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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 2017

The board of directors (the "Board") of Anhui Expressway Company Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017 (the "Reporting Period"). The unaudited 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 2017 together with the unaudited comparative figures for the corresponding period in 2016, are as follows:

I. Financial highlights

(All amounts in Renminbi thousands unless otherwise stated)

Interim condensed consolidated income statement

For the six months ended 30 June 2017

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	**2017**	**2016**
Revenue	3	1,651,101	1,358,149
Cost of sales		(866,861)	(659,625)
Gross profit		784,240	698,524
Other gains - net	12	29,610	38,658
Administrative expenses		(30,845)	(48,659)
Operating profit		783,005	688,523
Finance costs	4	(44,920)	(65,015)
Share of profit of an associate		3,920	4,530
Profit before income tax		742,005	628,038
Income tax expenses	5	(230,351)	(158,146)
Profit for the period		511,654	469,892
Attributable to:			
Owners of the Company		520,107	477,422
Non-controlling interests		(8,453)	(7,530)
		511,654	469,892
Basic and diluted earnings per share			
(expressed in RMB per share)	6	0.3136	0.2878

Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June 2017

(All amounts in Renminbi thousands unless otherwise stated)

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

Interim condensed consolidated balance sheet

As at 30 June 2017

(All amounts in Renminbi thousands unless otherwise stated)

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

Interim condensed consolidated balance sheet (continued)
As at 30 June 2017
(All amounts in Renminbi thousands unless otherwise stated)

LIABILITIES	*Note*	Unaudited 30 June 2017	Audited 31 December 2016
Non-current liabilities			
Long-term payables		1,075,237	960,837
Borrowings		1,678,209	1,649,833
Deferred income tax liabilities		129,972	140,281
Deferred income		31,845	32,931
		2,915,263	2,783,882
Current liabilities			
Trade and other payables	11	991,729	671,382
Current income tax liabilities		99,458	124,083
Provision		30,562	22,069
Borrowings		128,052	128,621
		1,249,801	946,155
Total liabilities		4,165,064	3,730,037
Total equity and liabilities		13,692,288	13,215,279

Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2017

(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 2016 (audited)		1,658,610	1,415,593	118,083	4,998,212	789,927	8,980,425
Comprehensive income							
Profit/(loss) for the period (unaudited)		—	—	—	477,422	(7,530)	469,892
Other comprehensive income (unaudited)							
"- Fair value gains on AFS financial assets, net of tax"		—	—	6,364	—	—	6,364
Total comprehensive income/(loss) for the period ended 30 June 2016 (unaudited)		—	—	6,364	477,422	(7,530)	476,256
Others (unaudited)		—	—	(507)	507	—	—
Transactions with owners							
Dividends relating to 2015 (unaudited)		—	—	—	(381,480)	—	(381,480)
Dividends paid to a non-controlling interest of subsidiaries relating to 2015 (unaudited)		—	—	—	—	(88,127)	(88,127)
"Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax (unaudited)"		—	—	—	—	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
Balance at 1 January 2017 (audited)		1,658,610	1,415,593	127,587	5,542,709	740,743	9,485,242
Comprehensive income							
Profit/(loss) for the period (unaudited)		—	—	—	520,107	(8,453)	511,654
Other comprehensive income (unaudited)							
"- Fair value gains on AFS financial assets, net of tax"		—	—	—	—	—	—
Total comprehensive income/(loss) for the period ended 30 June 2017 (unaudited)		—	—	—	520,107	(8,453)	511,654
Others (unaudited)		—	—	(507)	507	—	—
Transactions with owners							
Dividends relating to 2016 (unaudited)	7	—	—	—	(381,480)	—	(381,480)
Dividends paid to a non-controlling interest of subsidiaries relating to 2016 (unaudited)		—	—	—	—	(101,780)	(101,780)
"Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax (unaudited)"		—	—	—	—	13,588	13,588
Balance at 30 June 2017 (unaudited)		1,658,610	1,415,593	127,080	5,681,843	644,098	9,527,224

