19,493	19,412	0.42
New Tianchang Section of National Trunk 205	100%	34:66	36:64	4,988	4,468	11.64
Gaojie Expressway	100%	65:35	65:35	13,500	12,051	12.02
Xuanguang Expressway	55.47%	77:23	77:23	15,002	14,250	5.28
Lianhuo Expressway Anhui Section	100%	74:26	71:29	10,546	10,559	-0.12
Ninghuai Expressway Tianchang Section	100%	81:19	80:20	20,249	19,113	5.94
Guangci Expressway	55.47%	81:19	81:19	15,320	13,919	10.07
Ningxuanhang Expressway	51%	84:16	83:17	1,399	1,543	-9.33

Notes:

1. Ningxuanhang Expressway (Ningguo to Qianqiuguan section) was officially open to traffic on 19 December 2015.

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

3. All of toll income above include tax.

During the Reporting Period, under the influence of diversion due to the opening of Ma'anshan Yangtze River Bridge and the expressway from Ma'anshan to Chaohu, the toll revenue of Hening Expressway increased by 0.97% compared with that of the corresponding period of last year.

During the Reporting Period, with the improvement of road traffic condition and enhancement of network, vehicles previously diverged to Ninghuai Expressway due to traffic limit of Nanjing Yangtze River Second Bridge had been reflowed to National Trunk 205. On the other hand, because of the effect of the increasing strength of the government overtaking Ninghuai Expressway , vehicles diverged to National Trunk 205. Thus, the toll revenue of New Tianchang Section of National Trunk 205 increased by 12.25% compared with that of the corresponding period of last year.

Yuewu Expressway and Tongnanxuan Expressway opened to traffic at the end of 2015 and the passage from Hangzhou and Shanghai etc. to Wuhan through our province has been linked. The created positive effect on the profitability of Xuanguang Expressway, Guangci Expressway and Gaojie Expressway. During the Reporting Period, the toll revenue of the preceding three expressways increased by 5.86%, 10.67% and 12.65% respectively compared with those of the corresponding period of last year.

During the Reporting Period, the vehicle volume and toll revenue of Lianhuo Expressway increased by 15.34% and 0.43% respectively compared with those of the corresponding period of last year as the number of goods vehicles decreased as a result of the influence of regional economy. The increase of vehicle volume was mainly due to increase in passenger vehicles.

During the Reporting Period, under the positive influence of diversion due to the opening of Ningqian Section at the end of 2015 and that the Xuanning Section was benefited from the opening of Ningji Expressway and Lihu Expressway Jiangsu Section, the toll revenue of Ningxuanhang Expressway increased by 70.52% compared with that of the corresponding period of last year.

General achievements of the pawn business

In June 2012, the Company and Huatai jointly set up Hefei Wantong Pawn Company Limited, in which the Company injected capital in the sum of RMB150 million, accounting for 71.43% of its registered capital; Huatai invested RMB60 million, accounting for 28.57% of its registered capital. In September 2015, both shareholders agreed to reduce capital of Hefei Wantong Pawn Company Limited for risk control purpose, whose registered capital was therefore reduced from RMB210 million to RMB157.5 million, with respective shareholding percentages of both shareholders in the company remained unchanged.

During the Reporting Period, Wantong Pawn had no revenues mainly because the Company suspended loan services and focused on collecting outstanding pawn loans. The provision for impairment for the period under review reached RMB 2,770 thousand, which is the main reason of the loss, and the accumulated provision for impairment as at the end of the Reporting Period reached RMB99,970 thousand. During the Reporting Period, Wantong Pawn achieved a total profit of RMB-3,580 thousand(2015:-10,950 thousand) with a decrease in deficit of 67.31% year-on-year. The net profit was RMB-2,710 thousand (2015:-8,220 thousand) with a decrease in deficit of 66.99% year-on-year.

