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 2018

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 2018 (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 2018 together with the unaudited comparative figures for the corresponding period in 2017, 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 2018
(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited Six months ended 30 June	
	Note	**2018**	**2017**
Revenue	4	1,760,879	1,651,101
Cost of sales		(946,230)	(866,861)
Gross profit		814,649	784,240
Other gains - net	13	40,053	29,610
Administrative expenses		(40,209)	(30,845)
Operating profit		814,493	783,005
Finance costs	5	(64,795)	(44,920)
Share of profit of an associate		12,390	3,920
Profit before income tax		762,088	742,005
Income tax expenses	6	(217,821)	(230,351)
Profit for the period		544,267	511,654
Attributable to:			
Owners of the Company		551,381	520,107
Non-controlling interests		(7,114)	(8,453)
		544,267	511,654
Basic and diluted earnings per share (expressed in RMB per share)	7	0.3324	0.3136

Interim condensed consolidated statement of comprehensive income
For the six months ended 30 June 2018
(All amounts in Renminbi thousands unless otherwise stated)

	Unaudited Six months ended 30 June	
	2018	**2017**
Profit for the period	544,267	511,654
Other comprehensive income	—	—
Total comprehensive income for the period	544,267	511,654
Attributable to:		
Owners of the Company	551,381	520,107
Non-controlling interests	(7,114)	(8,453)
	544,267	511,654

Interim condensed consolidated balance sheet

As at 30 June 2018

(All amounts in Renminbi thousands unless otherwise stated)

	Note	Unaudited 30 June 2018	Audited 31 December 2017
ASSETS			
Non-current assets			
Concession intangible assets	10	10,003,484	10,002,807
Land use rights	10	9,985	10,464
Property, plant and equipment	10	912,547	999,705
Investment properties	10	354,246	331,878
Intangible assets	10	4,960	7,065
Investments in an associate		137,399	125,010
Deferred income tax assets		13,668	12,313
Financial assets at fair value through other comprehensive income ("Financial assets at FVOCI")	3	404,846	—
Available-for-sale ("AFS") financial assets	3	—	404,846
		11,841,135	11,894,088
Current assets			
Inventories		7,043	7,402
Trade and other receivables	11	239,346	503,418
Cash and cash equivalents		2,427,772	1,829,395
		2,674,161	2,340,215
Total assets		14,515,296	14,234,303

	Note	Unaudited 30 June 2018	Audited 31 December 2017
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		103,450	116,522
Retained earnings		6,428,451	6,245,478
		9,606,104	9,436,203
Non-controlling interests		529,201	650,390
Total equity		10,135,305	10,086,593
LIABILITIES			
Non-current liabilities			
Long-term payables		1,180,853	1,130,609
Borrowings		1,635,741	1,666,585
Deferred income tax liabilities		98,476	105,303
Deferred income		29,671	30,757
		2,944,741	2,933,254
Current liabilities			
Trade and other payables	12	1,238,678	999,273
Current income tax liabilities		68,177	157,370
Provision		43,927	34,565
Borrowings		84,468	23,248
		1,435,250	1,214,456
Total liabilities		4,379,991	4,147,710
Total equity and liabilities		14,515,296	14,234,303

Interim condensed consolidated statement of changes in equity
For the six months ended 30 June 2018
(All amounts in Renminbi thousands unless otherwise stated)

	Note	Attributable to equity holders of the Company					
		Ordinary share capital	Share premium	Other reserves	Retained earnings	Non-controlling interests	Total
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)		—	—	—	(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

	Note	Attributable to equity holders of the Company					
	Note	Ordinary share capital	Share premium	Other reserves	Retained earnings	Non-controlling interests	Total
Balance at 31 December 2017 as originally presented (audited)		1,658,610	1,415,593	116,522	6,245,478	650,390	10,086,593
Change in accounting policy (unaudited)	3	—	—	(12,565)	12,565	—	—
Restated total equity at 1 January 2018 (unaudited)		1,658,610	1,415,593	103,957	6,258,043	650,390	10,086,593
Comprehensive income							
Profit/(loss) for the period (unaudited)		—	—	—	551,381	(7,114)	544,267
Other comprehensive income (unaudited)							
– Fair value change on financial assets at FVOCI, net of tax		—	—	—	—	—	—
Total comprehensive income/(loss) for the period ended 30 June 2018 (unaudited)		—	—	—	551,381	(7,114)	544,267
Others (unaudited)		—	—	(507)	507	—	—
Transactions with owners							
Dividends relating to 2017 (unaudited)	8	—	—	—	(381,480)	—	(381,480)
Dividends paid to a non-controlling interest of subsidiaries relating to 2017 (unaudited)		—	—	—	—	(127,255)	(127,255)
Difference between the carrying amount and undiscounted amount of interest free loan received from a non-controlling interest, net of tax (unaudited)		—	—	—	—	13,180	13,180
Balance at 30 June 2018 (unaudited)		1,658,610	1,415,593	103,450	6,428,451	529,201	10,135,305