Interim condensed consolidated cash flow statement

For the six months ended 30 June 2017

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	**2017**	**2016**
Cash flows from operating activities			
Cash generated from operations		767,895	841,728
Interest paid		(39,752)	(48,846)
Income tax paid		(241,295)	(197,297)
Net cash generated from operating activities		486,848	595,585
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(3,809)	(2,347)
Purchase of intangible assets	9	(6)	(916)
Purchase of investment properties	9	(3,852)	—
Purchase of AFS financial assets		(100,000)	—
Net decrease in restricted cash		10,000	—
Net increase in financial products	10	(70,000)	(95,000)
Proceeds from sales of property, plant, equipment and investment properties		261	160
Interest received		16,111	7,834
Dividends received from AFS financial assets	10(c)	—	43,020
Net cash used in investing activities		(151,295)	(47,249)
Cash flows from financing activities			
Proceeds from bank borrowings		171,350	722,730
Repayments of bank borrowings		(41,849)	(323,302)
Dividends paid to the non-controlling interests		(58,581)	(78,299)
Net cash generated from financing activities		70,920	321,129
Net increase in cash and cash equivalents		406,473	869,465
Cash and cash equivalents at beginning of the period		1,900,812	709,246
Exchange gains on cash and cash equivalents		(72)	115
Cash and cash equivalents at end of the period		2,307,213	1,578,826

Notes:

1. **Basis of preparation**

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. **Accounting policies**

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

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

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

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

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

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

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

- HKFRS 15 "Revenue from Contracts with Customers", effective for annual accounting periods beginning on or after 1 January 2018
- HKFRS 9 "Financial Instruments", effective for annual accounting periods beginning on or after 1 January 2018

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

3. **Revenue-the Group**

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

4. **Finance costs-the Group**

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

5. **Taxation-the Group**

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

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

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

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

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

Pursuant to Cai Shui [2008] Circular 1 jointly issued by the Ministry of Finance and the State Administration of Taxation, where the Company declares dividend in or after 2008 and beyond out of the cumulative retained earnings as of 31 December 2007 (i.e. 2007 retained earnings), such dividends earned by the foreign shareholders are exempted from WHT; For dividend which arises from the Company's profit earned after 1 January 2008, WHT is levied on the foreign institute shareholders. Pursuant to the new CIT law and the detailed implementation regulations, foreign shareholders are subject to a 10% WHT for the dividend repatriated by the Company starting from 1 January 2008. For certain treaty jurisdictions such as Hong Kong which has signed tax treaties with the PRC, the WHT rate is 5%. The Company has fulfilled the obligation of WHT for dividends related to 2016 which was paid to foreign shareholders until 30 June 2017.

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	
	2017	**2016**
Profit attributable to equity holders of the Company	520,107	477,422
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.3136	0.2878

7. **Dividends**

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

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

8. **Commitments**

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

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

9. **Capital Expenditures**

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

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

10. Trade and other receivables

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

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

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

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

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

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

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

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

(b) As at 30 June 2017, toll roads income receivable mainly represented receivable from Anhui Expressway Network Operations Co., Ltd. ("安徽高速公路聯網運營有限公司", "AENO", the toll settlement centre of Anhui Province) of RMB 36,803 thousand (31 December 2016: RMB 39,713 thousand) for uncollected toll roads income.

(c) Anhui Expressway Advertisement Co., Ltd. ("安徽高速傳媒有限公司", "AEAC") declared a cash dividend of RMB 3,464 thousand to the Company in the six months ended 30 June 2017, which has not been received by the Company.

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

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

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

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

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

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

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

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

11. **Trade and other payables**

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

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

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

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

12. **Other gains - net**

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

II. **Interim results and dividends**

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

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

The 2016 profit appropriation proposal of the Company (the "Profit Appropriation Proposal") was approved at the 2016 annual general meeting held by the Company on 19 May 2017 (the "Annual General Meeting"), details are as follows: To pay a final cash dividend of RMB 381,480.30 thousand on the basis of RMB 2.30 for every 10 shares (tax inclusive) based on the total number of 1,658,610,000 shares.

According to the authorization given by the Annual General Meeting, the Board published the voting results announcement of the Annual General Meeting on 20 May 2017 in the Shanghai Securities Post, China Securities Post and on 19 May 2017 on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and determined a final dividend for H shares of HK$0.2605 (tax inclusive) each, which was priced in RMB and paid in HK$. The final dividend for H shares was paid to the holders of H shares whose names are on the register of members of the Company on 31 May 2017, and the cheques for the dividend were mailed on or before 19 July 2017. On 10 July 2017, the Company published the 2016 profit appropriation implementation announcement in the Shanghai Securities Post and China Securities Post and determined that the domestic shareholders' registration date was 17 July, the ex-dividend date was 18 July and the dividend payout date was 18 July.

The Profit Appropriation Proposal has been implemented in July 2017.

The Board recommends that the Company will neither pay the dividends for the six months ended 30 June 2017 (2016 interim: nil) nor transfer the capital surplus to share capital.

III. Report of the Board

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

(1) *Toll Expressway Business*

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

The economic development, the favorable policies, the impact of the highway network and other factors were the main factors which influenced the toll revenue of the Group. Since this year, the economic growth of Anhui province keeps smoothly, steadily and structurally improving. The Anhui province's GDP in the first half of 2017 reached RMB 1264.54 billion. Calculated at comparable prices, there is an increase of 8.5% over the same period last year.