Analysis of main shares holding companies and joint stock companies

(Unit: RMB'000)

Name of company	Equity capital the Group possesse	Registered Capital	30 June 2016 Total assets	Net asset	Jan.-Jun. 2016 Operating income	Net profit	Main business
Xuanguang Company	55.47%	111,760	1,003,689	530,447	228,422	95,843	The construction, management and operation of Xuanguang Expressway
Ningxuanhang Company	51%	300,000	4,464,571	829,939	21,934	-119,533	Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service
Guangci Company	55.47%	56,800	252,179	210,157	39,592	20,693	The construction, management and operation of Guangci Expressway
Expressway Media	38%	50,000	362,342	250,837	55,810	11,922	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	3,504,197	2,674,113	183,906	123,294	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	1,289,629	1,276,883	57,241	37,062	Internet financial services, network information services, pawn business, etc.
Wantong Pawn	71.43%	157,500	122,909	118,976	0	-2,710	Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service
Wantong MicroCredi	10%	150,000	132,033	130,171	2,939	1,644	Distributing petty loans, small size enterprises management consulting and financial advisory
Anhui Expressway (H.K.) Limited	100%	1,981	2,082	1,974	0	54	

II. **Sheet of Variation Analysis of Related Subjects of financial statement (in accordance with the PRC Accounting Standards)**

Unit: RMB

Items	**Current period**	**Last year**	**Flux (%)**
Operating income	1,250,002,931.80	1,201,948,179.40	4.00
Operating costs	512,618,843.06	490,454,872.17	4.52
Administrative expenses	41,871,542.84	49,864,490.25	-16.03
Finance costs	56,215,271.09	25,457,876.13	120.82
Cash flows from operating activities	868,455,029.00	733,239,039.01	18.44
Cash flows from investing activities	-271,157,900.62	-533,841,967.99	N/A
Cash flows from financing activities	272,282,960.26	-113,386,325.91	N/A

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

The change of operating costs was mainly because the Ningqian Section of Ningxuanhang Company began to depreciate and amortize since it has been opened to traffic in December 2015.

The change of administrative expenses was mainly due to the slight decline of the number of administrative staff member of the Company.

The change of finance costs was mainly because the interest on borrowings began to be expensing since the Ningqian Section of Ningxuanhang Company has been opened to traffic in December 2015.

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

The change of cash flows from investing activities was mainly due to the decrease of the investment amount since the project of the Ningqian Section of Ningxuanhang Company has been completed in 2015.

The change of cash flows from financing activities was because the Company borrowed the long-term loan of RMB0.6 billion.

1. ***Operating income***

During the Reporting Period, the Group achieved the operating income of RMB 1,250,003 thousand, representing an increase of 4.00% over the corresponding period of the previous year. Among it, the toll income is the main revenue source of the Group. The concrete analysis about the revenue listed as follows:

Unit: RMB'000

Operating income	**The first half of 2016**	**Percentage (%)**	**The first half of 2015**	**Percentage (%)**	**Flux (%)**
Expressway business	1,250,003	100.00	1,194,497	99.38	4.65
Toll income	1,207,460	96.60	1,151,410	95.80	4.87
Service area income	16,763	1.34	17,085	1.42	-1.88
Other business income	25,780	2.06	26,002	2.16	-0.85
Pawn business	0	0.00	7,451	0.62	-100.00
Total	1,250,003	100.00	1,201,948	100.00	4.00

2. *Operating Cost*

Cost analysis statement

Unit: RMB'000

In terms of industries

Industries	**Cost structure items**	**Amount of current period**	**Percentage of amount of current period over the total cost (%)**	**Amount of the same period of the previous year**	**Amount of the same period of the previous Year (%)**	**Amount of current period Compared with the same period over the last year (%)**	**Notes**
Tollways business	Depreciation and amortization	338,887	66.11	300,208	61.21	12.88	mainly because the Ningqian Section of Ningxuanhang Company began to depreciate and amortize since it has been opened to traffic in December 2015
	Roads repairing expenses	58,686	11.45	86,640	17.67	-32.26	mainly because the maintenance cost for expressways decreased as compared to that of the corresponding period of last year
	Other cost	115,046	22.44	103,607	21.12	11.04	mainly due to the increase of the salaries of workers at the production line and networking operation management fees compared with those of the corresponding period of last year
	Total	512,619	100.00	490,455	100.00	4.52	
Pawn business		0	0	0	0	0	