Interim condensed consolidated cash flow statement
For the six months ended 30 June 2018
(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	**2018**	**2017**
Cash flows from operating activities			
Cash generated from operations		656,102	767,895
Interest paid		(49,415)	(39,752)
Income tax paid		(319,592)	(241,295)
Net cash generated from operating activities		287,095	486,848
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(430)	(3,809)
Purchase of intangible assets	10	(247)	(6)
Purchase of investment properties		—	(3,852)
Purchase of AFS financial assets		—	(100,000)
Net decrease in restricted cash		—	10,000
Net decrease/(increase) in financial products	11	310,000	(70,000)
Proceeds from sales of property, plant and equipment		179	261
Interest received		36,516	16,111
Net cash generated from/(used in) investing activities		346,018	(151,295)
Cash flows from financing activities			
Proceeds from borrowings		120,600	171,350
Repayments of borrowings		(28,100)	(41,849)
Dividends paid to the non-controlling interests		(127,255)	(58,581)
Net cash (used in)/generated from financing activities		(34,755)	70,920
Net increase in cash and cash equivalents		598,358	406,473
Cash and cash equivalents at beginning of the period		1,829,395	1,900,812
Exchange gains/(losses) on cash and cash equivalents		19	(72)
Cash and cash equivalents at end of the period		2,427,772	2,307,213

Notes:

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2018 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 consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

(a) Amendments of HKFRS effective in 2018 adopted by the Group

The following new standards, amendments and interpretations have been adopted by the Group for the first time for its financial year beginning on 1 January 2018:

- HKFRS 9 "Financial Instruments"
- HKFRS 15 "Revenue from Contracts with Customers"
- Amendments to HKFRS 2 regarding classification and measurement of share-based payment transactions
- Amendments to HKFRS 4 on applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
- Amendments to HKFRS 1 "First-time Adoption of HKFRS"
- Amendments to HKAS 28 "Investments in Associates and Joint Ventures"
- Amendments to HKAS 40 regarding transfer of investment property
- HK (IFRIC) 22 "Foreign Currency Transactions and Advance Consideration"

The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in Note 3 below. The other amendments and interpretations did not have any impact on the Group's condensed consolidated interim financial statements and did not require retrospective adjustment.

(b) New standards and amendments of HKFRS issued but are not yet effective for the financial year beginning on 1 January 2018 and have not been early adopted by the Group

A number of new standards, amendments and interpretations of HKFRS which are relevant to the Group's operations are effective for the financial year beginning after 1 January 2018 and have not been applied in preparing these condensed consolidated interim financial statements. The Group intends to adopt them no later than the respective effective dates of these new standards, amendments and interpretations. These new standards, amendments and interpretations are set out below:

- HKFRS 16 "Leases", effective for annual accounting periods beginning on or after 1 January 2019 (i)
- HK (IFRIC) 23 "Uncertainty over Income Tax Treatments", 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.

The Group is assessing the full impact of these new standards, amendments and interpretations. According to the preliminary assessment, other than the assessment results of HKFRS 16 stated below which may give rise to some impact, none of these is expected to have a significant impact on the consolidated financial statements of the Group:

(i) HKFRS 16 "Leases"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on

the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2018, the Group has non-cancellable operating lease commitments of RMB 500 thousand. The Group estimates that all of these relate to payments for short-term and low-value leases which will be recognised on a straight-line basis as an expense in profit or loss.

Accordingly, the Group does not expect the new standard to have a significant impact on the Group's results of operations and financial position.

Date of adoption by Group

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

3. Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" on the Group's condensed consolidated interim financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

3.1 Impact on the consolidated financial statement

As a result of the changes in the entity's accounting policies, opening balance of interim condensed consolidated financial statements had to be restated. As explained in Note 3.2 below, HKFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated consolidated balance sheet as at 31 December 2017, but are recognised in the opening consolidated balance sheet on 1 January 2018.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated balance sheet (extract)	**31 December 2017 as originally presented**	**HKFRS 9**	**1 January 2018 restated**
Financial assets at FVOCI	—	404,846	404,846
Available-for-sale financial assets	404,846	(404,846)	—
Total assets	404,846	—	404,846
Other reserves	116,522	(12,565)	103,957
Retained earnings	6,245,478	12,565	6,258,043
Total equity	6,362,000	—	6,362,000

There is no impact on the statement of profit or loss and other comprehensive income by adopting HKFRS 9 and HKFRS 15.

3.2 HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and reclassification of the opening balance in the consolidated financial statements. The new accounting policies are set out in note 3.3 below. In accordance with the transitional provisions in HKFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	2018
Closing retained earnings at 31 December	6,245,478
Reclassify prior-year impairment of AFS financial assets and related deferred taxation to other reserves (i)	12,565
Opening retained earnings at 1 January - HKFRS 9	6,258,043

(i) Equity investment previously classified as AFS financial assets

The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as AFS financial assets, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of RMB 404,846 thousand were reclassified from AFS financial assets to financial assets at FVOCI. Prior-year impairment loss of RMB16,753 thousand and deferred taxation of RMB4,188 thousand were reclassified from retained earnings to other reserve.

3.3 HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

Investment and other financial assets

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income("OCI")), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Measurement

At initial recognition, the Group measures a financial asset at FVOCI at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

(c) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its other financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3.4 HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The adoption of HKFRS 15 does not have a material impact on the Group's results of operations and financial position.