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

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

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

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

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

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

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

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

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

Items	Interests	Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
		First half of 2017	First half of 2016	Flux (%)	First half of 2017	First half of 2016	Flux (%)
Hening Expressway	100%	28,313	25,950	9.11	491,460	475,399	3.38
New Tianchang Section of National Trunk 205	100%	5009	5,027	-0.36	25,776	27,235	-5.36
Gaojie Expressway	100%	16,447	14,047	17.09	308,903	270,275	14.29
Xuanguang Expressway	55.47%	24,141	21,715	11.17	245,870	229,357	7.20
Lianhuo Expressway Anhui Section	100%	15,058	12,856	17.13	128,954	103,645	24.42
Ninghuai Expressway Tianchang Section	100%	39,478	34,076	15.85	59,073	51,594	14.50
Guangci Expressway	55.47%	25,592	21,892	16.90	44,431	39,035	13.82
Ningxuanhang Expressway	51%	7,172	3,903	83.76	33,383	21,901	52.43

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

Notes:

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

2. All of toll income above include tax.

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

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

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

Other sections of highways have maintained steady growth.

(2) ***General achievements of the pawn business***

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

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

Analysis of main shares holding companies and joint stock companies

(Unit: RMB'000)

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

Name of company	Equity capital the Group possesses	Registered Capital	30 June 2017 Total assets	Net asset	The six months ended 30 June 2017 Operating income	Net profit	Main business
Anhui Expressway (H.K.) Limited	100%	1,981	2,082	1,943	0	-62	Highway enterprises; its business covers relevant consultation and technology service for building, investment and operation of road abroad, and currently, the operation has yet to begin

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

Unit: yuan Currency: RMB

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

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

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

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

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

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

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

The change of cash flows from financing activities was because the Company obtained a special loan of RMB600 million from China Development Bank last year while there was no such inflow this year.

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

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

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

Unit: yuan Currency: RMB

Principal businesses in terms of industries

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

Principal businesses in terms of products

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

Principal businesses in terms of region

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

(2) ***Employees remuneration and training***

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

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

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

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

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 or Reorganization

The Company was not involved in any bankruptcy or reorganization during the Reporting Period.

3. Assets Trading or Business Mergers

The Company was not involved in any assets trading or business mergers during the Reporting Period.

4. Implementation of Share Incentive Scheme

The Company has not implemented any share incentive scheme.

5. Major Related Party/Connected Transactions

Item overview	Indexes of announcements (being the date of uploading respective announcements on the website of the Company)
To provide expressway section entrusted management service	30 December 2016 ***"Continuing Connected Transactions: Entrusted Management Agreements";*** 31 December 2016 ***"Anhui Expressway Announcement in relation to Related Party Transactions for Provision of Entrusted Expressway Section Management Service"***; 27 March 2017 ***"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"***

To receive expressway network toll settlement	30 December 2016 ***"Continuing Connected Transactions: Network Services";*** 31 December 2016 ***"Anhui Expressway Announcement in relation to 2016 Newly Added Daily Related Party Transactions";*** 27 March 2017 ***"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions";*** 21 June 2017 ***"Continuing Connected Transaction: Entering into the Network Services Agreement"***
To receive construction management service	30 December 2016 "***Continuing Connected Transactions: Widening Work Agreements"***; 31 December 2016 ***"Anhui Expressway Announcement in relation to Related Party Transactions"***; 31 December 2016 ***"Anhui Expressway Announcement in relation to 2016 Newly Added Daily Related Party Transactions"***; 27 March 2017 ***"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions";***
To receive supervisory service of project construction	31 December 2016 ***"Anhui Expressway Announcement in relation to 2016 Newly Added Daily Related Party Transactions"***; 27 March 2017 ***"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"***
To receive construction test	31 December 2016 ***"Anhui Expressway Announcement in relation to 2016 Newly Added Daily Related Party Transactions"***; 27 March 2017 ***"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"***

To receive property management service	27 March 2017 ***"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"***
To provide the house rental services	27 March 2017 ***"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"***
To provide service area rental services	3 January 2017 "***Continuing Connected Transaction: Operating Rights Lease Agreement***"; 27 March 2017 ***"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"***
To provide vehicles and machinery rental services	31 December 2016 "***Anhui Expressway Announcement in relation to 2016 Newly Added Daily Related Party Transactions***" 27 March 2017 ***"Anhui Expressway Announcement in relation to Contemplated 2017 Daily Related Party Transactions"***
To invest in the establishment of fund management company and fund partnership	18 March 2017 ***"Anhui Expressway Announcement in relation to the Investment in Establishing Fund Management Company and Setting Up Fund Partnership"*** 27 April 2017 ***"Connected Transactions: Investment in Establishment of Fund Management Company and Fund Partnership"***