In terms of products

Products	Cost structure items	Amount of current period	Percentage of am ount of current period over the total cost (%)	Amount of the same period of the previous year	Am ount of the same period of the previous Year (%)	Amount of current period Compared with the same period over the last year (%)	Notes
Tollways business	Depreciation and amortization	338,887	66.11	300,208	61.21	12.88	mainly because the Ningqian Section of Ningxuanhang Company began to depreciate and amortize since it has been opened to traffic in December 2015
	Roads repairing expenses	58,686	11.45	86,640	17.67	-32.26	mainly because the maintenance cost for expressways decreased as compared to that of the corresponding period of last year
	Other cost	115,046	22.44	103,607	21.12	11.04	mainly due to the increase of the salaries of worker at the production line and networking operation management fees compared with that of the corresponding period of last year
	Total	512,619	100	490,455	100.00	4.52	
Pawn business		0	0.00	0	0.00	0.00	
Total cost	Total	512,619	100.00	490,455	100.00	4.52	

Notes: For the reason that the products which the pawn industry operated are quite special, the financing expenditure related to the monetary is accounted in the main business cost, while daily operation expenditure is accounted in administrative expenses and other expenditure items. During the Reporting Period, Wantong Pawn did not get financing, thus no main business cost occurred.

3. ***Expenses***

Administrative expenses

During the Reporting Period, the Group's administrative expenses were RMB 41,872 thousand (2015: RMB 49,864 thousand), representing a decrease of 16.03% from the same period in 2015. Such decrease was mainly because the decrease of the number of administrative members of the Company.

Finance costs

During the Reporting Period, the Group's finance costs were RMB 56,215 thousand (2015: RMB 25,458 thousand), representing an increase of 120.81% from the same period in 2015. The decrease of finance costs was mainly because the interest on borrowings began to be expensing since the Ningqian Section of Ningxuanhang Company has been opened to traffic in December 2015.

Income tax

During the Reporting Period, except for HK Subsidiary, applicable income tax of the Company, the Company's subsidiaries and affiliates were 25%（2015：25%）.

During the Reporting Period, income tax expenses of the Group were RMB 159,586 thousand（2015：137,725 thousand）, representing an increase of 15.87% from the corresponding period in 2015. That was mainly caused by the increase of prime operating of the company during the Reporting Period compared with that of the corresponding period of last year.

Value-Added Tax

Since 1 May 2016, the Group has comprehensively implemented the replacement of business tax with value-added tax ("VAT"). The Company, Xuanguang Company, Ningxuanhang Company and Guangci Company charge a VAT through a simplified method on 3% and 5% of the toll income; a tax rate of 0% applies to road damage compensation income; the tax rates for roads assistance service income, expressway entrusted management income, service area operating income are all 6%; VAT charged through a simplified method on rental income is 5%; the tax rate for Wantong Pawn's interest income from pawn loans to customers is 6%.

4. ***Cash flows***

During the Reporting Period, the Group's net cash inflows from operating activities were RMB 868,455 thousand, representing an increase of 18.44% compared with that of the corresponding period last year, mainly due to the increase of the operating income compared with that of the corresponding period of last year.

During the Reporting Period, the Group's net cash outflows from investing activities were RMB -271,158 thousand, mainly due to the decrease of the investment amount since the project of the Ningqian Section of Ningxuanhang Company has been completed in December 2015.

During the Reporting Period, the Group's net cash outflows from financing activities were RMB 272,283 thousand, mainly because the Group borrowed bank loans of RMB 0.6 billon from China Development Bank during the Reporting Period.