4. Revenue

	Unaudited For the six months ended 30 June	
	2018	**2017**
Toll roads income, rental income and others	1,465,537	1,397,493
Revenue from construction or upgrade work under Service Concessions	293,371	252,910
Interest income from pawn loans to customers	1,971	698
	1,760,879	1,651,101

5. Finance costs

	Unaudited For the six months ended 30 June	
	2018	**2017**
Interest expenses	68,360	59,811
Including: amortisation of long-term payables	18,196	18,580
Less: capitalised interest expenses (Note 10)	(3,565)	(14,891)
	64,795	44,920

6. Taxation

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

	Unaudited For the six months ended 30 June	
	2018	**2017**
Current taxation - CIT (a)	230,399	216,670
Deferred taxation (credited)/debited to the consolidated income statement	(12,578)	13,681
	217,821	230,351

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

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

7. 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	
	2018	**2017**
Profit attributable to equity holders of the Company	551,381	520,107
Weighted average number of ordinary shares in issue (thousand)	1,658,610	1,658,610
Basic earnings per share (expressed in RMB per share)	0.3324	0.3136

8. 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 2018.

The directors did not recommend the payment of a dividend in respect of the six months ended 30 June 2018 (same period of 2017: nil).

9. Commitments

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

	30 June 2018 (unaudited)	**31 December 2017 (audited)**
Contracted but not provided for		
– Concession intangible assets	2,219,181	2,209,369
– Property, plant and equipment	60,911	60,911
	2,280,092	2,270,280

10. Capital expenditures

	Concession intangible assets	Intangible assets	Property, plant and equipment	Investment properties	Land use rights
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
Six months ended 30 June 2018					
Opening net book amount as at 1 January 2018 (audited)	10,002,807	7,065	999,705	331,878	10,464
Additions	293,371	247	430	—	—
Transfers	—	307	(31,204)	30,897	—
Disposals	—	—	(467)	—	—
Depreciation/amortisation	(292,694)	(2,659)	(55,917)	(8,529)	(479)
Closing net book amount as at 30 June 2018 (unaudited)	10,003,484	4,960	912,547	354,246	9,985

Borrowing costs of RMB 3,565 thousand have been capitalised in the six months ended 30 June 2018 at an average annual interest rate of 1.20% (same period of 2017: RMB 14,891 thousand; 5.552%).

11. Trade and other receivables

	30 June 2018 (unaudited)	31 December 2017 (audited)
Pawn loans to customers (a)	180,886	148,601
Financial products	50,000	360,000
Toll roads income receivable (b)	42,413	43,870
Receivables for construction	30,051	30,051
Receivables from management service of toll roads	24,390	8,062
Interest receivable	10,752	8,313
Dividends receivable (c)	200	—
Others	24,638	28,365
	363,330	627,262
Less: Provision for impairment of pawn loans (a)	(121,621)	(121,528)
Provision for others (d)	(2,363)	(2,316)
	239,346	503,418

(a) Pawn loans to customers

As at 30 June 2018 and 31 December 2017, the analysis of pawn loans to customers is as follows:

	30 June 2018 (unaudited)	31 December 2017 (audited)
Pawn loans to customers		
– Principal	180,886	148,601
– Interest	—	—
	180,886	148,601
Less: Impairment allowances		
– Individually assessed	(121,621)	(97,839)
– Collectively assessed	—	(23,689)
	(121,621)	(121,528)
Pawn loans to customers, net	59,265	27,073

Pawn loans to customers are arising from the Group's pawn loans business. The loan periods granted to customers are from two to six months and bore fixed interest rates ranging from 10.92% to 26.40% for the six months ended 30 June 2018 (2017: bore fixed interest rates ranging from 22.32% to 26.40%). The Group ceased interest accrual once pawn loans were over due.

As at 30 June 2018, the Group's pawn loans to certain third party customers with carrying amounts of RMB 600 thousand (31 December 2017: RMB 1,774 thousand) were secured by their trade receivables of RMB 7,510 thousand (31 December 2017: RMB 14,080 thousand), which were due from Anhui Transportation Construction Management Co., Ltd ("安徽省交控建設管理有限公司", formerly named "Anhui Expressway Construction Headquarter") who is subsidiary of Anhui Transportation Holding Group Co., Ltd. ("安徽省交通控股集團有限公司", "Anhui Transportation Group").

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

	For the six months ended 30 June	
	2018	**2017**
Beginning of the period (audited)	(121,528)	(112,732)
(Recognised)/reversed impairment losses (unaudited)	(93)	6,545
End of the period (unaudited)	(121,621)	(106,187)

(b) As at 30 June 2018, 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") of RMB 38,146 thousand (31 December 2017: RMB 39,559 thousand) for uncollected toll roads income.

(c) Anhui Transportation Zhaoshang Fund Management Co., Ltd. ("安徽交控招商基金管理有限公司", "ATZFM") declared a cash dividend of RMB 200 thousand to the Company for the six months ended 30 June 2018, which has not been received by the Company.