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)

Total amount of guarantees provided by the Company (not including guarantees provided for its subsidiaries)	
Total amount of guarantees provided during the Reporting Period (not including guarantees provided for its subsidiaries)	
Total balance of guarantees provided as at the end of the Reporting Period (A) (not including guarantees provided for its subsidiaries)	
Guarantees provided by the Company for its subsidiaries	
Total amount of guarantees provided for the subsidiaries by the Company during the Reporting Period	-0.02
Total balance of guarantees provided for the subsidiaries as at the end of the Reporting Period (B)	1.72

Total amount of guarantees provided by the Company (including guarantees provided for its subsidiaries)		
Total guarantee amount (A+B)		1.72
Total guarantee amount as a percentage of net asset value (%)		1.95
Thereinto:		
Amount of guarantee provided for shareholders, actual controllers and their affiliates (C)		0
Amount of debt guarantee directly or indirectly provided for the guaranteed objects with the ratio of liabilities to assets exceeding 70% (D)		0
Amount of guarantee that exceeds 50% of the net assets (E)		0
The total of the above three amount of guarantee (C+D+E)		
Several and joint liability which may have to be borne on the outstanding guarantees		
Clarification on guarantee	The Company provided a guarantee of RMB 500 million for the Company's subsidiary Ningxuanhang Company, which was approved at the 18th meeting of the fifth session of the Board held on 18 August 2010. As at the end of the Reporting period, balance of guarantees provided by the Company amounted to RMB 0.172 billion.	

7. **Fulfillment of Commitments**

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

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

V. Other Major Events

Adjust the Preferential Policies of the Road Truck Tolls

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

Investment in Fund Management Company and Establishment of Industrial Investment Fund

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

On 6 April 2017, the Company, China Merchants Zhiyuan Capital Investment Co., Ltd. ("China Merchants Zhiyuan") and Anhui Transportation Holding Capital Investment Co., Ltd. ("Transportation Holding Capital") completed the industrial and commercial registration procedures for Anhui Transportation China Merchants Fund Management Co., Ltd. (the "Fund Management Company").

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

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

Corporate Governance Code

During the Reporting Period, save and except that both the duties of the remuneration committee and the nomination committee are performed by the Company's Human Resources and Remuneration Committee (as the Company considers the long established mode of Human Resources and Remuneration Committee has so far been effective and suits the needs of the Company better, and most of the members of the Human Resources and Remuneration Committee are independent directors, which can ensure the protection of the interests of shareholders), the Company has always complied with the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in order to maintain a high standard of corporate governance so as to improve the corporate transparency and protect the interests of the Company's shareholders.

Diversification Policy of the Members of the Board

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

Liability Insurance for Directors and Supervisors

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

Audit Committee

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

Independent Non-executive Directors

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

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

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

Purchase, Sale and Redemption of the Company's Securities

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

VI. **Outlook**

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

Changes in Macroeconomic Environment and Industry Policies

The toll road industry is sensitive to changes in macro-economy. Macroeconomic change directly affects the demand for highway transport, which in turn affects the traffic flow of all toll projects and the results of the Group's operation. Economic downturn has become the "new norm" which results in weakened demands for goods logistics. The number of trucks among all vehicles decreases and the growth of toll fees slowed down. At the same time, as industrial policy eventually failed to be put in place, the residents have paid high attention to the highway tariff policy. Thus, policy adjustments which are favorable to the

Company may face greater public pressure. On the other hand, as the existing toll relief policies are continual and irreversible, the performance of the Company will be affected as a result of the constant increase in the amount of relief and the increase in costs.

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

Diversified Travel Modes and Road Network Changes

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

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

The Risk of the Expiry of Franchise

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

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

Facing Difficulties in Non-principal Business Development

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

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

By Order of the Board
安徽皖通高速公路股份有限公司
Auhui Expressway Company Limited
Qiao Chuanfu
Chairman

Hefei, Auhui, the PRC
25 August 2017

As at the date of this announcement, the Board comprises: Qiao Chuanfu (chairman), Chen Dafeng, Xu Zhen, Xie Xinyu, being the executive directors; Yang Xudong and Du Jian, being the non-executive directors; and Kong Yat Fan, Jiang Jun and Liu Hao, being the independent non-executive directors.

This announcement is originally prepared in Chinese. If there is any discrepancy between the Chinese and English versions, the Chinese version shall prevail.