During the Reporting Period, the Group's bank loans were RMB 672,030 thousand. At the end of the Reporting Period, the balance of bank loans was RMB 1,835,463 thousand, of which the short-term loan balance was RMB 0; the long-term loan balance was RMB 1,835,463 thousand with annual interest rate between 1.2% and 4.9% which included a floating rate loan borrowed from a bank for the construction of Ningxuanhang Expressway. The principal will be repaid between 2016 and 2035.

The Group was awarded with good credit ratings. As at 30 June 2016, the total credit facilities granted during the year was RMB 8.217 billion, and the facilities not yet utilized were RMB 7.127 billion.

5. ***Employees remuneration and training***

As at 30 June 2016, the Group employed approximately 2,323 employees (including main subsidiaries), which included 1,667 production staff, 110 technicians, 36 financial staff and 510 administrative staff (as at 30 June 2015: 1,389, 45, 39 and 503 respectively).

The Company carried out the reform of the remuneration system with the introduction of broadband pay system to formulate remuneration sequences according to the different positions, making different classifications according to the characteristics of each sequence. By making close connections among the labor remuneration of employees, post value, accumulated contributions, work performance and many others, it has built multiple channels for career development of employees and pay promotion. Through the establishment of pay promotion standards, the enthusiasm of employees has been mobilized and the incentive effect on the implementation of the remuneration system has been ensured. During the Reporting Period, staff salaries amounted to RMB127,170 thousand (same period in 2015: 124,510 thousand). The Company strictly complies with the State's social insurance policies. According to the relevant State's stipulation, the Company has arranged the old-age insurance, basic medical insurance, unemployment insurance, injury insurance and child-bearing insurance for the staff.

The company values staff training. At the beginning of each year, annual training plans are established. Various trainings are conducted orderly according to relevant systems and plans. The quality and efficiency of training program are fully elevated, and the educational and training levels improved constantly. During the Reporting Period, combining the actual job requirements and business functions of the Company and various departments, the Company and its various departments have carried out trainings in operational management, engineering techniques, safety management and information technology, etc to effectively enhanced skills and professional knowledge of employees. Regarding integrated management, the Company has held topic-specific training courses for leading cadres based on the current situation of the Company and with a focus on how to resolve difficulties faced by entities under revolution and development. Regarding internet learning, the Company has encouraged the employees to participate in self-learning through internet platform to promote E-learning. It upgraded the learning system by utilising new functions such as mobile phone and interactive functions, to improve the online education platform.

IV. Major Events

1. Material litigation, arbitration and widespread media enquiry.

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

2. Bankruptcy reorganization.

There was not involved in any bankruptcy reorganization during the Reporting Period.

3. Assets trading and business combination.

There was not involved in any assets trading or business combination during the Reporting Period.

4. **Implementation of share incentive scheme.**

The Company has not implemented the share incentive scheme.

5. **Major connected transaction**

Item overview	query indexes (being the date of uploading respective announcements on the designated website as required by the Shanghai Stock Exchange)
Provide expressway networking toll system services	28 March 2016《the Announcement of estimating daily Connected Transactions of 2016》
Provide service area rental services	28 March 2016《the Announcement of estimating daily Connected Transactions of 2016》
To receive project construction management service	29 April 2016《Connecting Connected Transactions》, 28 March 2016《the Announcement of estimating daily Connected Transactions of 2016》
Provide the house of Wantong park rental services	28 March 2016《the Announcement of estimating daily Connected Transactions of 2016》
To receive project construction management service	28 March 2016《the Announcement of estimating daily Connected Transactions of 2016》
To receive supervisory service of project construction	28 March 2016《the Announcement of estimating daily Connected Transactions of 2016》
To receive construction test	28 March 2016《the Announcement of estimating daily Connected Transactions of 2016》
To receive property management service	28 March 2016《the Announcement of estimating daily Connected Transactions of 2016》
Provide vehicles and machinery rental services	28 March 2016《the Announcement of estimating daily Connected Transactions of 2016》