(d) As at 30 June 2018, other receivables of RMB 2,772 thousand (31 December 2017: RMB 2,871 thousand) were impaired. The according provision was amounted to RMB 2,363 thousand (31 December 2017: RMB 2,316 thousand). The ageing of these receivables is as follows:

	30 June 2018 (unaudited)	**31 December 2017 (audited)**
Up to 1 year	—	182
1 to 2 years	122	155
2 to 3 years	147	424
Over 3 years	2,503	2,110
	2,772	2,871

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

	For the six months ended 30 June 2018	2017
	2018	2017
Beginning of the period (audited)	(2,316)	(1,994)
Impairment losses recognised (unaudited)	(47)	(38)
End of the period (unaudited)	(2,363)	(2,032)

(e) As at 30 June 2018 and 31 December 2017, the ageing analysis of the trade and other receivables is as follows:

	30 June 2018 (unaudited)	31 December 2017 (audited)
Up to 1 year	210,232	473,017
1 to 2 years	3,035	514
2 to 3 years	204	1,057
Over 3 years	149,859	152,674
	363,330	627,262

As at 30 June 2018 and 31 December 2017, all trade and other receivables balances were denominated in RMB. Except for pawn loans to customers and other related receivables which are analysed in Note 11 (a) and (d), all trade and other receivables balances of the Group were fully performing.

As at 30 June 2018 and 31 December 2017, the fair values of trade and other receivables of the Group approximated their carrying amounts.

12. Trade and other payables

	30 June 2018 (unaudited)	31 December 2017 (audited)
Payables on acquisition of concession intangible assets	569,328	790,477
Dividends payable	381,480	—
Staff salaries and welfare	84,973	26,737
Current portion of long-term payables	67,581	55,079
Deposits for construction projects	56,875	54,504
Other taxation payables	18,046	21,704
Interest payable	5,159	4,409
Service fee payable for collection of toll roads income	4,224	3,765
Others	51,012	42,598
	1,238,678	999,273

As at 30 June 2018, trade and other payables of RMB 240,753 thousand were aged over one year (31 December 2017: RMB 235,632 thousand). These payables were mainly for construction projects and will be settled after project is completed.

As at 30 June 2018 and 31 December 2017, all trade and other payables were denominated in RMB.

As at 30 June 2018 and 31 December 2017, the fair values of trade and other payables, except for staff salaries and welfare, approximated their fair values.

13. Other gains - net

	Unaudited For the six months ended 30 June	
	2018	**2017**
Interest income	39,063	21,348
Amortisation of government grants relating to assets	1,086	1,086
Dividend income	200	3,464
Losses from disposal of property, plant and equipment	(288)	(43)
Government grants relating to profits	—	3,302
Others	(8)	453
	40,053	29,610

II. Interim results and dividends

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group achieved a revenue of RMB 1,467,509 thousand (corresponding period in 2017: RMB 1,398,191 thousand), representing an increase of 4.96% compared with that of the corresponding period of last year. The total profit was RMB 767,788 thousand (corresponding period in 2017: RMB 747,705 thousand), representing an increase of 2.69% compared with that of the corresponding period of last year. Unaudited net profit attributable to shareholders of the Company reached RMB 555,597 thousand (corresponding period in 2017: RMB 524,323 thousand), representing an increase of 5.96% compared with that of the corresponding period of last year. Basic earnings per share was RMB 0.3350 (corresponding period in 2017: RMB 0.3161), representing an increase of 5.98% compared with that of the corresponding period of last year.

In accordance with HKAS, the Group achieved a revenue of RMB 1,760,879 thousand (corresponding period in 2017: RMB 1,651,101 thousand), representing an increase of 6.65% compared with that of the corresponding period of last year; profit before income tax was RMB 762,088 thousand (corresponding period in 2017: RMB 742,005 thousand), representing an increase of 2.71% compared with that of the corresponding period of last year; unaudited profit attributable to equity holders of the Company was RMB 551,381 thousand (corresponding period in 2017: RMB 520,107 thousand), representing an increase of 6.01% compared with that of the corresponding period of last year; basic earnings per share was RMB 0.3324 (corresponding period in 2017: RMB 0.3136), representing an increase of 5.99% compared with that of the corresponding period of last year.

The 2017 profit appropriation proposal of the Company was approved at the 2017 annual general meeting held by the Company on 18 May 2018 (the "Annual General Meeting"), details of which 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 of the Company.

According to the authorization given by the Annual General Meeting, the Board published the voting results announcement of the 2017 Annual General Meeting on 19 May 2018 in the Shanghai Securities Post, China Securities Post and on 18 May 2018 on the website of The Stock Exchange of Hong Kong Limited, and determined a final dividend for H shares of HK$0.2841 (tax inclusive) per share, which was priced in RMB and paid in HK$. The Company will pay dividends in respect of the H shares to the holders of H shares of the Company whose names appear in the register of members of the Company on 31 May 2018. Cheques for the H Share dividends were despatched by ordinary post to holders of H Shares at their own risk on or before 17 July 2018. On 9 July 2018, the Company published the 2017 profit appropriation implementation announcement in the Shanghai Securities Post and China Securities Post and determined that the domestic shareholders' registration date was 16 July, the ex-dividend date was 17 July and the dividend payout date was 17 July.

The 2017 profit appropriation proposal of the Company has been implemented in July 2018.

The Board recommends that the Company will neither pay the dividends for the six months ended 30 June 2018 (six months ended 30 June 2017 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 1,335,380 thousand (corresponding period in 2017: RMB 1,298,407 thousand), representing an increase of 2.85% compared with that of the corresponding period of last year. The overall passenger traffic of the Company's roads increased by 0.03% and the volume of trucks increased by 2.89% year on year.

The economic development, the favorable policies, the impact of the highway network and other factors remain the main factors which influenced the toll revenue of the Group. In the first half of 2018, the economy of Anhui province improved steadily, with a total GDP of RMB 1,426.4 billion. Calculated at comparable prices, there is an increase of 8.30% over the same period last year (corresponding period in 2017: 8.50%).

During the Reporting Period, with various policies and measures of exemption being implemented continuously, the Group's amounts of exemption totaled RMB 483.53 million (2016: RMB 432.16 million), increasing by 11.89% against the same period of the previous year, of which:

The amount of exemption in Green Channel was RMB 227.10 million (corresponding period in 2017: RMB 219.25 million), representing an increase of 3.58% year on year, with over 680 thousand vehicles being exempted;

The exempted amount in the Spring Festival, Qing Ming Festival and the International Labor Day was RMB 150.22 million (corresponding period in 2017: RMB 131.34 million), representing an increase of 14.37%. The number of the exempted cars reached 3,493.5 thousand;

The exempted amount for Anhui transportation card holders was RMB 92.46 million (corresponding period in 2017: RMB 67.37 million), representing an increase of 37.24%. Among it, the amount of exemption of trucks with 15% discount was RMB 80.45 million.

The exempted amount for other exemption policies was RMB 13.75 million (corresponding period in 2017: RMB 13.90 million), representing a decrease of 1.08%.

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 section in the first half of 2018 is as follows:

Items		Converted average daily traffic volumes for entire journey (vehicle)			Toll income (RMB'000)		
	Interests	First half of 2018	First half of 2017	Flux(%)	First half of 2018	First half of 2017	Flux(%)
Hening Expressway	100%	26,650	28,313	-5.87	461,246	491,460	-6.15
New Tianchang Section of National Trunk 205	100%	5,379	5,009	7.39	32,107	25,776	24.56
Gaojie Expressway	100%	17,966	16,447	9.24	331,888	308,903	7.44
Xuanguang Expressway	55.47%	26,847	24,141	11.21	272,489	245,870	10.83
Lianhuo Expressway Anhui Section	100%	14,489	15,058	-3.78	120,209	128,954	-6.78
Ninghuai Expressway Tianchang Section	100%	35,746	39,478	-9.45	53,995	59,073	-8.60
Guangci Expressway	55.47%	28,771	25,592	12.42	49,493	44,431	11.39
Ningxuanhang Expressway	51%	4,057	3,715	9.21	54,369	33,383	62.86

Items		Ratio of passenger vehicles to goods vehicles		Toll income per kilometer per day (RMB)		
	Interests	First half of 2018	First half of 2017	First half of 2018	First half of 2017	Flux(%)
Hening Expressway	100%	76:24	76:24	19,017	20,263	-6.15
New Tianchang Section of National Trunk 205	100%	23:77	30:70	5,913	4,747	24.56
Gaojie Expressway	100%	64:36	64:36	16,669	15,515	7.44
Xuanguang Expressway	55.47%	77:23	78:22	17,922	16,171	10.83
Lianhuo Expressway Anhui Section	100%	71:29	70:30	12,299	13,194	-6.78
Ninghuai Expressway Tianchang Section	100%	81:19	81:19	21,308	23,312	-8.60
Guangci Expressway	55.47%	81:19	81:19	19,532	17,534	11.40
Ningxuanhang Expressway	51%	82:18	83:17	2,567	2,141	19.90

Notes:

1. Lixuan Section of Ningxuanhang Expressway was officially open to traffic on 30 December 2017.

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

3. The toll income data above are tax included.

During the reporting period, due to the influence of "single-line double-run", "speed limit of 80" on some construction sections under the "four-lane to eight-lane" work of Hening Expressway, some passengers chose to travel via the railway or other roads, and vehicles traveling from/to Nanjing and surrounding cities consequently chose Hechaowu Expressway and Mawu Expressway instead of Hening Expressway, which results in a decrease in the toll revenue of Hening Expressway by 6.15% year on year.

Due to the opening of Suyang Expressway Tianchang Section on 18 November 2017 and Jiangsu-Yangzhou Section on 28 December 2017, which are the first expressways in the northwest of Yangzhou and the most convenient route from Xuyi to Yangzhou, vehicles from North Anhui and Henan can cross the Yangtze River directly through the Runyang Bridge, reducing the stress on the river crossing transportation passageway through Nanjing section. Therefore, Ninghuai Expressway is faced with the competition from Suyang Expressway, which results in a decrease in the toll revenue of Ninghuai Expressway by 8.60% year on year in the first half of 2018.

The opening of Sisi Expressway Anhui Section on 20 December 2017 marked the full line operation of Sixu Expressway Anhui Section and provided another important route in the east-west direction through Anhui province; therefore, it made a competition with and generated a significant diversion from Lianhuo Expressway Anhui Section, which results in a decrease the toll revenue of Lianhuo Expressway Anhui Section by 6.78% year on year.

The National Trunk 205 and the parallel 101 County Road are competitive routings. Due to the establishment of width and height restriction in the 101 County Road in May 2017, a large number of trucks returned to National Trunk 205, the toll revenue of National Trunk 205 during the Reporting Period increased by 24.56% year on year.