6. **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**

(RMB'00,000,000)

Guarantees provided by the Company (excluding guarantees provided for the subsidiaries)	
Total amount of guarantees during the Reporting Period (excluding guarantees provided for the subsidiaries)	0
Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees provided for the subsidiaries)	0
Guarantees provided by the Company to its subsidiaries	
Total amount of guarantees provided for the subsidiaries during the Reporting Period	0
Total balance of guarantees provided for the subsidiaries as at the end of the Reporting Period（B）	1.76
Total amount of guarantees provided by the Company (including guarantees provided for the subsidiaries)	
Total guarantee amount（A+B）	1.76
Total guarantee amount as a percentage of net asset value of the Company (%)	2.02

In which:

Amount of guarantee provided for shareholders, actual controllers and their affiliates (C)	0
Amount of debt guarantee provided directly or indirectly for the guaranteed objects with the ratio of liabilities to assets exceeding 70% (D)	0
Amount of guarantee that is in excess of 50% total net worth (E)	0
The total of the above three amounts of guarantee (C+D+E)	0
Clarification on outstanding guarantees which may cause several and joint liability	
Clarification on guarantee	During the Reporting Period, the Company provided a guarantee of RMB 500 million for the Company's subsidiary Ningxuanhang Company, which was approved at the 18th meeting of the 5th Board, held on 18 August 2010. As of the end of the Reporting Period, balance of guarantees provided by the Company amounted to RMB 0.176 billion.

7. **Fulfillment of commitments**

The commitments for listed companies, shareholders with shareholding of 5% or more, the controlling shareholders and actual controllers during the Reporting Period or remain effective until the Reporting Period.

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

Background of commitment	Type of commitment	Commitment party	Content of commitment	Time and term of commitment	Whether there is the time limit for performance or not	Whether strictly comply in a timely manner or not
Other Commitment	Other	Anhui Transportation Holding Group Company Limited	Within the 6-month period since 10 July 2015, it would not reduce shareholding in the Company through the secondary market. Actively fulfill their duties of substantial shareholders and strive to improve the quality of the Company, promote the establishment of comprehensive and long-term mechanism by the Company for investor's return, continuously improve the level of investors' returns	Since10 July 2015 it does not reduce its during 6 months	Yes	Yes

V. Other Major Events

Apply for issuing short-term financing bonds

In order to satisfy the capital requirements of the Company and to integrate with the future capital investment progress, the seventh session of the board at its 12th meeting convened on 22 January 2016 approved the proposed issue of ultra short-term financing bonds of RMB1 billion with a term of 270 days by the Company. The registration and issuance of the ultra short-term financing bonds have been approved by shareholders at the general meeting of the Company held on 20 May 2016 and are pending for registration with the National Association of Financial Market Institutional Investors.

Adjust the preferential policies of the toll for road truck

According to the "Implementation of Views on Cost Reduction to Reduce the Financial Burden of Real Economy of People's Government of Anhui Province" and the "Notice on Conscientiously Implementing the Preferential Policies for Truck Toll issued by Anhui Provincial Department of Transportation", the trucks using by toll roads of Anhui Province with Anhui transportation card can enjoy a 10% discount further to the current 5% discount. This great favor will last for three years which from 12 July 2016 to 11 July 2019 temporarily.

Corporate Governance Code

During the Reporting Period, 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 model of Human Resources and Remuneration Committee has so far been effective and suits the needs of the Company better, and most of the members of the Human Resources and Remuneration Committee are independent non-executive directors and directors who do not assume management duties at the Company, which can ensure the protection of the interests of shareholders), the Company has always complied with the Corporate Governance Code as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in order to the maintain a high standard of corporate governance so as to improve the corporate transparency and protect the interests of the Company's shareholders.