Benefiting from the opening of Tongnanxuan Expressway continuously, Xuanguang Expressway and Ningxuanhang Expressway became connected with Yanjiang Expressway, which attracts vehicles from regions like Zhejiang and Jiangsu to Wuhan, Guangzhou and other places to choose the routes through our province, therefore making contributions to Gaojie Expressway, Xuanguang Expressway, Guangci Expressway, Ningxuanhang Expressway controlled by the Group. During the Reporting Period, the toll revenue of Gaojie Expressway increased by 7.44% year on year, the toll revenue of Xuanguang Expressway increased by 10.83% year on year, the toll revenue of Guangci Expressway increased by 11.39% year on year while the toll revenue of Ningxuanhang Expressway, which is newly opened and in the profit growth period after Ningxuanhang Expressway Lixuan Section officially opened on 30 December 2017, increased by 62.86% year on year.

(2) General achievements of the pawn business

In June 2012, the Company and Hefei Huatai Group Corporation Limited ("Huatai Group") jointly set up Hefei Wantong Pawn Company Limited ("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, Wantong Pawn made an inventory of historical unredeemed pawn items and accelerated the auctions for items with identified realizable collaterals. It actively pushed the communication with the actual controllers, attorneys and execution courts so as to seek for settlements for items without identified collaterals or with unrealizable collaterals. A total of RMB 5.3948 million of principals and interests for historical unredeemed pawn items was collected during the first half of the year. While making efforts on collecting, it also started the business of personal real estate backed pawn loans, and has completed 30 projects with a total amount of RMB 36.22 million being granted. Interests for all those new loans granted at present are paid on time and there is no significant risk signal.

During the Reporting period, the provision for impairment reached RMB 0.14 million and the accumulated provision reached RMB 124 million of Wantong Pawn; it turned losses into gains for restarting business and gained the profit of RMB 0.94 million and the net profit of RMB 0.27 million, and achieved a loss-reduction of RMB 22.06 million year-on-year.

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 2018 Total assets	30 June 2018 Net assets	The six months ended 30 June 2018 Revenue	The six months ended 30 June 2018 Net profit	Main business
Xuanguang Company	55.47%	111,760	927,892	567,112	274,788	132,145	The construction, management and operation of Xuanguang Expressway
Ningxuanhang Company	51%	300,000	5,042,412	385,130	68,992	-161,137	Highway's construction, design, supervision, toll, maintenance, management, technology consultation and related advertisement service
Guangci Company	55.47%	56,800	226,852	220,207	48,951	29,152	The construction, management and operation of Guangci Expressway
Wantong Pawn	71.43%	157,500	73,757	69,974	1,971	266	Personal property mortgage pawn service, proprietary right mortgage pawn service and real estate mortgage pawn service
AEHK	100%	1,981	1,886	1,859	0	19	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
Expressway Media	38%	50,000	466,331	361,578	79,527	32,604	Design, making, publication of and agency for domestic advertisements
Xin'an Financial	6.62%	1,900,000	3,633,125	2,748,142	106,338	18,721	Financial investment, equity investment, management consulting
Xin'an Capital	6.62%	1,120,000	2,887,211	1,124,289	21,776	-28,935	Internet financial services, network information services, pawn business, etc.
Wantong MicroCredit	10%	150,000	119,625	114,542	630	862	Distributing petty loans, small size enterprises management consulting and financial advisory
Anhui Transportation China Merchants Industrial Fund (Limited Partnership) ("China Merchants Fund")	6.64%	3,000,000	1,508,119	1,508,066	25,336	11,821	Investment in transportation,services, energy conservation and environmental protection
Anhui Transportation Jinshi Merger and Acquisition Fund (Limited Partnership) ("Jinshi Merger and Acquisition Fund")	6.64%	3,000,000	1,492,143	1,486,544	10,759	-13,456	Investment in equity, asset management and investment consultation

Name of company	Equity capital the Group possesses	Registered Capital	30 June 2018 Total assets	30 June 2018 Net assets	The six months ended 30 June 2018 Operating income	The six months ended 30 June 2018 Net profit	Main business
ATZFM	2.5%	30,000	52,908	35,564	14,031	8,045	Daily management and investment consultation of China Merchants Fund
Anhui Transportation Jinshi Fund Management Co., Ltd	2.5%	30,000	39,195	23,790	11,758	8,790	Daily management and investment consultation of Jinshi Merger and Acquisition Fund

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 (%)
Revenue	1,467,508,868.01	1,398,190,644.16	4.96
Cost of sales	634,300,406.56	596,069,354.52	6.41
Finance costs	25,760,768.07	20,385,985.17	26.37
Cash flows from operating activities	851,049,193.72	929,728,423.57	-8.46
Cash flows from investing activities	-168,502,345.09	-554,495,643.65	N/A
Cash flows from financing activities	-84,169,495.33	31,167,980.15	N/A

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

The change of cost of sales was mainly due to accrual of depreciation and amortization after the Lixuan Section of Ningxuanhang Expressway was open to traffic on 30 December 2017 and the increase in the length of entrusted highways during the Reporting Period as compared with that of last year;

The change of finance costs was mainly because the interest on borrowings started to become expensed after the Lixuan Section of Ningxuanhang Expressway had been opened to traffic on 30 December 2017;

The change of cash flows from operating activities was mainly due to the increase in the amount of tax paid by the Company during the Reporting Period than the corresponding period of last year;

The change of cash flows from investing activities was mainly because the Group duly redeemed bank wealth management product of RMB 310 million during the Reporting Period;

The change of cash flows from financing activities was because the cash dividends distributted by Xuanguang Company and Guangci Company during the Reporting Period increased sharply as compared with corresponding period last year.

(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	1,351,051,914.47	533,607,775.98	60.50	2.77	1.90	A decrease of 0.33 percent
Pawn business	1,970,872.52	0	N/A	182.25	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	455,680,713.58	162,016,216.29	64.45	-6.15	-4.51	A decrease of 0.61 percent
New Tianchang Section of National Trunk 205	30,828,674.05	19,196,725.34	37.73	25.58	-3.52	An increase of 18.78 percent
Gaojie Expressway	327,785,764.92	84,180,670.05	74.32	7.31	-7.07	An increase of 3.98 percent
Xuanguang Expressway	264,552,292.79	69,684,519.53	73.66	10.83	-2.37	An increase of 3.56 percent
Lianhuo Expressway Anhui Section	117,799,226.93	55,869,551.73	52.57	-6.72	-4.55	A decrease of 1.08 percent
Ninghuai Expressway Tianchang Section	53,569,064.79	19,626,980.88	63.36	-8.43	16.01	A decrease of 8.43 percent
Guangci Expressway	48,051,048.64	9,543,460.63	80.14	11.39	-6.23	An increase of 3.73 percent
Ningxuanhang Expressway	52,785,128.77	113,489,651.53	-115.00	62.87	31.23	An increase of 51.83 percent
Wantong Pawn	1,970,872.52	0	N/A	182.25	N/A	N/A
Total	1,353,022,786.99	533,607,775.98	60.56	2.87	1.90	An increase of 0.37 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	1,353,022,786.99	533,607,775.98	60.56	2.87	1.90	An increase of 0.37 percent

(2) Employees remuneration and training

As at 30 June 2018, the Group (including the main subsidiaries) employed approximately 2,981 employees (as at 30 June 2017: 2,692 employees), which included 2,291 production staff, 158 technicians, 37 financial staff and 495 administrative staff (as at 30 June 2017, the numbers were 2,054, 132, 36 and 470 respectively).

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 190,864.9 thousand (corresponding period in 2017: RMB 161,000 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 stepped up efforts in employee education and training, revised the "Interim Measures for the Management of Employee Training", formulated an annual training plan based on the training needs survey at the beginning of the year to conduct various kinds of training orderly in accordance with the relevant system and training plan to drive continuous improvement in the training standard. During the Reporting Period, the Company and all departments, taking into account the actual needs of works and departmental business functions, conducted various kinds of business trainings such as operational management to vigorously enhance the position-specific skills and expertise standard of employees. With respect to general management, the Company highlighted the training focus and provided a series of trainings, including trainings about the macroeconomic trends, big data, the development of expressway in intelligence traffic time and career management, taking into account the development trend of the Company. With respect to online learning, the Company focused on encouraging autonomous learning by employees, promoted E-learning online study, and encouraged learning and exchanges using mobile phone applications and online interactions, etc.

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 during the Reporting Period.

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	8 January 2018 “***Announcement - Continuing Connected Transactions: Entrusted Management Agreements***”; 9 January 2018 “***Anhui Expressway Announcement in relation to Related Party Transactions for Provision of Entrusted Expressway Section Management Service***”; 26 March 2018 “***Anhui Expressway Announcement in relation to Contemplated 2018 Daily Related Party Transactions***”

Item overview	Indexes of announcements (being the date of uploading respective announcements on the website of the Company)
To receive expressway network toll settlement	26 March 2018 "***Anhui Expressway Announcement in relation to Contemplated 2018 Daily Related Party Transactions***"; 8 January 2018 "***Continuing Connected Transaction: Entering Into Network Services Agreement In Writing Reference***";
To receive construction management service	8 January 2018 "***Continuing Connected Transactions: 2018-2020 Expressway Large And Medium Repair And Maintenance Works Design Contracts***"; 26 March 2018 "***Anhui Expressway Announcement in relation to Contemplated 2018 Daily Related Party Transactions***"
To receive supervisory service of project construction	26 March 2018 "***Anhui Expressway Announcement in relation to Contemplated 2018 Daily Related Party Transactions***"
To receive construction test service	26 March 2018 "***Anhui Expressway Announcement in relation to Contemplated 2018 Daily Related Party Transactions***"
To receive property management service	26 March 2018 "***Anhui Expressway Announcement in relation to Contemplated 2018 Daily Related Party Transactions***"
To provide the house rental services	26 March 2018 "***Anhui Expressway Announcement in relation to Contemplated 2018 Daily Related Party Transactions***"
To provide service area rental services	26 March 2018 "***Anhui Expressway Announcement in relation to Contemplated 2018 Daily Related Party Transactions***"
To provide gas stations rental services	26 March 2018 "***Anhui Expressway Announcement in relation to Contemplated 2018 Daily Related Party Transactions***"; 29 March 2018"***Continuing Connected Transactions: Lease of Operating Rights of Gas Stations***"