Diversification Policy of the Members of the Board

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

Liability Insurance for Directors, Supervisors

According to the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, during the Reporting Period, the Company has completed the arrangement of selection of the insurance provider of the liability insurance for directors, supervisors and senior management in 2016, providing the guarantee of the performance for directors, supervisors and senior management.

Audit Committee

During the Reporting Period, the Audit Committee convened three meetings, which had reviewed the 2015 Annual Report and Financial Statements prepared in accordance with CAS and HKAS, the 2016 First Quarterly Report, as well as the 2016 Interim Results Report and Unaudited Financial Statements prepared in accordance with CAS and HKAS.

Independent Non-executive Directors

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

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

For the six months ended 30 June 2016, the Company has adopted the code provisions on the trading of shares of the Company by relevant directors and supervisors 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 to the Listing Rules. After making specific enquiries of all directors and supervisors by the Company, all directors and supervisors confirmed that they fully complied with the Model Code for Securities Transactions during the Reporting Period.

Purchase, Sale and Redemption of the Company's Shares

For the six months ended 30 June 2016, the Company or any of its subsidiaries did not repurchase, purchased or re-sold any of the listed shares of the Company.

VI. **Outlook**

At present, China's economy continued to undergo adjustment and division. Certain core indicators have improved slightly, the positive factors are increasing, and the effects of steady growth policy have appeared, while the overall downward trend of economic operation has not experienced a turnaround yet. Under pressure of the economic downturn, the Company is also facing problems like slow development of the main roads industry, short supply in high-quality road projects, and insufficient development in business diversification, which have specifically reflected in following aspects: firstly, the scales of the main business assets are small, toll periods of parts of the core roads are expiring and the problems of sustainable development become increasingly prominent; secondly, the income of new operating road sections is low which contributed little to the revenue, coupled with the expenses in depreciation, amortization and interest on borrowings which affected the overall performance of the Company quite substantially; thirdly, traffic flow growth has been maintained but the growth rate of goods vehicles is slow, and the increase in toll rates is slower than that of the traffic flow growth; fourthly, the ratio of total exempted amount for green channels, holidays, and Anhui transportation cards etc. to the total toll income is of a ratio which can no longer be ignored; fifthly, as affected by the economic situation, diversification of business is slow and the investment areas are limited.

At the same time, we perceive that the monetary policy and fiscal policy are expected to remain accommodative in the second half of this year, and the macroeconomic is expected to stabilize; the reform of state-owned enterprises will continue, and the Company will have bright prospects in the aspects of reform, innovation, mergers and acquisitions, capital operation as well as other aspects. The policies of highway industry become clear gradually, and the Company is facing a new opportunity with the long-term benefit arising from the amendment of the "Management Regulations on Toll Roads".

In the second half of this year, we will continue to steadily undergo the third phase of Ningxuanhang Expressway and procure the project for widening of Henning Expressway to be carried out as soon as possible; strengthen highway operation management, maintenance management, smiling service management and network marketing campaigns; actively supervise and deal with the non-performing loans of the pawn company as well as strengthen management of all joint stock companies; continue to adjust and optimize the company organization in order to build a scientific organization and management system with governance structure for the corporate entity; continue to explore new financing channels, domestic and foreign financing instruments with low costs and risks so as to reduce financing costs; continuously search for high-quality investment projects; and plan in advance in the areas of diversified investment, overseas investment, business expansion and capital operation, in order to make the Company, with unremitting efforts, bigger and stronger.

By order of the Board
Qiao Chuanfu
Chairman

Hefei, the PRC, 19 August 2016

As at the date of this announcement, the board of directors of the Company comprises: Qiao Chuanfu, Chen Dafeng, Xu Zhen, Xie Xinyu, Wang Xiufeng, Du Jian, Hu Bin, Yang Mianzhi and Kong Yat Fan.

This announcement is originally prepared in Chinese. Should there be any differences between the Chinese and English versions, the former shall prevail.