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)	0
Total balance of guarantees provided as at the end of the Reporting Period (A) (not including guarantees provided for its subsidiaries)	0
Guarantees provided by the Company for its subsidiaries	
Total amount of guarantees provided for the subsidiaries by the Company during the Reporting Period	-0.023
Total balance of guarantees provided for the subsidiaries as at the end of the Reporting Period (B)	1.68
Total amount of guarantees provided by the Company (including guarantees provided for its subsidiaries)	
Total guarantee amount (A+B)	1.68
Total guarantee amount as a percentage of net asset value (%)	1.76
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)	0
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 0.168 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
Commitment related to the share reform	other	Anhui Transportation Group	Continue to support the Company's acquisition of the good road assets owned by the Anhui Expressway Holding Group in the future and focus on the protection of shareholders' interests as always.	13 February 2006, long-term effective	No	Yes
	other	Anhui Transportation Group, China Merchants Highway Network Technology Holding Company Limited	After the completion of the split-equity reforming, the Board of Directors are recommended to develop a long-term incentive plan with equity incentive structure included. In accordance with the relevant provisions of the State, the Board of Directors or after approved at the General Meeting of Shareholders, the long-term incentive plan shall be implemented.	13 February 2006, long-term effective	No	Yes
Commitment related to IPO	Solve the competition within the industry	Anhui Transportation Group	Promise not to participate in any of the Company's actual businesses or other business activities from time to time which may constitute direct or indirect competition to 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.

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.

Amend the Articles of Association of the Company

The Company incorporates party construction into the Articles of Association of the Company to further standardize and improve the corporate governance structure, as well as fully play the Party's leading and political core roles in the operation and management of the Company. According to "Rules for the General Meetings of Shareholders of Listed Companies" (revised in 2016) (CSRC Announcement [2016] No.22) and "Guidance for the Articles of Listed Companies" (revised in 2016) (CSRC Announcement [2016] No.23) and other relevant provisions, the Company has amended the provisions of the Articles of Association of the Company concerning the individual votes and dividend policies of small and medium investors; in addition, the general counsel is added to the senior management of the company to cope with its development needs. The abovementioned items have been approved by the sixth meeting of the eighth Board of Directors on 23 March 2018 and submitted to the approval at the annual general meeting for the year 2017.

Diversification Policy of the Members of the Board

According to the 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 2018, 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 2017 annual report and financial statement prepared in accordance with PRC Accounting Standards and HKAS, the 2018 first quarterly financial statement, as well as the 2018 interim results announcement and 2018 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 2018, 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 2018, 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

Changes in macroeconomic directly affect the demand for highway transport, which in turn affects the traffic flow performance of all toll projects and results of operation of the Group. At the same time, due to the following measures: "deepen the reform of toll road system, reduce tolls for roads and bridges" proposed by the State Council in the working report of the government, the decision of "promote the cancellation of expressway toll stations on provincial border" made in the regular meeting of the State Council on 16 May 2018, as well as enlarging the differentiation on expressway toll, accelerating the coverings of ETC and propelling the revision of the Regulation on the Administration of Toll Roads proposed by the Ministry of Transport, it is expected that the industry of toll expressways may enter into a policy-induced intense adjusting period in the future which may affect the operating results of the Company.

Measures to be taken: Protect the interests of the Company and its investors to the greatest extent possible through analysis and research on adjustment to relevant industry policies and active communication and coordination with government authorities; analyze the characteristics of change in traffic volume and vehicle structure in the road network, improve the management model for emergency toll collection, enhance the capacity of traffic and lower the management costs and expenses for executing the policies through fine management.

The Growth Space of the Main Business Revenue Narrowed

With the further perfected intensification of highway networks, parallel routes and alternative routes will continue to increase, and network diversion will have a negative impact on the growth of toll revenue of the Company. As the gradual openings of competitive road sections like Suyang Expressway and Sisi Expressway took a great deal of diversions from roads controlled by the Company, the toll revenue decreased distinctly year on year. In addition, the principal road assets and resources of the Company are entering their mature periods, road defects and problems are increasing, and maintenance costs for subsequent operation will increase year by year. Some road sections are subject to reconstruction or expansion successively and will involve relatively high investment amounts, which in turn is expected to affect the operating results of the Company in future.

Measures to be taken: All road sections of the Group were the trunk highways across the Anhui region. The Group will keep abreast of the network planning and project construction so as to conduct a special analysis of the highway network in advance and put a reasonable forecast for the impact of the relevant projects on the existing traffic flow of the Company. By making full use of regional traffic advantage in Anhui province, through the improvement of road signs, expansion and promotion of the routing publicity, we need to change the passive initiative and actively use the information advantage to carry out road marketing. Through effective publicity and guidance, we should continue to promote the smiling service, improve the charging efficiency, road capacity and service levels to enhance the competitiveness in sections under jurisdiction in the whole road network.

The Risk of the Expiry of Franchise

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

Measures to be taken: The Group will harness the opportunity created by the full line operation of Ningxuanhang Expressway, and make good efforts to link construction and management so as to give full use of 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 achievement of extension in the operation period of high quality road assets through reconstruction and expansion of its own road sections to enhance the Company's continuous profitability. The Group will pay attention to the connotative development, make good use of its own resources, explore the inherent growth potential. The Group will take appropriate measures to increase the financial investment, optimizing its funds and equity investment, participate in investment of emerging industry, start from small-scale and small proportion of equity investment and gradually expand its investment and eventually transform into self-owned business, taking the initiative to cultivate new profit growth.

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
24 August 2018

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.